AN EVALUATION OF THE PUBLIC PROCUREMENT SYSTEMS AND
HOW THEY IMPACT ON THE COMPETITIVENESS OF STATE-OWNED
ENTERPRISES IN THE POST-DEREGULATION ERA: THE CASE OF
TELONE (PVT) LTD 2009 - 2012.

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Dissertation Submitted in Partial Fulfillment of the Requirements for
the Degree of Master of Business Administration (MBA), Graduate
School of Management, University of Zimbabwe

Supervisor: Dr N. Kaseke

July 2012
Declaration

Student Declaration:

I, Edwin Chaukura, do hereby declare that this dissertation is the true result of my own investigation and research, except to the extent indicated in the Acknowledgements, References, and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other University.

Signature: ..................................  Date: ..................................

Student’s signature

.............................................. Name: N Kaseke (Dr.)  Date:.......................
Dedication

This project dedicated to my loving wife and friend, Taurai, our children, Kudzai, Samantha and Tinotenda. I thank them for their support, understanding and encouragement through the long hours and days spent away from home in pursuit of this programme.
Acknowledgements

My appreciation goes to my loving wife and supportive friend, Taurai, our children, Kudzai, Samantha and Tinotenda, for their unwavering support and understanding throughout the whole research process.

I also extend my heartfelt appreciation to my supervisor, Dr. N. Kaseke for his insightful guidance and supervision from the onset until the end of this project. It was inspiring and amazing working under his guidance.

My appreciation also goes to the Graduate School of Management and staff for the grooming and nurturing me throughout the MBA programme.

My utmost gratitude is further extended to TelOne Management for allowing me the opportunity to use the company as a case study. I equally appreciate TelOne staff who participated in this research as respondents to questionnaires.
Abstract

This study sought to evaluate the public procurement systems and how they impact on the competitiveness of commercialized state-owned enterprises (SOEs) with a specific focus on TelOne (Pvt) Ltd. The objectives of the study were to highlight the nature of the public procurement systems and to evaluate their effectiveness in supporting TelOne’s competitiveness in the face of deregulation and competition from privately-owned rivals. The study also intended to determine the challenges within TelOne’s procurement regime as well as to suggest possible reforms that could be adopted so as to enable TelOne to be competitive once more. The research reviewed both theoretical and empirical theories underpinning the role of SOEs, deregulation and public procurement. The rationale and principles governing public procurement systems were also reviewed.

The scope of the study covered the entire organization in the period from January 2009 to July 2012. The targeted population was restricted to TelOne’s 667 members composed of professional or skilled workers, supervisors, managers and departmental heads. The population was first split into four hierarchical strata, after which systematic sampling was applied to each stratum. A sample of 70 was drawn. The main data collection instrument, the self-administered questionnaire, was distributed by hand, fax and e-mail and a response rate of just above 75% was achieved.

The study found out that TelOne’s procurement regime is governed by stricter and rigid legislation and procedures compared to its privately-owned rivals. It is also highly centralized, with an underpinning philosophy of competitive bidding, which encourages arms-length relationships with suppliers. The system has many challenges that include rigid procedures, bureaucracy, too many decision makers and shortages. Given the competitive environment in which TelOne is operating in, the study concluded that the procurement system is not supportive to organization’s competitiveness. The study recommends that the board and management should lobby the government to exempt TelOne from the ambit of the Public Procurement system or alternatively to amend the regulations to suit the competitive environment in the telecommunications sector.
Table of Contents
Declaration ................................................................. i
Dedication ........................................................................ iii
Acknowledgements ........................................................... iv
Abstract ............................................................................ v
List of Tables ..................................................................... xi
List of Figures .................................................................... xi
List of Abbreviations .......................................................... xiii

CHAPTER ONE: INTRODUCTION
1.0 Introduction .................................................................. 1
1.1 Background of the Study .............................................. 1
  1.1.1 The Background of TelOne ........................................ 3
  1.1.2 TelOne Vision and Mission ...................................... 5
  1.1.3 TelOne’s Generic Competitive Strategy ................... 7
  1.1.4 TelOne Services ...................................................... 7
  1.1.5 Environmental Analysis .......................................... 9
  1.1.5.1 Macro Environmental Analysis - the PESTEL Framework .......... 10
  1.1.5.2 Telecoms Industry Competitive Analysis - Porter’s Five Forces Model .... 14
  1.1.5.3 SWOT Analysis ................................................... 20
  1.1.5.4 Implications of Environmental Analysis on TelOne Strategy ........... 24
1.2 Statement of the Problem ............................................ 25
1.3 Research Objectives .................................................. 26
1.4 Research Questions ................................................... 27
1.5 Research Proposition .................................................. 27
1.6 Importance/Significance of the Study .......................... 27
1.7 Scope of the Study ..................................................... 28
1.8 Limitations of the Study ............................................. 28
1.9 Assumptions of the Study ........................................... 29
1.10 Structure of the Dissertation ....................................... 29

CHAPTER TWO: LITERATURE REVIEW
2.1 Introduction ............................................................... 30
2.2 State Owned Enterprises and Their Role in Economies ........ 30
  2.2.1 Why Governments Create SOEs ............................. 30
  2.2.2 Impact of SOEs on Economies ................................ 31
2.3 Deregulation and State Enterprise Reforms .................... 32
  2.3.1 Drivers of Deregulation ......................................... 33
  2.3.2 Deregulation and Competition ............................... 34
  2.3.3 Forms of State Enterprise Reforms ......................... 34
CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS
4.1 Introduction......................................................................... 78
4.2 Research Findings ............................................................... 78
4.2.1 Response Rate............................................................... 78
4.2.2 Classification of Respondents............................................ 79
4.2.3 Years of Service with TelOne............................................ 80
4.2.4 Respondents by Department.............................................. 81
4.2.5 Years in present position.................................................. 83
4.2.6 Academic Qualifications................................................ 84
4.3 The Nature of TelOne Procurement...................................... 85
4.3.1 Background of Public Procurement System....................... 85
4.3.2 Familiarity and Centralization of TelOne’s Procurement Processes................................................... 85
4.4 Characteristics of TelOne’s Procurement System.................... 87
4.4.1 Procurement Bureaucracy................................................ 87
4.4.2 Competitive Bidding....................................................... 87
4.4.3 Number of Suppliers...................................................... 88
4.4.4 Flexibility of the procurement procedures............................ 90
4.5 Benchmarking TelOne Procurement..................................... 91
4.5.1 Procurement Reforms since Deregulation............................ 91
4.5.2 Comparison with competitors.......................................... 92
4.6 Responsiveness of the procurements system.......................... 93
4.6.1 Ease of use of the procurements system............................ 93
4.6.2 Procurement Regulations................................................ 94
4.6.3 Petty Cash for Adhoc and/or Urgent Needs......................... 95
4.6.4 Responsive Procurements System.................................... 96
4.6.5 Procurement Costs Outweighing Benefits.......................... 98
4.7 Challenges within the procurement system........................... 99
4.7.1 Common Procurement Challenges at TelOne...................... 100
List of Tables

Table 1.1 TelOne Staff Establishment.................................................................5
Table 1.2 Key Technical Performance Indicators..............................................8
Table 1.3 TelOne Current Major Products.......................................................9
Table 1.4 TelOne’s PESTLE Environments .....................................................10
Table 1.5 Licensed Telecommunications Operators .....................................18
Table 1.6 TelOne SWOT Analysis.................................................................23
Table 1.7 TelOne Customer Base.................................................................24
Table 2.1 Outline of the Public Procurement Process ....................................53
Table 2.2 Transactional vs. Relationship Approaches to SCM .......................58
Table 3.1 A Pragmatic Alternative to Research Methodology .......................62
Table 3.2 Targeted Population and Sampling Technique ...............................72
Table 3.3 Stratified and Systematic Sampling for TelOne Respondents ............73
Table 4.1 Questionnaire Response Rate .......................................................79
Table 4.2(a) Familiarity with TelOne’s procurement framework ....................86
Table 4.2(b) Is procurement centralized or not? ..........................................86
Table 4.3 Involvement of unnecessary bureaucracy ......................................87
Table 4.4 Procurement regulations .............................................................104
Table 4.5 Adoption of e-procurement in TelOne ........................................107
Table 4.6 Respondents’ suggested reforms..................................................109
List of Figures

