Effects of Procurement Processes on Project Execution in A Project Management Company in Cape Town, South Africa

Masithembe Kafile*  
Faculty of Business and Management Sciences,  
Cape Peninsula University of Technology,  
Cape Town, South Africa

Stanley Fore  
Faculty of Business and Management Sciences,  
Cape Peninsula University of Technology,  
Cape Town, South Africa

Abstract: Accentuating the compelling procurement challenges in project execution, which comprises supplier-related issues, strategy selection issues, cost reduction and savings achievement factors, data accuracy issues, and stakeholder management concerns this study envisioned to unearth the challenges that occur in procurement processes and the effects these challenges have on project execution. To clearly illustrate the magnitude of challenges faced in procurement processes, a project management company in Cape Town, South Africa, was chosen as the subject of study. The data of this study was collected through means of quantitative method on the company under study whereby a survey questionnaire was disseminated to participants for self-administering and the data collected was analysed using version 25 of the Statistical Package for Social Sciences (SPSS) software. The results of this study suggest that lack of training of the project team, corruption, favouritism, fraud and delays from suppliers are the major causes of poor procurement and these results agree to the main thrust of the literature reviewed in the study that any lack of training, policy compliance and consistency in compliancy of law will cause failure and challenges in any organisation. This study further aimed to add input to the existing body of knowledge concerning the effects of procurement processes on project execution in project management and to contribute to the existing literature in procurement management. Considering the challenges mentioned above, it is to be hoped that the study would be of interest to project managers, South African workforce, individuals, and academics in general, and valuable to all those seeking improvement in the field of project management.

Keywords: Procurement, effects, execution, project, Cape Town.

Received: 6 July 2018; Accepted: 31 July 2018; Published: 15 August 2018

INTRODUCTION AND BACKGROUND TO THE STUDY

Although project management is one of the fastest growing industries since its establishment, it is not without challenges (Mnguni, 2012). Campbell (2015) supports the above statement by highlighting that the shortage of qualified talents and resources in project management poses a notable risk for organizations to implement strategic initiatives, drive change and deliver innovation. Tebele and Jowah (2014) reveals that for any effective management of projects, the project manager should have an understanding of the structure and culture of the organization in which the project is embedded.

A company was identified a diverse group of professional services within the project management industry in Cape Town with years of experience, a dynamic and well-qualified team and a track record in the provision of service delivery to the residential, retail, commercial, industrial, government and leisure fields as facing major problems in the execution of its projects. For the past three years, this company has encountered numerous challenges such as...
supplier-related issues, strategy selection issues, cost reduction and savings achievement hindrances, inaccurate data and problematic stakeholder management during the project execution stage of project management. Due to these challenges, the company’s project success and quality standards drastically declined.

Kuhn and Sherman (2014) describe challenging procurement by explaining how the project management industry is expanding and growing increasingly competitive. This accounts for the influx of challenges arising from demand, accidental orders, budget, inflexible suppliers and rushed purchases, for example. Investigation conducted by Cooper, Schindler, and Sun (2006) asserts that procurement suppliers, subsidiaries, logistics and manufacturing companies that affect the exchange of goods and services also face procurement challenges.

What is Project Procurement Management?

Guth (2007) defined project procurement management as a coordinated effort with outside suppliers to acquire goods and services for projects. These relationships are made regularly on a contract basis with the goal that the required items or services are received on time and meet the principles required by the procurement company.

Challenges Facing Procurement

According to Baily, Farmer, Croker, Jessop, and Jones (2015) project execution is worth nothing without an unimpeachable set of procurement processes. Tebele and Jowah (2014) explain that for effective management of projects, the project manager should have an understanding of the structure and culture of the organisation in which the project is embedded. Emmett and Crocker (2013) agree, signifying procurement as an essential stage of project execution to ensure that project deliverables and objectives will result in the meeting of stakeholder expectations; this cannot be achieved without calculated procurement processes.

According to Verzuh (2015) although considerable developments in procurement have been made in previous decades, for instance, in the form of the centralised procurement systems, Just in Time (JIT) and Total Quality Management (TQM) programmes, this has happened for the most part, in economically developed countries. In various economies of developing countries, procurement has not had such a critical effect in the project management industry (Alarcón, Rivas, & Serpell, 1999; Dasig Jr, 2017; Mehra & Inman, 2004). Kaspar and Puddephatt (2012) underscores the above by pointing out that little effort is made to warrant that policies, rules and institutional frameworks governing the procurement system are maintained, especially in terms of ensuring that business or client funds are divided out in the utmost efficient and economical way so that the system delivers the best value for money.

Rationale and Significance of the Study

The objective of the study was to investigate the effects of procurement processes on project execution in a project management company in Cape Town, endeavouring to clarify further than the standard descriptions of this concept. It identified the common procurement problems faced by project management companies in Cape Town. Moreover, it explored common reasons for poor project procurement in finding solutions to overcome these besetting and pervasive challenges; and lastly, this study examined the positive qualities of this concept and recommended ways to escalate their value and usefulness in practice. Therefore, this research will be valuable to those seeking improvements to strategic procurement.

LITERATURE REVIEW

According to Pinto (2016), while project management has been broadly examined and debated by professionals, researchers and scientists alike, one of the project management phases they have neglected to concentrate on is project procurement. Wiley (2012) highlights that while project procurement is a significant stage of project execution, a review of literature demonstrates an absence of focus on project procurement issues in the general project management industry, especially in the trading of goods and services in the project procurement stage. Procurement in and of itself has challenges that need to be addressed by procurement managers in search of solutions for achieving quality, effectiveness and efficiency that will affect project execution and ultimately assist companies in reaching their vision, goals and objectives (Alfian & Tresna, 2017; Dominick, Lunney, & Lunney, 2012; Endang & Risal, 2017; Wiley, 2012).
**What is Project Procurement Management?**

Guth (2007) defined project procurement management as a coordinated effort with outside suppliers to acquire goods and services for projects. These relationships are made regularly on a contract basis with the goal that the required items or services are received on time and meet the principles required by the procurement company.

**Key Principles of Procurement**

According to Watt (2006) procurement has fundamental principles that are considered by all legislatures in the procurement process. These principles are found in project management companies, utilised in the procurement stages to ensure the following:

1. Accountability
2. Straightforwardness
3. Value for money
4. Competition
5. Ethics of obtaining products and services

**Table 1 A SYSTEMATIC APPROACH TO PROCUREMENT PROCESSES**

<table>
<thead>
<tr>
<th>Process</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specification</td>
<td>Communicating with the procurement/project manager to create and support a list of procurement items essential for project implementation. The department must define and specify the approved items to external vendors.</td>
</tr>
<tr>
<td>Selection</td>
<td>Discovering potential suppliers who can supply the fundamental items required for the project, per the particulars. For this reason, the department needs to set out vendor selection criteria, which may incorporate such measures as service quality, cost, delivery and performance.</td>
</tr>
<tr>
<td>Contracting</td>
<td>Communicating with suppliers about delivery dates and payment conditions. To ensure that deliveries are received on time and the budget is not exceeded, all conditions stated should be recorded in the procurement contract. Additionally, a detailed delivery calendar must be negotiated and approved by parties in the purchasing process.</td>
</tr>
<tr>
<td>Control</td>
<td>Organising normal gatherings with the suppliers, tracking delivery progress, assessing the requested items against the approved item details, and rolling out vital changes. Accomplishment of the procurement goals of the procurement management processes depends on how the buying department controls the delivery and payment conditions. The department should control the process to ensure successful accomplishment.</td>
</tr>
<tr>
<td>Measurement</td>
<td>Utilising a system of performance indicators and measures for evaluating the adequacy of the effectiveness and success of the whole process. Meetings and workshops can be managed to view key performance pointers, intermediate results of tract record of delivery, performance of the procurers, and adherence to product specifications and communication trails with suppliers. In the event that deviations or holes are uncovered, the department must notify the procurement/project manager and roll out fundamental changes to the procurement plan.</td>
</tr>
</tbody>
</table>

Source: (Depaoli, Sorrentino, & De, 2013)

Depaoli et al. (2013) further indicates procurement management as being one of the most critical areas in project management as it incorporates wide administrative elements of planning, organizing, leading, communicating, staffing and controlling. He also mentions the importance of building and maintaining healthy relationships between purchasing departments and external suppliers in order to work productively in ordering, receiving, reviewing and approving of all procurement items essential for project execution. The project management book of knowledge not only agrees with the author above but also looks deep into the phases of procurement processes that identify the risks and challenges involved in procurement management.
**Procurement Management Procedures**

As indicated by Willis (1995) project procurement incorporates every one of the processes important for buying or gaining the products, services, or results required from outside the project team to execute the project. Below are the four stages found in the project procurement processes that identify risks and challenges. One is in the planning, another is in the executing, the third is the monitoring and controlling, and the last one is in the closing process group.