Figure 1.1 TelOne’s Executive Management Committee. ......................5
Figure 1.2 Porter’s Five Forces that Shape Industry Competition .............15
Figure 1.3 Network Growth in ’000 ..................................................19
Figure 2.1 Influences on Organizational Buying Behaviour .....................37
Figure 2.2 Incorporating Risk Management in Procurement Processes .........38
Figure 2.3 The Buygrid Framework of Organizational Buying Process ..........40
Figure 2.4 Porter’s Value Chain..........................................................41
Figure 2.5 The Public Procurement System.........................................44
Figure 2.6 Influences on Public Procurement......................................49
Figure 3.1 The Research Process Onion .............................................61
Figure 3.2 Sampling Techniques..........................................................67
Figure 4.1 Respondents by Employment Category ................................80
Figure 4.2 Respondents by years of service in TelOne ..........................81
Figure 4.3 Respondents by TelOne Department ..................................82
Figure 4.4 Respondents by length of service in present position ..............83
Figure 4.5 Respondents by Academic Qualifications ..........................84
Figure 4.6 Requirement for multiple price quotes or bids ......................88
Figure 4.7 Reliance on a few suppliers for inputs ..................................89
Figure 4.8(a) Flexibility of procurement procedures .............................90
Figure 4.8(b) Procurement of urgent needs ........................................90
Figure 4.9 Alignment of procurement to suit competitive environment .......91
Figure 4.10 Rating TelOne’s procurement system ................................92
Figure 4.11 Friendliness of TelOne’s procurement system .......................94
Figure 4.12 Procurement over-regulation ............................................95
Figure 4.13 Availability of petty cash ..................................................96
Figure 4.14(a) Supportive procurement system ....................................97
Figure 4.14(b) Procurement delays ....................................................97
Figure 4.15 Supportiveness of TelOne competitiveness ..........................97
Figure 4.16 Procurement costs outweighing benefits ............................98
Figure 4.17  Experience with procurement challenges ........................................99
Figure 4.18  Common procurement challenges..................................................100
Figure 4.19  Supplier reluctance to avail quotations...........................................101
Figure 4.20  Failure by bid winners to deliver ....................................................102
Figure 4.21  Preference for cash up front ..........................................................103
Figure 4.22(a) Loyalty to suppliers .................................................................105
Figure 4.22(b) Exchange of performance feedbacks.........................................105
Figure 4.23  Preferred SCM framework...........................................................106
## List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADSL</td>
<td>Asymmetric Digital Subscriber Line</td>
</tr>
<tr>
<td>CDMA</td>
<td>Coded Division Multiple Access</td>
</tr>
<tr>
<td>EASSy</td>
<td>East African Submarine System</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GNU</td>
<td>Government of National Unity</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>ISDN</td>
<td>Integrated Services Digital Network</td>
</tr>
<tr>
<td>ICT</td>
<td>Information, Communication and Technology</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ITU</td>
<td>International Telecommunications Union</td>
</tr>
<tr>
<td>JIT</td>
<td>Just-In-Time</td>
</tr>
<tr>
<td>MDC</td>
<td>Movement for Democratic Change</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PESTLE</td>
<td>Political, Economic, Social, Technological and Legal</td>
</tr>
<tr>
<td>PTC</td>
<td>Post and Telecommunications Corporation</td>
</tr>
<tr>
<td>POTRAZ</td>
<td>Postal and Telecommunications Regulatory Authority of Zimbabwe</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SIGMA</td>
<td>Support for Improvement in Governance and Management</td>
</tr>
<tr>
<td>SLMS</td>
<td>Subscriber Line Management System</td>
</tr>
<tr>
<td>SOE</td>
<td>State Owned Enterprise</td>
</tr>
<tr>
<td>SPB</td>
<td>State Procurement Board</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
</tr>
<tr>
<td>UNITAR</td>
<td>United Nations Institute of Training and Research</td>
</tr>
<tr>
<td>VOIP</td>
<td>Voice over Internet Protocol</td>
</tr>
<tr>
<td>ZPTC</td>
<td>Zimbabwe Posts and Telecommunications Corporation</td>
</tr>
<tr>
<td>ZIMPOSTS</td>
<td>Zimbabwe Posts</td>
</tr>
</tbody>
</table>
CHAPTER ONE

1.0 Introduction

This dissertation investigates Zimbabwe’s public procurement system and how it affects the competitiveness of state-owned enterprises (SOEs), with particular reference to TelOne (Pvt) Ltd. This is especially so, given the competitive environment that the organization is now operating in, following the deregulation and liberalization of the telecommunications sector. Invariably, as the company operates, it requires inputs such as raw materials, spare parts, new machinery and other consumables. Being a public institution that is wholly owned by the Government of Zimbabwe, TelOne is required to abide by certain procedures and standards when making procurements. This chapter provides the background of this study, statement of the problem, research objectives, significance and scope of the study.

1.1 Background of the Study

A significant number of Zimbabwe’s state-owned enterprises are associated with malaise and poor performance to such an extent that they have become a burden to the fiscus (National Budget Statement, 2011). The pressure for parastatals to be viable has emanated from various quarters including the civic and the business sectors. In response, the government has commercialized or privatized a number of SOEs (RBZ, 2007). More significantly, the government has also deregulated and liberalized several economic sectors to allow competition. The environment has changed and some previously enshrined monopolies have disappeared (ibid).

The government of Zimbabwe initiated Public Enterprise Reforms that focused on three mechanisms, namely divestiture, commercialization and privatization. With divestiture, the government sells its equity to private investors. Privatisation is where the government dilutes its shareholding by offering part of its equity to strategic
partners or investors. With commercialization, the state retains a hundred percent ownership, but expects it to operate viably. The state hoped to usher in a new paradigm in which SOEs would become viable so as to allow the government to concentrate on its core mandate of providing social services (National Budget Statement, 2012). However, most SOEs, particularly those operating in deregulated economic sectors, have failed to effectively compete with privately owned new entrants. The new players have literally “invaded the pitch” and trashed the SOEs’ once treasured first mover advantages.

One key reason that is often cited for the apparent incapability of SOEs to effectively compete has been the public procurement systems and processes, as prescribed by the Procurement Act [Chapter 22:14], which often require the involvement of the State Procurement Board (SPB). The State Procurement Board is the custodian of the public procurement system in Zimbabwe. The bureaucracy that is in-built in the public procurement system tends to negatively affect the value chain processes in parastatals thereby allowing private competitors to out-perform them.

A few examples here might suffice. In 2009, after having been frustrated by delays, the Vice Chancellor of the University of Zimbabwe sought a waiver from the SPB processes in order to facilitate expeditious renovations of kitchens at the institution. The SPB turned down the request. But despite the funds for the project having been availed in July 2009, the SPB was only able to float the tender in February 2010 (Manyukwe, 2010). In another case, in 2010, the Managing Director of NetOne, a state owned mobile operator, pleaded with a Parliamentary Portfolio Committee for his company to be exempted from the state procurement processes because the “SPB took long to adjudicate on purchases yet its competitors were promptly buying new technology” (“NetOne Seeks Procurement Exemption,” 2010).

No doubt the laws and regulations governing public procurement were set out with good intentions. Therefore, whilst the systems might have been effective when state companies had monopoly, they might be a handicap to the effectiveness and
competitiveness of SOEs that are operating in deregulated and competitive environments. The researcher sought to establish, through this case study of TelOne (Pvt) Ltd, whether the public procurement systems are supportive to the company’s quest to compete with new players such as Econet, Telecel and Africom.

1.1.1 The Background of TelOne

The history of telecommunications in Zimbabwe began around 1892 when the colonial government installed the first telegraph (Smith, 1967; Mlambo, 2004b; Mereki, 2010). Since then up to the late 1990s, the state, through various government institutions, had direct control and monopoly in the provision of postal and telecommunications services in the country. For example, in 1954 the government promulgated the Posts and Telegraph Act and created a department called the Posts, Telephony and Telegraphy (PTT). In 1972 the PTT was transformed into a parastatal called Posts and Telecommunication Corporation (PTC) (Mereki, 2010). The PTC operated in a highly regulated market and it enjoyed absolute monopoly in the provision of postal and telecommunication services in Zimbabwe (Zhou, 2000). However, in 1998, following a successful constitutional challenge by Enhanced Communications Network (Econet) founder; Strive Masiwa to the PTC monopoly, the government deregulated the postal and telecommunications sector opening it to private participation and competition (Goodstein, 2009). The PTC monopoly was thus removed.

The deregulation of the telecommunications sector was followed by the restructuring and unbundling of PTC in 1999. TelOne (Pvt) Ltd is one of the companies born out of this unbundling, in which the PTC was split into three separate organizations, which include ZimPosts (providing postal services) and NetOne (providing mobile communication services). TelOne was registered under the Companies Act [Chapter 24:03] in 2000 and was duly licensed as a fixed telecommunications service provider
in 2001. In 2011, the company was issued with another license to provide mobile services although it is yet to launch the services.

TelOne is a commercialized SOE meaning that it must operate viably without government subsidies or support. TelOne is the largest of PTC successor companies both in terms of infrastructure and number of employees. It is also the third largest fixed network telecommunications service provider in the Southern African Development Community (SADC) region after Telkom of South Africa and Mauritius Telecom Ltd of Mauritius (International Telecommunications Union (ITU), 2007). TelOne was made to inherit most of the debts previously associated with the disbanded PTC (Mereki, 2010).

The operation of telecommunications services in Zimbabwe are governed by the Postal and Telecommunications Act [Chapter 12:05] of 2000. Before its unbundling, the PTC was both the regulator and provider of postal and telecommunications services. The regulatory authority now resides with the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) which was also established in terms of the same Act. POTRAZ’s mandate is to oversee the licensing and supervision of operators in the telecommunications and postal sector. It also sets standards and conditions for the sector and also ensures that the players are in compliance of the laws of Zimbabwe (POTRAZ, 2011).

TelOne is supervised by a Board of Directors who report to the shareholders through the Ministry of Transport, Communications and Infrastructure Development. TelOne is headquartered at Runhare House, 107 Kwame Nkrumah Avenue in Harare and is administered through five geographic regions, namely Mashonaland, Matabeleland, Midlands, Mutare and Masvingo. Each of these has its own regional centre at Harare, Bulawayo, Gweru, Mutare and Masvingo cities respectively. These regional centres in turn control and monitor activities in their surrounding areas.
Table 1.1: TelOne staff establishment

<table>
<thead>
<tr>
<th>Directorate/Department</th>
<th>Staff Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>363</td>
</tr>
<tr>
<td>Technical</td>
<td>1601</td>
</tr>
<tr>
<td>Finance</td>
<td>53</td>
</tr>
<tr>
<td>Human Resources</td>
<td>120</td>
</tr>
<tr>
<td>Security, Audit, Legal, Business Development, Administration</td>
<td>213</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>2350</strong></td>
</tr>
</tbody>
</table>

Source: TelOne Human Resources (2012)

As shown in table 1.1 above, TelOne has a staff compliment of two thousand three hundred and fifty (2350) workers. The technical department has the majority (68%) of the workers with key staff being fifty (50) engineers, four hundred (400) technicians, six hundred and seventy (670) technical assistants and forty (40) artisans. The remainder is in support departments such as human resources, accounts, customer services, finance, and administration departments. The company has seventy-five (75) managerial posts, with a Managing Director at the helm. Nine (9) members constitute the Executive Management Committee of the company as shown in Figure 1.1 below.

Figure 1.1: TelOne’s Executive Management Committee.  
Source: TelOne HR Bulletin (2011).

1.1.2 TelOne Vision and Mission

In November 2010, the company’s executives adopted new vision and mission statements for the company (TelOne Strategic Document, 2010). The new vision and
mission statements have been preached to all workers through company circulars, bulletins and workshops. The vision, mission and core values have also been posted on company’s website and in the telephone directories for the benefit of both staff and other stakeholders.

**TelOne Vision:** *To be the hub of excellence in providing multimedia telecommunications services in Zimbabwe.*

The word “hub” refers to networking terminology in which a central point (the hub) offers connectivity to several other units. Therefore, to be a ‘hub of excellence’ entails being the pace-setter in the telecommunications business in Zimbabwe. It also entails having enough capacity and bandwidth to meet the quality standards of modern telecommunications services, such as broadband internet, video and data communications. According to Collins and Porras (1996), a well articulated vision should consist of two major components, namely, core ideology and the envisioned future. The ideology does not change and it defines why the company exists and what it stands for whilst the envisioned future is what the organization aspires to be.

**TelOne Mission:** *To efficiently provide multi-media telecommunication services to and link Zimbabwe to the outside world through honest and motivated teams.*

A mission statement defines the purpose of an organization; it outlines the company’s broad products and also identifies its customers. Multimedia telecommunications services encompass all modern digital services including internet, video conferencing, data and related technologies. According Dandira (2011) management has a duty not only to publish the mission statement but also to educate workers in order for them to understand the company’s purpose of existence.

**TelOne’s Core Values**
Core values are supposed to stem from the core ideology, which forms part of the vision statement (Collins & Porras, 1996). According to the company’s website
TelOne is guided by and will uphold the following principles/core values:

- **Reliability** - Upholding the virtues of integrity and professionalism.
- **Hard Work** - Selfless commitment and dedication to duty by motivated, recognized staff with a charismatic leadership.
- **Ethical Practices** - A work ethic founded on trust.
- **Teamwork** - Unit of purpose of a loving family focusing on customers and social responsibility.
- **Excellence** - Continuous improvement on innovations guided by autonomy, self-esteem and empowerment.

### 1.1.3 TelOne’s Generic Competitive Strategy

Generic strategies deal with management’s plans to gain competitive advantages in the market as well as to provide value to the organization’s customers (TelOne Strategic Document, 2011). Harvard Business School’s Institute for Strategy and Competitiveness says competitive strategy is concerned with how a company can gain a competitive advantage through a distinctive way of competing (http://www.isc.hbs.edu/firm-competitive.htm, visited on 15/03/12). In 2010, TelOne adopted the generic strategy of differentiation in which it opted to compete on the basis of superior customer service as opposed to competing on the basis of price. Differentiation strategies are used when customer’s needs are too diverse to be satisfied by a standardized product/service (Papulova & Papulova, 2006).

### 1.1.4 TelOne Services

TelOne is currently the only provider of fixed telecommunications services in the country with an extensive network which covers urban and rural areas. The company currently has a connectable capacity of half a million lines but only 373 000 are active (POTRAZ, as cited in BiztechAfrica, 2012). The estimated fixed line teledensity is
about 2.8% (ibid). TelOne has a total of one hundred and fifty-three (153) telephone exchanges of which about half are digital. About 84% of the customers are connected on digital exchanges which offer more integrated and added services unlike analogue exchanges. The bulk of the customers are in Harare (61%) compared with 17% for rural customers. All the other towns and cities share the remaining 22% (POTRAZ, 2011).

TelOne has deployed several technologies in its network. Last mile customer connectivity is largely through copper cables. The copper network is highly susceptible to thefts and vandalism and this has prompted the company to adopt wireless technologies such as the Coded Division Multiple Access (CDMA) and optic fibre cables. The company is in the process of building a national fibre backbone. The Harare-Mutare fibre link to the East African Submarine System (EASSy) sea cable was commissioned in 2011 and currently work to extend this backbone to Beitbridge via Bulawayo is underway (POTRAZ, 2011). Connectivity to the EASSy and Seacom fibre networks will increase the bandwidth and reliability as well as lower operational costs. It will also enhance diffusion of information and communications technologies (ICTs) in Zimbabwe.

Table 1.2: Key Technical Performance Indicators

<table>
<thead>
<tr>
<th>Performance Measures</th>
<th>Target</th>
<th>Actual Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008</td>
</tr>
<tr>
<td>% faults cleared in 24 hrs</td>
<td>75%</td>
<td>17%</td>
</tr>
<tr>
<td>% faults cleared in 48 hrs</td>
<td>90%</td>
<td>24%</td>
</tr>
<tr>
<td>% faults cleared in 72 hrs</td>
<td>100%</td>
<td>35%</td>
</tr>
<tr>
<td>Fault Occurrence Rate (# of faults/line/year)</td>
<td>1.0</td>
<td>3.5</td>
</tr>
<tr>
<td>New service Connections</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average speed of connection (customer waiting period after paying in days)</td>
<td>5</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: TelOne Technical Reports (2011)

Table 1.2 above shows key technical performance indicators from 2008. There has been an improvement in the faults clearance rates as well as speed of connecting new lines. Despite the improvement in the statistics the company is yet to achieve its targeted fault clearance rate – an issue that compromises its standing particularly
with competition around it. The company’s capacity to generate revenue can be enhanced if it minimises its mean time to restore service as well as improving the speed of connecting new customers.