Table 2 **STAGES OF THE PROCUREMENT PROCESS AS STIPULATED IN THE (PMBO**

<table>
<thead>
<tr>
<th>Process Group</th>
<th>Process Name</th>
<th>Process Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Plan procurement management</td>
<td>Documents all the project procurement decisions, specifies the approach, and identifies potential sellers</td>
</tr>
<tr>
<td>Executing</td>
<td>Conduct procurements</td>
<td>Obtains supplier responses, selects supplier, and awards contract</td>
</tr>
<tr>
<td>Monitoring and controlling</td>
<td>Conduct procurements</td>
<td>Manages procurement relationships, monitors contract performance, and makes deviations and amendments as required</td>
</tr>
<tr>
<td>Closing</td>
<td>Conduct procurements</td>
<td>Concludes project procurements</td>
</tr>
</tbody>
</table>

Source: (Willis, 1995)

Procurement, like any other business practice, is governed by rules, regulations and policies. In this case, procurement issues, which are not covered by the policies in place, are generally a matter of subjective judgment by those whose view is critical in choosing whether something will profit the supplier and destroy the purchaser or will result in a win-win situation (Hoai & Thanwadee, 2015; Semple, 2015).

**Laws and Regulation acts in South Africa**

According to Molver and Gwala (2016) the law regulating procurement in South Africa has been in practice since South Africa's move into a constitutional democracy, though certain remainders of the previously existing custom-based law have remained. Procurement is managed particularly by Section 217 of the Constitution, which requires organs of state in the national, provincial and local circles of government, and any other establishment recognised in national legislation, to contract for goods or services in accordance with a framework, which is fair, equitable, competitive, transparent and cost-efficient. The whole legislation system regulating procurement in South Africa depends on these five foundational standards, which are reverberated in different further bits of legislation within the country.

Molver and Gwala (2016) further explain that the Preferential Procurement Policy Framework Act 7 (PPPFA) recommends the structure within which these particular procurement policies may be executed. According to PPPFA, an organ of state must decide its particular procurement policy and implement it within the framework built up by that Act; this system endorses that preference points might be apportioned for particular objectives, for example, contracting with people, or categories of people, generally hindered by unjustifiable segregation based on racial terms, sexual orientation or incapacity.

**A Further Key Bit of Legislation is The Broad-Based Black Economic**

Emmett and Crocker (2013) term the Empowerment Act 8 (the B-BBEE Act) as one of the important chapters of law in procurement because it enables the Minister of Trade and Industry to subject codes of good practice on Black Economic Empowerment that may incorporate capability criteria for particular purposes for procurement and other economic activities. The B-BBEE Act necessitates each organ of state and public entity to apply any imperative code of good conduct issued in terms of the B-BBEE Act in establishing and executing a special procurement policy. It is these codes that decide the B-BBEE status of any procurement entity and the preference points allocated toward any bidder regarding the particular procurement framework.
In conclusion, Promotion of Administrative Justice Act 10 (PAJA) accommodates the legal audit of ‘regulated activity’, which incorporates all legislature procurement decisions, sets out the classified grounds of audit, and establishes the remedies. Procurement decisions outside the ambit of the PAJA may be checked according to the constitutional principle of lawfulness, which constitutes a chapter of the rule of law in South Africa (Emmett & Crocker, 2013).

Table 3 STAGES OF THE PROCUREMENT PROCESS AS STIPULATED IN THE (PMBOK)

<table>
<thead>
<tr>
<th>Sub Question</th>
<th>Method</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the primary causes of poor project procurement?</td>
<td>Literature, questionnaires and interviews</td>
<td>To identify the primary causes of poor project procurement</td>
</tr>
<tr>
<td>Does the project team understand their role in ensuring quality procurement in project execution?</td>
<td>Questionnaires and interviews</td>
<td>To ascertain whether or not the project team understand their role in ensuring quality procurement in project execution</td>
</tr>
<tr>
<td>What is the duty of senior management in ensuring quality procurement management in the company?</td>
<td>Questionnaires and interviews</td>
<td>To identify the duties of senior management in ensuring quality procurement management in the company</td>
</tr>
</tbody>
</table>

Source: (Willis, 1995)

RESEARCH METHODS

This study adopted quantitative method on a company case study. This methodology intended to adequately explore reasons for poor procurement in the project management discipline and determine challenges confronted within the project management industry and how procurement processes affect project execution.

Sample Technique and Sample Size

This research employed a probability sampling technique by means of marginal or zero systematic bias, which is the dissimilarity between the outcomes from the sample and the outcomes from the population. With this sampling technique, the researcher guaranteed that every individual from the procurement team of the company under study had an equal opportunity for selection. According to Sekaran and Bougie (2013) the benefits of the probability sampling method include that it is less entangled and less tedious and freer from factual unpredictability.

A project management company in Cape Town was reviewed according to the above-mentioned methodology, with twenty-six participants randomly selected from the box of all names of the procurement team to represent the entire population of the procurement department. Participants chosen were each surveyed with one questionnaire specially formulated to extract the relevant information from each one accordingly.

The probability sampling method that was used in this study was chosen to enable the researcher to elicit the relevant information from all parties regarding the challenges the procurement department of the company under study faces and how these challenges affect the execution processes of projects within the company. The researcher has chosen this kind of sampling method for reasonable management of the survey, for an accurate interpretation and transcript of data, and to save time given the tight schedule of the employees to be surveyed.

Data Collection Instruments

This study was focused on contextual analysis from within a procurement department of a project management organisation in Cape Town, South Africa. Questionnaires were distributed to relevant participants for self-administration, allowing time for participants to complete the questionnaire at their convenience, saving money and time for both the participants and the researcher.
Data Coding and Analysis

This study was focused on contextual analysis from within a procurement department of a project management organisation in Cape Town, South Africa. Questionnaires were distributed to relevant participants for self-administration, allowing time for participants to complete the questionnaire at their convenience, saving money and time for both the participants and the researcher.

Data Coding and Analysis

The information accumulated through the above techniques was presented and discussed in conjunction with the available literature. Every piece of information assembled was analysed utilising the software for social science (SPSS version 25), which assisted in analysing information, assembling appropriate tables and diagrams, observing relationships among variables and performing tests of statistical significance in light of pertinent research questions.

As indicated by Temple and Young (2004) analysing qualitative data literally means taking words, sentences and paragraphs apart, a critical act of separation in the research project to make sense of, translate and theorise, the information and as practised in this study, the quantitative information extricated from closed-ended questions was encoded utilising the SPSS with results carefully analysed statistically with both descriptive and inferential measurements.

Target Population

The population of this study was project management company staff from the procurement department where procurement processes are conducted. The population contained leaders in the company, suppliers, project and procurement managers, project coordinators and logistics individuals and company clients. The population size of interest from which the sample was drawn contains an aggregate of sixty-nine (69) employees from which the study population of twenty-six (26) was drawn.

Data Validity and Reliability

Golafshani (2003) mentions that reliability is the degree to which results are consistent over time: an accurate representation of the total population under study is referred to as reliability, and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered reliable as well. Golafshani (2003) additionally expresses that validity determines whether the research genuinely measures that which it was intended to measure or how truthful the research results are. In other words, does the study instrument enable a researcher to accomplish the ideal results possible of the research objective? Researchers generally determine validity by soliciting a series of questions and will regularly search for answers in the research of others. In this study, the researcher structured the questions of the questionnaire in logical sections to solicit the flow of information and probing the right questions to get the right answers.

According to Cooper et al. (2006) three substantial types of validity can be distinguished:
1. Content validity which was mostly used in this research by means of structuring the study into chapters and sections to permit flow and connection of information and structured questions for the questionnaire to obtain the right information from the respondents.
2. Preditctive criterion-related validity where the questionnaire was given to the ethical committee of the university to validate, and then to the director of the company to test prior to distribution to the respondents.
3. Construct validity to this purpose, the university issued an Ethical Certificate to the researcher. The directors of the company under study gave the researcher an approval to investigate the issues, which the company was facing, as covered in the questionnaire.

Ethical Considerations

In the context of research, according to Saunders, Lewis, and Thornhill (2009) ethics refers to the rightness of conduct in connection to the rights of the individuals who become the subject of the work or influenced by it. Consequently, the following ethics were observed in this research study:
• Informed consent: Participants were allowed to decide to participate or not and were informed ahead of time about the concept of the investigation.
• Right to privacy: The nature and quality of respondents’ responses were kept entirely confidential.
• Transparency with participants: Findings were accounted for in a clear, thorough and legitimate way, without dis-
torting what has been said or deliberately deceiving others concerning any ideas.