TelOne offers voice, data and internet services. DialOne, the traditional fixed landline, is the major brand for voice services. It is positioned as a cost leader as well as a mass market product and is offered to both individuals and corporates. The Voice Product portfolio has experienced great challenges in the market due to copper cable thefts and vandalism. TelOne also offers the voice services via the connect eezy product that use the CDMA wireless technology which was adopted as a response to copper cable thefts and vandalism. The selling advantages for connect eezy are its lower tariffs and the ‘ability to walk around with your landline’ (TelOne Strategic Document, 2010).

DotMore or Asynchronous Digital Subscriber Line (ADSL) is TelOne’s latest offering. ADSL offers added ability to users of fixed landline telephones by enabling simultaneous connectivity to the broadband internet and voice communications. The product is ideal for both individual and business use and it utilizes existing copper telephone links to send and receive data at speeds that far exceed dial up modems.

Table 1.3: TelOne’s current major products.

<table>
<thead>
<tr>
<th>Voice Services</th>
<th>Connected customers</th>
<th>Internet services</th>
<th>Connected customers</th>
<th>Data Services</th>
<th>Connected customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) DialOne (postpaid)</td>
<td>350 480</td>
<td>(i) PDSN</td>
<td>2 947</td>
<td>(i) Leased lines (VPN)</td>
<td>3 119</td>
</tr>
<tr>
<td>(ii) Connect eezy (CDMA)</td>
<td>22 520</td>
<td>(ii) DotMore (ADSL)</td>
<td>9 303</td>
<td>(ii) SatNet (Vsat)</td>
<td>138</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>373 000</strong></td>
<td><strong>Totals</strong></td>
<td><strong>12 240</strong></td>
<td><strong>Totals</strong></td>
<td><strong>3 257</strong></td>
</tr>
</tbody>
</table>


1.1.5 Environmental Analysis

Environmental analysis is an approach that enables organizations to develop strategies and action plans that ensure their continued survival. A company’s business situation can be divided into external and internal environments. In this
study, the situation of TelOne has been analyzed using three models, namely, the PESTLE framework, Porter’s Five Forces model and SWOT analysis.

1.1.5.1 Macro Environmental Analysis - the PESTEL Framework

The situational analysis begins with an external environment review using the PESTEL framework which considers the political, economic, social, technological, ecological and legal factors that impact on the operations of TelOne. Ordinarily, these exogenous factors must shape the strategic paths that organizations formulate and implement (Thomas, 2007).

Table 1.4: TelOne’s PESTLE Environments.

<table>
<thead>
<tr>
<th>UNIT</th>
<th>POLITICAL</th>
<th>ECONOMIC</th>
<th>SOCIAL</th>
<th>TECHNOLOGICAL</th>
<th>LEGAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelOne</td>
<td>✓ Government of National Unity (GNU), ✓ Sanctions ✓ Look east policy ✓ A state entity ✓ Government-government bilateral agreements ✓ Adoption of ICT protocols ✓ Adoption of ITU protocols ✓ Indigenization policy ✓ Decision on single international gateway</td>
<td>✓ Multi currency regime ✓ High interest rates ✓ Liquidity crunch ✓ Limited offshore loans ✓ Weak disposable incomes ✓ Low capacity utilization ✓ High levels of unemployment ✓ Energy shortages ✓ Brain drain ✓ Perceived country risk</td>
<td>✓ Rampant corruption ✓ Thefts &amp; vandalism of network elements ✓ HIV &amp; AIDS ✓ Changing demographic &amp; psycho-graphic patterns</td>
<td>✓ Technology convergence ✓ Obsolete technology ✓ VoIP</td>
<td>✓ Telecoms statutes ✓ Property rights ✓ Indigenization laws</td>
</tr>
</tbody>
</table>

Source: Adapted from TelOne Strategic Document (2011)

Political Environment

Zimbabwe experienced political and economic turmoil from late nineties up to 2008. The Economic Structural Adjustment Programme (ESAP) induced hardships of the 1990s proved to be a catalyst for political discord (Mavhunga, Madondo & Phiri, 2009). The government embarked on the fast track land reform, whose implementation, coupled with allegations of human rights violations, led Europe and the United States of America to impose sanctions on Zimbabwe. The climax was the general elections of 2008, which for the first time, failed to produce an outright presidential winner. The subsequent runoff was allegedly marred by violence and hence was not recognized by the international community. The Southern Africa
Development Community (SADC) and the African Union (AU) then put pressure on the political rivals to negotiate and agree to the current Government of National Unity (GNU). However, despite stabilizing the economy, the GNU is characterized by mistrust and uncertainty. Discordant views are occasionally heard from its members, particularly on indigenization and other reforms.

It is within this political framework that TelOne, a state-owned enterprise, is operating. Unavoidably, it is affected by the political situation and at the launch of the GNU, there was even a dispute as to which minister was responsible for the parastatal (Zhangazha, 2009). Several attempts at courting an external strategic partner for TelOne have so far failed. Offshore lenders are unwilling to advance any meaningful funding or loans to TelOne because of the high political risk. The World Bank and the International Monetary Fund have suspended new loans to the country citing failure to repay previous debts (African Development Bank (AfDB), 2011b).

**Economic Environment**

The current economic environment is largely influenced by the political situation. The Zimbabwean economy is still rebuilding after more than a decade of decline and in 2010 real Gross Domestic Product grew by about 9% (AfDB, 2011a). The GNU has managed to tame the hyperinflation of pre-2009, so far keeping it to less than 5% (National Budget Statement, 2012). The country has been using a multicurrency regime since 2009 when the Zimbabwe dollar was de-monetized. The cash budget system adopted at the consummation of the GNU has tended to curtail excessive government expenditures.

The economy is, however, characterized by low levels of investment and capacity utilization. The overheads tend to be high hence export products are not competitive on the international market, prompting local industrialists to lobby for protection against imports from South Africa. Political uncertainties do not auger well for sound planning and business forecasting. A significant amount of money still circulates
outside the formal banking system due to confidence issues. The current liquidity crunch and high interest rates make the cost of borrowing too high. Long term credit facilities are largely nonexistent. The individual and corporate taxation are considered to be among the highest in the world and this discourages potential investors (The Heritage Foundation, 2012).

Although goods are now easily available, consumers still have limited purchasing power due to generally low disposable incomes. Consumers tend to prioritize basic needs on their consumption basket. This has seen TelOne being unable to collect all its billed revenues and as at end of 2011 it was owed in excess of three hundred million dollars by its customers (TelOne Financial Report, 2011). This obviously puts pressure on the organization as it often experiences cash flow hiccups. Inevitably this compromises its competitiveness and operational efficiency.

Social Environment

The country’s unemployment rate is estimated to be as high as 90% (The Heritage Foundation, 2012). A lot of people lost their jobs in the years preceding 2009. There are not enough jobs for the young people who are annually churned out of schools and colleges. Many people have to engage in informal activities to gain some form of livelihoods. The majority of those that are in formal employment are receiving remuneration that is below the poverty datum line (Klaveren, Tijdens, Hughie-Williams & Martin, 2009). Many families were also disjointed when their breadwinners crossed borders in search of jobs. The endemic problem of HIV/AIDS has also taken its toll on the skilled labour force.

Zimbabwe has persistently ranked at the bottom of United Nation Human Development Index and the GDP per capita declined by over 40% between 2000 and 2007 (AfDB, 2011a). The result is an environment well set for corrupt and criminal tendencies. A significant number of TelOne lines are currently not working due to thefts and vandalism of network elements such as copper cables, solar power panels
and the overhead line infrastructure. This has contributed to the decline in the number of TelOne’s connected customers (Telebuzz, 2010). The potential for labour unrests and consumer resistance to price increases cannot be ignored. In the case of TelOne, many of its customers have been failing to settle their bills on time.

Technological Environment

Global trends in the telecommunications sector show that there is movement towards the convergence of data and voice telephony services (ITU, 2010). There is also rapid development of technologies, thus rendering shorter life spans to telecommunications products and services. The advent of the global village and the internet makes adoption and diffusion of new technologies very rapid. For example, Apple’s launch of its latest iPad in the USA immediately created demand across the world. This means that telecommunications companies are constantly under pressure to adopt newer technologies if they are to remain relevant. Zimbabwe currently does not have the capacity to produce state of the art electronic gadgets. Therefore, almost all telecommunications equipment and technology is imported with major suppliers being Japan, Europe and China.

TelOne has a mixture of old and new technologies deployed in its network. These old technologies offer limited services and are no longer supported by manufacturers as they have simply outlived their average lifespan (Moyo, 2011). Whilst the telecommunications industry worldwide has been ‘digitalized’, TelOne is still lagging behind some of its local competitors. The absence of a Research and Development department has also adversely affected the organization (Telebuzz, 2010). However, TelOne prides itself for its capacity to internally develop technical skills as it trains its own technicians. It has literally become the ‘training ground’ for competitor networks.

Legal Environment

The postal and telecommunications sector is regulated by POTRAZ, and the enabling act is the Postal and Telecommunications Act [Chapter 12:05]. Since deregulation,
new players have come in to compete with TelOne. However, the government still retains some sway with strenuous requirements for licensing. The Interception of Communications Act [Chapter 11.20] legalizes eaves-dropping by state security agencies and all network operators are required to facilitate such request. The Indigenization and Empowerment Act, which requires at least 51% of shareholding in foreign-owned entities be ceded to blacks, has caused anxiety in the business sector. This has tended to drive away foreign direct investments. From mid-nineties, Zimbabwe has been viewed as a country that disregards the rule of law and the politicization of public institutions such as the police has rendered them ineffective (Maroleng, 2005). This has been compounded by high levels of corruption and lengthy delays in prosecuting cases.

1.1.5.2 Telecoms Industry Competitive Analysis - Porter’s Five Forces Model

Industry Background

Technological advancements and the deregulation of the telecommunications sector have resulted in highly competitive environments (ITU, 2010). Zimbabwe’s telecommunications regulator, POTRAZ has so far licensed about fifteen players to provide telecommunications services (POTRAZ, 2011). For TelOne, the genesis of competition, coupled with the removal of government protection has forced the company to adopt strategies that hitherto where not applicable to monopolistic SOEs.

Porter’s Five Forces Model

Porter (1985) propounds that there are five industry forces that influence or impinge on the competitiveness of organizations. These forces determine the attractiveness of an industry and organizations expected to capitalize on this attractiveness whilst minimizing on the negatives. Porter (1985) categorizes the forces as the threats of new entrants, bargaining power of buyers, bargaining power of suppliers, threats of
substitute products and the intensity of the industry rivalry. Their impact in the telecommunications sector and TelOne are discussed below.

Figure 1.2: Porter’s Five Forces that shape industry competition. Adapted from: TelOne 2008-2010 Strategic Plan (2007)

Bargaining Power of Suppliers
Zimbabwe is currently relying on imports of telecommunications equipment, technology and related accessories because it does not have the capacity to manufacture locally. Most of telecommunication equipment deployed in the country has come from Europe, China and Japan. Equipment manufacturers and suppliers, therefore, dictate the pace, either through pricing or through technology development. For example, manufacturers and suppliers often force network operators to move to newer versions of technology by discontinuing backup support to older technologies. TelOne has experienced this problem and some of its systems are operating without backup spares. Equipment compatibility issues make it very difficult and costly to switch between manufactures or technology developers.

Developing a telecommunications network is capital intensive and operators often rely on offshore loans. However, given Zimbabwe’s poor record of debt settlement and the attendant political risks, equipment suppliers demand down payment or cash up front before delivery. The government’s “look east” policy encourages state companies to consider mostly Chinese firms, very often, taking advantage of government-to-government agreements. The Chinese, however, use the “bait and hook” approach whereby they introduce new technologies by donating part of the equipment as an inducement. Two Chinese firms, ZTE and Huawei have established offices in Zimbabwe where they are getting contracts from both private and public network operators.

It is often necessary to hire installation expertise from the equipment manufacturers for new technologies. Sometimes the language barriers between some suppliers and Zimbabweans make it difficult to transfer knowledge. In the absence of proper knowledge transfer, local companies have to permanently rely on the suppliers for maintenance of the equipment. Therefore, telecommunications equipment suppliers wield bargaining power over Zimbabwean network operators, largely because of the existing huge technological skills gap.
Threat of new entrants

The regulating authority for the telecommunications sector is POTRAZ. Prospective operators must be licensed by this body before they can operate in Zimbabwe. So far POTRAZ has licensed one public fixed telecommunications operator, namely TelOne. A second licensee, TeleAccess (Pvt) Ltd, had its license revoked in 2005 after the failure to launch services. TeleAccess have appealed against this decision by POTRAZ and the case is still pending at the Supreme Court (AfDB, 2011b). Four operators are currently licensed to provide mobile telecommunications services, and these are NetOne, Econet, Telecel and TelOne. The later is yet to launch its services despite having been issued with the license in early 2011. The other three mobile operators have made significant inroads into the market particularly after the dollarization of the economy. Other smaller operators, such as Africom and Powertel are into the provision of data and internet services.

Threats of Substitutes

The rapid technological developments in ICT products and services are creating alternative avenues to the traditional voice communication systems. The recent linking of networks such as TelOne, Econet and Powertel to the submarine fibre networks has resulted in increased bandwidth, increasingly making the internet a good and effective substitute for telephony. POTRAZ has also licensed a number of companies to provide voice services over the internet using the voice over internet protocol (VoIP). World trends suggest that there is an increase of data and internet usage whilst voice traffic is declining (ITU, 2011). The mobility convenience that is inherent in cellular services is a major factor that is driving customers away from TelOne’s fixed services.

Intensity of Rivalry among Competitors

Rivalry among competitors in the telecommunications sector is intense, with players consisting of one fixed operator, four mobile operators and a host of other smaller
companies jostling to outdo each other. The vigorous advertising and marketing campaigns are a testimony to the rivalry (Makombe, 2010). The rivalry, however, has proved to be misguided as the companies appear to be competing on technological and coverage supremacy rather than on services. For example there has been apparent refusal by networks to share infrastructure resulting in four or five masts at one site (Karombo, 2011).

Table 1.5: Licensed Telecommunications Operators

<table>
<thead>
<tr>
<th>Internet Access Providers</th>
<th>Public Data Network Operators</th>
<th>Mobile Cellular Service Operators</th>
<th>Public Fixed Telecommunication Service Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Africom (Pvt) Ltd.</td>
<td>✓ Broadlands Networks</td>
<td>✓ NetOne (Pvt) Ltd</td>
<td>✓ TelOne Pvt Ltd</td>
</tr>
<tr>
<td>✓ Aptics Trading (Pvt)</td>
<td>✓ Qualtime Investments</td>
<td>✓ Econet Wireless Zimbabwe</td>
<td>✓ TeleAccess (Suspended)</td>
</tr>
<tr>
<td>✓ Aquiva Wireless (Pvt) Ltd</td>
<td>✓ PowerTel Communications</td>
<td>✓ Telecel Zimbabwe</td>
<td></td>
</tr>
<tr>
<td>✓ Dandemutande (Pvt) Ltd</td>
<td>✓ TelOne Pvt Ltd</td>
<td>✓ TelOne Pvt Ltd (Not yet licensed)</td>
<td></td>
</tr>
<tr>
<td>✓ Ecoweb (Pvt) Ltd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ NetOne (Pvt) Ltd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ PowerTel Communications</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Telecontract (Telco)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ TelOne (ComOne)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Valley Technologies</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: POTRAZ, 2011

As can be seen from Figure 1.3 below, the telecommunications sector is dominated by Econet with over six million subscribers (POTRAZ as cited in BiztechAfrica, 2012). The national mobile teledensity is at about 78.8% whilst that of fixed services has remained almost stagnant at 2.8% (ibid). Whilst technological developments have opened up new avenues for potential entrants, the entry bottlenecks are still considered enormous with stringent legal and registration barriers that must be overcome. For example, it is POTRAZ that normally initiates issuance of a license through a tender process. The application and licensing fees are also considered to be very high. The huge initial capital outlay that is required to launch a telecommunication network can be a deterrent to newentrants. Also, with four
licensed operators, the cell phone market is also considered to be now flooded (TelOne Strategic Plan, 2010).