- Confidentiality/Anonymity: It is upstanding research practice to offer confidentiality and anonymity, as this will prompt respondents to give transparent responses (Saunders et al., 2009).

In conjunction with the above, a consent letter was sought from the company prior to undertaking the investigation. Respondents were informed of the targets of the study and their approval to willingly participate in this investigation was sought. In this way, anonymity and confidentiality were ensured to all respondents.

FINDINGS

Literature revealed that the core causes of poor procurement processes on project execution could be characterised into different categories: internal factors; low quality of goods delivered by suppliers; lead time variability; system breakdown of online data capturing software to track supplies and poor time management. Therefore, the causes of poor procurement processes on project execution were surveyed based on the above-mentioned categories.

Participants of the study were asked to indicate an estimate of procurement trainings that have run in the company. The researcher asked this question to measure the lack of skills development in the project team.

As shown on the graph below, 21 out of 26 respondents indicated that only between 0-5 procurement training programmes have been run in the company in the past 12 months; however, five of the respondents indicated that only 6-10 training programmes took place in the department in the last 12 months. These answers provide clear indication of why there are negative handlings of procurement processes in project execution of the company under study.

Table 4 IN THE PAST 12 MONTHS, HOW MANY PROCUREMENT-TRAINING PROGRAMS HAVE BEEN DONE IN THE COMPANY?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 Times</td>
<td>21</td>
<td>80.8</td>
</tr>
<tr>
<td>6-10 Times</td>
<td>5</td>
<td>19.2</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

- As shown on the graph above, 21 out of 26 respondents indicated that only between 0-5 procurement training programmes have been run in the company in the past 12 months; however, five of the respondents indicated that only 6-10 training programmes took place in the department in the last 12 months. These answers provide clear indication of why there are negative handlings of procurement processes in project execution of the company under study.

The results above conclude that procurement-training programs play a major role in the execution stage of projects and essentially impact on, the success or the failure of a project. Therefore, should organisations invest in quality recruitment and trailing of its project personnel, the status quo would change.

Table 5 ARE PROBLEMS IN PROCUREMENT PROCESSES DIRECTLY LINKED TO FAULTS MADE BY PROJECT TEAM MEMBERS WHO ARE UNCERTAIN ABOUT THEIR ROLES?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>88.0</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>12.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>
• According to the Table above, statistic shows that a total of 22 respondents answered yes to the question, while only three responded no.

• One respondent declined to provide a reply to the question and these results indicate coloration between literature and the study findings which both conveys that lack of role understanding by the project team members to is indeed one of the causes of poor project procurement during project execution.

The findings above suggest that role understanding by project team members play an important role in ensuring project success.

Table 6 ARE LATE DELIVERIES FROM SUPPLIERS CONTRIBUTING TO POOR PROCUREMENT?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>16</td>
<td>61.5</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>10</td>
<td>38.5</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.00</td>
</tr>
</tbody>
</table>

• A smaller margin (61.5% of the respondents) agree with the above statement.

• However, 38.5% strongly agree to the statement. Therefore, it can be concluded that late deliveries by suppliers are predominantly contributing to the challenges facing procurement.

The above statistics reveal that late deliveries from component suppliers are one of the main sources of production delays, and their specific causes are endless. Depending on the type of product being procured, the complexity and scope of a supply chain, and other wildcard variables such as economic and natural disasters. This article, however, focuses on four identifiable variables a supplier-procurement management contract can control (Pinto, 2016), namely:

• Loose internal processes
• Reactive processes
• Poor vendor management
• Poor communication.

Following are the four ways to eliminate late deliveries:

• Strong internal processes
• Be proactive, not reactive
• Robust vendor management
• Strong communication.

Table 7 THE PROCUREMENT STAFF OF MY COMPANY HAS THE NECESSARY SKILLS AND EXPERIENCE TO UNDER-TAKE THE WORK ON PROPOSED PROJECTS

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>12</td>
<td>46.1</td>
</tr>
<tr>
<td>Disagree</td>
<td>14</td>
<td>53.9</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.00</td>
</tr>
</tbody>
</table>

• Essay skills and experience to undertake the work on proposed projects.