Figure 1.3: Network Growth in’000.

Bargaining Power of Buyers

One of the greatest challenges being experienced by TelOne is its inability to collect all its generated revenue. The company is still relying on the post-payment model which allows customers to use its services and pay later. However, the depressed income levels and the liquidity crunch in the economy have resulted in an increase of defaulting customers. Collections are currently averaging at only 40% of billed revenue (TelOne Financial Report, 2011). The organization is also owed over three hundred million dollars ($3,000 000.00) in unpaid bills. The single largest debtor of TelOne is the Government of Zimbabwe (ibid).

The company has been unable to increase its tariff even in the face of increased operational costs. The government often applies its influence to force TelOne to reduce its tariff as was the case in 2009 (TelOne Strategic Plan Document, 2010). Therefore, whereas in the past, TelOne would disconnect customers to induce them
into settling their bills, the existence of other service providers means that customers can easily switch to other operators. Given this scenario it can be concluded that buyers have bargaining power over service providers.

1.1.5.3 SWOT Analysis

SWOT is an acronym for the strengths, weaknesses, opportunities and threats that exist within organizations and their environments. The strength and weaknesses (SW) define the internal environment on the organization whilst the opportunities and threats (OT) assess the external micro and macro environment of the business. According to Thompson and Strickland (2003), the SWOT analysis provides an overview of the organisation’s wellness and also exposes other opportunities begging for exploitation. The central theme is for organisations to capitalise on their strengths to explore opportunities in the environment whilst minimising the risks so as to achieve a strategic fit within the environment.

Strengths

The strength of TelOne lies in its vast and nationwide infrastructural base. The company has presence in all cities and towns of the country giving it a wider coverage. This makes it relatively easier for it to expand its network. Government support for TelOne is almost guaranteed. For example, in 2011 the company got a budgetary allocation to construct a fibre link to the EASSy cable on the Indian Ocean. The current project to extend the fibre cable backbone to Beitbridge via Gweru and Bulawayo has also been funded by the government (National Budget Statement, 2012). This support enables the company to offer the lowest tariffs on the market. A significant customer base is guaranteed from the government, which still relies on TelOne for its communication. The company did not have to go through the rigorous process of licensing with the regulatory authority.
Weaknesses

The use of obsolete equipment, which is susceptible to frequent failures, is probably the greatest weakness of TelOne. Technological developments are moving towards convergence and added services which cannot be supported by the analogue exchanges that the company still operates in rural and outlying areas. The other threat is poor revenue collection mechanism because of the company’s post-payment business model. Decision making also tends to be slow and this is further compounded by the absence of a substitutive Managing Director since 2008. All crucial decisions must be referred to the parent ministry. The parastatal is also faced with a weak procurement framework that renders its ability to compete in a rapidly changing industry futile. The company continues to lose its critical technical staff to competitors thereby turning it to a training ground for Zimbabwe’s telecommunications industry. This high turnover is attributed to the company’s inability to pay competitive remuneration, (TelOne Strategic Document, 2010).

Opportunities

A company’s strategy must be shaped by the opportunities that present themselves in the market (Thompson & Strickland, 2003). As ICTs move towards convergence, there are several opportunities that TelOne could grab, capitalizing on its vast infrastructure base. One such opportunity is to ‘lock’ its competitors by leasing its excess capacity to them at reasonable rates. This will discourage the competitors from developing their own parallel infrastructure. For example the recently commissioned fibre link to the submarine (EASSy) cable offers a huge bandwidth of which excess capacity can be leased to competitors. Another opportunity is for TelOne to launch its own mobile services since it already has the license.

The traditional landline still remains an attractive option for the business sector, because of its lower tariff. However, TelOne must hastily modernize all its analog switches or exchanges in order to offer newer services such as video conferencing.
and high rate data transfers. The other draw card for the landline is that it creates confidence among business partners since it reflects a fixed abode status for an entity unlike a mobile line. The added service such as the Asynchronous Digital Subscriber Line (ADSL), which rides on the landline, is helping to spur demand for TelOne services, but the service is not available at all centres. The company can also grow its network by extending to newly established suburbs that are currently without TelOne services.

**Threats**

According to Thompson and Strickland (2003), threats are major impediments that have capacity to cause a firm fail to achieve its desired position. The environment of competition and the ever changing technologies present both threats and opportunities for TelOne. The continued uncertainty within the Government of National Unity (GNU) poses challenges of long-term planning for managers within the parastatal. Undue political influence is normally applied to state-owned enterprises, resulting in ministerial directives that sometimes do not make business sense. TelOne’s network has not been spared by vandalism and thefts of copper cables. Zimbabwe is currently experiencing commercial power shortages, meaning that the company must invest heavily in alternative power sources such as diesel generators. The ballooning debt to interconnection partners may result in the company being denied access to other service providers (TelOne Strategic Document, 2011).
### Table 1.6: TelOne SWOT Analysis.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
</table>
| • Vast infrastructure  
  • Wide geographical coverage  
  • Capability to expand network  
  • Existing infrastructure (ADSL)  
  • Supportive shareholder  
  • Government support (protection)  
  • Vast experience and skills depth  
  • Capability to generate skills  
  • Already a Licensed entity  
  • Improved financial status  
  • Offer of Affordable Services | • Obsolete technology & equipment/ Failure to keep up with rapid technology  
  • Labour intensive fixed network  
  • Weak financial base  
  • Poor revenue collection  
  • Defective/ weak organisation structure  
  • Discordant leadership  
  • Lethargic decision making  
  • Unresponsive processes  
  • Uncompetitive remuneration policy/ Poor conditions of service  
  • Skills flight  
  • Weak Procurement process (external & internal)  
  • Weak Systems and procedures  
  • Failure to effectively implement strategy  
  • Failure to fill critical positions timeously  
  • Silo mentality  
  • Poor customer service  
  • Legacy debt/ capital |

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
</table>
| • Convergence license  
  • Unsatisfied/unmet demand  
  • Technology hungry generation  
  • Huge market for broadband and multimedia services  
  • Strategic partnerships  
  • Private public partnerships  
  • Access to capital  
  • Traffic accruing from network externality  
  • New licensed operators bring in additional revenue streams  
  • Opportunity to lease infrastructure (save costs)  
  • Technological developments (more services)  
  • Technological developments (cost reduction)  
  • Infrastructure sharing  
  • Access to cheap, high capacity undersea cable  
  • Establishment of international point of presence (POP)  
  • Conducive environment  
  • Use of multiple currencies  
  • Improved international goodwill | • Disputes between ministries over control of TelOne  
  • Arbitrary ministerial directives  
  • Increased competition due to opening up of licensing system  
  • Well resourced competitors  
  • Private consortiums and licensed operators building backbone transmission links  
  • Issuance of IAP Class A Licenses  
  • Vandalism and theft of infrastructure  
  • Commercial power outages  
  • Uncertainties in government of national unity  
  • HIV/AIDS  
  • Capital flight from fixed  
  • Global financial crisis  
  • Low disposable income  
  • Low economic activity |

*Source: TelOne Strategic Plan Document, 2011-2012*
1.1.5.4 Implications of Environmental Analysis on TelOne Strategy

Organizations operate in environments that can influence their strategic direction and performance. Strategy formulation requires that organizations be aware of their internal capabilities, competences, strengths and weaknesses so that they design ways of existing and dealing with the external environment. Environmental analysis enables companies to match their strengths to available opportunities (TelOne Strategic Document, 2010). Environmental scanning is also helpful in identifying areas where the organization can hedge its vulnerable positions against environmental threats. Therefore, environmental analysis helps companies to continuously align their strategies in tandem with environmental factors (Hill & Jones, 2001).

Whilst TelOne has limited influence over the external environment, it nevertheless has full control of its internal environment. The company can align its internal factors with changes in the external environment, for example embracing new technologies and services. The entry of new players into the sector has increased industry rivalry, entailing that survival is for the fittest. Table 1.7 below shows that between 2009 and 2011, TelOne’s customer base was shrinking although it is rebounding. Apart from losing customers to competition, some customers were lost as a result of network thefts and vandalism.