• The remaining 12 of the respondents agreed with the above statement. These results speak to lack of training of the entire project team, which is a prominent cause of poor procurement processes on project execution.

A project may be well conceived and adequately financed, the resources may be specialists, and consultants may be highly experienced, but if the efforts of all the participants are not skilfully coordinated and managed, the project may overrun the budget, fail to meet the schedule, or fall short in functional and technical quality. The larger and more complex the project, the more critical this overall management function becomes.
Table 8 ARE DECISION MAKING PROBLEMS WHEN ASSESSING POTENTIAL SUPPLIERS AND CHOOSING THE CORRECT ONE RELATE TO POOR PROCUREMENT?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>22</td>
<td>84.5</td>
<td>84.5</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>4</td>
<td>15.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

- The entire population of the participants 100%! agreed or strongly agreed to the statement above. This may imply that there is not much attention given to the importance of strategic decision making regarding the processes of suppliers and other important procurement processes.

According to the findings presented in the Table above, decision-making problem when assessing potential suppliers and choosing the correct one, relate to poor procurement. As not all purchasing decisions will justify the same level of attention, but major purchases will always repay careful decision-making.

In procurement, the activity, which in a sense underlies the realisation of all other objectives of a good purchase decision, is the selection of the supplier. The buyers must ensure that the supplier is able to provide goods, which conform to the buyers standards and specifications. Thus, the importance of selecting a dependable and reliable supplier is self-evident. It is in this context that supplier assessment and evaluation should receive great attention in procurement management. The search for an acceptable supplier can be greatly assisted by adopting a below systematic approach to supplier appraisal and evaluation to obtaining a desired level of quality, on time, and at the right price; the necessary level of technical support; and the desired level of service. Buyers must take six important supplier-oriented actions in order to satisfy this responsibility (Dobler & Burt, 1996):
1. Develop and maintain a viable supplier base
2. Address the appropriate strategic and tactical issues
3. Ensure that potential suppliers are carefully evaluated and that they have the potential to be satisfactory supply partners
4. Decide whether to use negotiation as the basis of source selection
5. Select the appropriate source
6. Manage the selected supplier to ensure timely delivery of the required quality at the right price.

Figure 1 Internal Factors contributing to poor procurement

- The true financial cost of any type of fraud is hard to quantify. However, there are other consequences resulting
from procurement fraud than just the financial loss to an organisation, including: The risk of reputational damage, lower staff morale, increased workload in detecting procurement fraud, resources needed for investigations once potential fraud has been detected, and to take any subsequent legal action, operational impact from the loss of supply of goods and/or services.

As the outcomes above convey, the procurement process is often negatively affected by various different internal factors. Such factors cause damage to the procuring entity’s reputation and fundamentally result to a misuse of scarce organisational resource. Therefore, if organisations would invest in putting programs in place that would regulate the aforementioned factors, procurement processes of said organisations would improve.

CONCLUSION

The results of this study suggest that procurement during project execution is an important dimension of project management that needs to be properly examined in order to counteract the challenges thereof and retain certain standards of success and satisfaction. This paper was set out to ascertain the effects of procurement processes on project execution in a project management company in Cape Town and it was found that lack of training of the entire project team, corruption, favouritism, fraud and delays from suppliers are the major causes of poor procurement and these results agree to the main thrust of the literature reviewed in the study that any lack of training, policy compliance and consistency in compliance of law will cause failure and challenges in any organisation.

CONTRIBUTIONS

The researcher hopes that this study will contribute to the body of knowledge concerning effects of procurement processes on project execution in project management, although it is not without limitations. This study investigated the effects of procurement processes on project execution in a project management company in Cape Town, endeavouring to clarify further than the standard descriptions of this concept. It identified the common procurement problems faced by project management companies in Cape Town. Moreover, it explored common reasons for poor project procurement in finding solutions to overcome these besetting and pervasive challenges; and lastly, this study examined the positive qualities of this concept and recommended ways to escalate their value and usefulness in practice. Therefore, this research will be valuable to those seeking improvements to strategic procurement.

REFERENCES


Mnguni, N. (2012). To investigate and evaluate the implementation of the supply chain management in service delivery with specific focus on procurement processes of goods and services in the head office of the Eastern Cape (Unpublished doctoral dissertation). Nelson Mandela Metropolitan University, Port Elizabeth, South Africa.