Table 1.7: TelOne Customer Base.

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscribers in ‘000</td>
<td>364</td>
<td>385</td>
<td>378</td>
<td>338</td>
<td>373</td>
</tr>
</tbody>
</table>

Source: POTRAZ (2011) and BiztechAfrica (2012).

The essence of strategy formulation is to enable organizations to build on their strengths whilst minimizing on weaknesses; taking advantages of opportunities whilst countering adversity. The internal strengths of TelOne should be its source of competitive advantage against its rivals. TelOne can use its first-mover advantages
and its massive infrastructure to create barriers against further entry particularly in the fixed network sector. The company can leverage on its government parentage to influence the regulatory framework. For example it could lobby that it be the sole company to provide international gateway access. The company must adopt other wireless technologies to counter negative effects of cable thefts. TelOne should also consider introducing prepaid telephone access to at least 50% of its customers in order to militate against defaulting customers. Most business customers, however, would prefer the postpaid arrangement and they should be allowed to continue to enjoy this service as their rate of default is much less.

1.2 Statement of the Problem

Despite state-owned enterprises having enjoyed first-mover advantages in their now deregulated economic sectors, they have hitherto failed to effectively compete with their newly formed privately owned rivals. One cause for this state of affairs is the public procurement regime, which these entities must abide by. The adversarial and arms-length approach to the Supply Chain Management (SCM) of the public procurement system is, however, out of sync with the new paradigms that seek to promote mutually beneficial relationships between buyers and suppliers (Mandiyambira, 2011). The result is that state-owned enterprises are unable to effectively compete with their newly established and private rivals, who are not compelled to follow the public procurement systems.

In 2010, TelOne senior executives concluded that one of the reasons for the company’s below target performance was the bureaucratic procurement procedures (TelOne Strategic Document, 2011-2012). This is despite observations by experts that “…the service provided by TelOne lags behind its peers in the region in terms of technological innovation and service delivery” (Musarurwa & Mushawevato, 2011). Also, a TelOne commissioned research study showed that the
company was rated at 38% on customer satisfaction, against a generally acceptable standard of around 85% (Probe Market Research, 2011).

TelOne is losing customers to its competitors and this threatens its viability as well as putting pressure on government for fiscal support. If this situation is not addressed, it may lead to the collapse of company with serious consequences to the economy. It will also undermine government’s thrust and desire to wean commercialized SOEs from fiscal support, so that it can concentrate on its core responsibilities. In fast changing environments, rules, regulations and procedures can quickly become irrelevant or outdated (Hui, Othman, Omar, Rahman & Haron, 2010). Can TelOne rely on public procurement systems and hope to effectively compete with privately-owned rivals, whose procurement systems are not laden with bureaucracy? The researcher sought to establish the impact of public procurement systems on the competitiveness of TelOne, given the deregulated environment that it is operating in.

1.3 Research Objectives

The research was driven by a desire to determine the extent to which TelOne is hamstrung by public procurement policies and processes in effectively dealing with increased competition that has been unleashed on it as a result of deregulation and liberalization of the telecommunications sector. The following objectives guided the direction of the research:

i. To highlight the nature and uniqueness of the public procurement framework that distinguishes it from the practices in the private sector.
ii. To evaluate the effectiveness of public procurement processes, as applied in TelOne, in supporting its quest for competitiveness, given the deregulated business environment it is operating in.
iii. To determine the major challenges within the public procurement systems that may put TelOne at a disadvantage compared to their privately owned competitors.
iv. To find out what reforms can be adopted to ensure that TelOne’s procurement systems are effective and supportive of competitiveness in deregulated environments.

1.4 Research Questions

The following questions guided the direction of the research:

i. What is the nature of the public procurement framework, as applied in TelOne, which distinguishes it from procurement practices in the private sector?

ii. How effective are the current public procurement policies and processes in supporting TelOne’s quest to be competitive in a deregulated business environment?

iii. What are the major challenges within the public procurement system that may hinder TelOne’s competitiveness as compared to their privately owned rivals?

iv. What reforms can be adopted to ensure that TelOne’s procurement systems are effective and supportive of competitiveness in a deregulated and competitive environment.

1.5 Research Proposition

The researcher makes a proposition that the public procurement system has negatively affected the competitiveness of TelOne compared to its privately-owned rivals who do not use the same system for their procurements.

1.6 Importance/Significance of the Study

This study highlights the inherent impediments in the value chain processes of state-owned enterprises arising from the requirement to abide by the public procurement systems. The research also highlights the extent of the effectiveness or otherwise of
the current state procurement procedures in supporting the quest for SOEs to be efficient, effective and competitive in deregulated environments. TelOne will be able to use the results of this study to craft and adopt appropriate strategies to counter the adverse effects of the current public procurement procedures. The study also aims at contributing to literature and the body of knowledge by examining possible alternatives of managing procurement in SOEs. The case study will be available to scholars and will provide a platform for future research so as to close literature gaps that may continue to pose major challenges to enterprises.

1.7 Scope of the Study

TelOne was identified as a case for studying the impact of public procurement processes on the competitiveness of SOEs. The research covered the period from 2009 to 2012, a period when Zimbabwe adopted the multi-currency regime as a medium of exchange. This enabled TelOne, to conduct serious procurement activities in an attempt to resuscitate its telecommunication network after years of incapacity caused by hyperinflation. The research targeted the entire organization.

1.8 Limitations of the Study

The researcher faced challenges of getting information from TelOne despite access having been sought and assured. The organization is a private company and does not publish annual statements. There is also a general lateness in the preparation of financial reports in Government and Parastatals. As a result, the researcher could not make reference to the latest financial statements. The researcher was at times forced to use his positional influence to obtain raw data from the managers in different sections. There was also lack of cooperation from some targeted respondents, who despite, several appeals failed to respond positively.
1.9 Assumptions of the Study

The following assumptions have been made for this project:

- TelOne has adequate resources (financial or otherwise) to effectively compete in a deregulated environment.
- TelOne shareholders, the board of directors and senior executives expect and aspire that the organization be a great performer.
- All answers given by respondents were free of prejudice and bias.
- There were no significant changes to TelOne’s staff, management and prevailing conditions during the study.

1.10 Structure of the Dissertation

This study is divided into five chapters; with the first chapter giving the background into the study including the background of TelOne (Pvt) Ltd. Chapter two looks at the relevant literature and concepts so as to build the basis for the study as well as highlighting on what other authorities have said about the topic. Chapter three dwells on research methodology which focuses on methods of sampling, data collection and analysis. In chapter four, the researcher presents the findings and analytical interpretation of the findings. Finally chapter five gives conclusion of the study as well as recommendations for future adoption and further study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter covers the review of the literature that is relevant to the subject matter of public procurement. Bodies of knowledge on state-owned enterprises (SOEs), deregulation, state enterprise reforms and public procurement have been consulted to enlighten the researcher and also to enable identification of gaps between what has been written on the subjects what remains to be documented.

2.2 State Owned Enterprises and Their Role in Economies

Terms such as Public Enterprise, Government Controlled Company, State-Owned Enterprise and Parastatal are used to refer to ventures in which governments have stakes. Lee (as cited by Szamosszegi and Kyle, 2011) define state-owned enterprises as “business entities established by central or local governments” (p.7). It is a “legal entity that is created by the government in order to partake in commercial activities on the government's behalf” http://www.investopedia.com/terms (visited on 24/2/12). Therefore, the creation of SOEs is the preserve of the national governments (Zhou, 2001).

2.2.1 Why Governments Create SOEs

Virtually, all governments maintain some ownership of enterprises, most significantly in public utilities (Mattlin, 2009). In most cases, the state’s ownership of businesses is driven by political considerations (ibid). As explained by the Reserve Bank of Zimbabwe, (RBZ) (2007) governments enter into business activities in order to smoothen the business environment and cushion citizens against the excesses of the
private sector. Forfás (2010) concurs with this reasoning adding that SOEs are used to ensure the provision of high quality essential infrastructure and services at cost competitive prices. This infrastructure, such as energy, transportation systems and telecommunications, can become the basis for the competitiveness of a country (ibid).

Effird (2010) also suggests that SOEs can be used as stepping stones towards stability in post conflict situations, particularly after civil wars as was the case in Liberia, Mozambique and Iraq. SOE activities create employment, which in turn will give some semblance of government control (ibid). Perhaps this is the reason why SOEs are more prevalent in developing countries than in developed nations. After attaining independence, most African governments had a developmental orthodoxy that assumed socio-economic transformation could only be spearheaded by the state (Zhou, 2001). The belief that SOEs would be “critical instruments of reversing vestiges of the past” resulted in the involvement of the states in almost all sectors of the economy (Zhou, 2001, p.233).

Mattlin (2009) notes that most governments in Europe have retreated from direct ownership of businesses in the last few decades. In certain situations, however, there are sound reasons for the state’s involvement in the running of businesses. For example, the state has a role in circumstances where industries are prone to market failures; where there is insufficient economic development; where there are natural monopolies that are unsuitable for private enterprises and in issues of national security (ibid).

2.2.2 Impact of SOEs on Economies

The development of infrastructure in areas such as energy has traditionally been borne by SOEs and other public utilities (Forfás, 2010). Chee, (as cited in Haque, 2000) reveals that SOEs played a critical role in promoting economic growth and
decreasing industrialization in some Asian countries such as Singapore, South Korea, and Taiwan. Ferri and Liu (2010) also argue that the Chinese economy has largely been stable on the strength and profitability of its SOEs. The “going global” strategy adopted by China encourages its SOEs to partner with foreign countries as a strategy of securing the supply of raw materials such as gas and oil (Arkhurst, 2007; Szamosszegi & Kyle, 2011). SOEs have also been responsible for significant employment particularly in developing countries (Forfás, 2010). However, the performance of SOEs has often been below expectations resulting in calls for deregulation and state enterprise reforms (Zhou, 2001).

2.3 Deregulation and **State Enterprise Reforms**

Franks and Hauser (2012) describe the process of deregulation as the reduction or removal of government power and control in a particular industry or sector to allow competition and encourage the efficient operation of the markets. The purpose of deregulation is to restore an industry into the market for the benefit of consumers as well as suppliers (Hibbs, 2009). Deregulation and privatization can be described as offshoots of globalization and have tended to follow political democratization (Nielinger, 2004; Economic Commission for Africa, 2007; Noruwa, 2012).

In its strictest sense, the word, deregulation means removal of existing regulations. One may argue that it is being misapplied, because it does not imply a complete removal of regulations. Vogel et al. (as cited by Mayer-Schonberger & Strasser, 1999, p.565) allude that the exercise should be termed re-regulation since it is an attempt to supplant one monopolistic regulatory framework with another one that fosters markets and competition. This is evidenced by the creation of regulatory authorities to oversee the operations of deregulated economic sectors (Nielinger, 2004; ITU, 2010).
2.3.1 Drivers of Deregulation

SOEs are generally viewed as inefficient burdens and hence a drain on the fiscus (RBZ, 2007; Effird, 2010). For example, in 1987, the Zimbabwean government commissioned an inquiry into the low performance of SOEs. The commission revealed that the main cause for the low performance was government-enforced price controls, which resulted in services being offered at below cost. The Boards and management teams had constraints in decision making and often blamed “circumstances beyond their control” for the poor showing (Zhou, 2001, p.238).

The pro-reform stance by the World Bank and the IMF has spawned many troubled governments to implement SOE reforms (Zhou, 2001). These reforms usually manifest in three forms, namely, divesture, commercialization and privatization. As noted by the RBZ (2007), reforms are necessary in order “to eliminate the large budgetary burden caused by subsidies through making the enterprises operationally efficient and more commercially oriented” (p.16). Farlam (2005) suggests that the core aims of privatization are to improve service delivery whilst reducing managerial burden on the state. Hood (as cited by Mandiyambira, 2012) also says that the aim of deregulation and public sector reforms is to allow the public sector to adopt private sector management styles so as to improve their performance.

Technological developments, particularly in the information, communication and technology (ICT) sector have also meant that old paradigms needed to be reviewed. Technological developments have generally lowered costs, thereby enabling non-state entrepreneurs to participate in ventures that previously could only be offered by governments (Lindskog, 2008). For example, technological advancements were key drivers for the reforms in the Swedish telecommunications sector (ibid).
2.3.2 Deregulation and Competition

There is general consensus among writers that deregulation removes entry barriers or obstacles that prevent entrant firms from being established in particular markets (Mlambo 2004a). According to Sriraman et al., (2006) deregulation and competition serve to diffuse socioeconomic power by broadening participation by potential entrepreneurs. Deregulation allows participation by more players in an industry and can result in the provision of superior offerings (ITU, 2010). Maximum gains can accrue to an economy if new and efficient firms are allowed to easily enter the markets as competition will force “old and less-efficient ones to upgrade or quit” (Sriraman, Venkateh, Karne & Mohite, 2006, p.21). Therefore, deregulation can result in the efficient allocation of resources, timeous response to customer needs, guaranteed supply of cheaper goods and services and rewards to those who put effort towards serving the customer (ibid).

However, SOE efficiency does not always arise out of deregulation (Haque, 2000). Without proper checks and balances, some big organizations can ‘compete to kill’ their rivals. In situations where demand suddenly outstrips supply, shortages may arise even with many competitors (Hibbs, 2009). Deregulation also results in the removal of government subsidies, usually resulting in price increases (Haque, 2000; Marcus, 2011). Threats to national security can arise after deregulation and removal of subsidies as was the case in Nigeria, where public protests against fuel price increases paralyzed the country’s economy. The price increases had been caused by the removal of a government subsidy after the deregulation of the petroleum industry (Okpaga, Chijoke & Innocent, 2012).

2.3.3 Forms of State Enterprise Reforms

Generally, states have tended to adopt a three-route approach of Public Enterprise Reforms, namely, total divesture, privatization and commercialization (Zhou, 2001). These are briefly discussed below
2.3.3.1 Divesture

The divesture approach entails government ceasing to be a shareholder through selling off its total SOE equity to private investors. Zhou (2001) observes that divestiture processes are, by their very nature, highly political as they inevitably invoke normative issues of justice, transparency, and accountability. Where foreign investors are involved, there is also the fear of losing the country’s sovereignty. Therefore, formidable political obstacles, including opposition by powerful labour unions tends to slow down divestiture processes (Larbi, 1999; Mattlin, 2009).

2.3.3.2 Privatization

RBZ (2007) defines privatization as the transfer of ownership and control of an SOE from the public to the private sector. In this approach, the government dilutes its shareholding by offloading part of its equity to private investors. However, Forfás (2010) suggests that privatization is not an automatic solution to challenges of service delivery by SOEs and recommends that governments should focus more on promoting competition and effective regulation in order to achieve desired benefits. Sometimes it is essential that the interests of consumers are protected by not selling natural monopoly assets such as electricity generation and transmission lines to dominant competitors (ibid).

2.3.3.3 Commercialization

According to the RBZ (2007) commercialization “…implies that the Government retains control of the enterprise. However, the organization is structured in such a way that it operates as a viable commercial business” (p.5). Ndongko (as cited in Zhou, 2001) characterizes commercialization as the policy under which SOEs are “exposed or subjected to the stimulus or discipline of competition or the price system”
(p.242). Nielinger (2004) notes that many governments favour implementing commercialization as a prelude to privatization of their SOEs.

However, Effird (2010) contends that it does not always follow that privatized SOEs become great performers. He cites the case of British Rail, which after privatization worsened because private shareholders’ interests were more on dividends rather than improving the infrastructure. Weizsacker, Young and Finger, (2005) also state that privatization of SOEs in certain countries has not resulted in improved services or low costs to consumers, but only guaranteed dividends to the new shareholders. This is the reason why some nations have opted for commercialization rather than privatization or divesture (Mattlin, 2009).

2.4 General Procurement Theory

The American Bar Association (2000, p.7) defines procurement as “all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration”. It encompasses the acquiring any supplies or services through buying, renting or leasing (Thai, 2001). Therefore, procurement activities start with the identification of needs and end when the transaction to satisfy those needs is completed.

The activities include the establishment of what is to be procured, deciding on procurement strategies and procedures, soliciting and evaluation of tenders, awarding of contracts and administering of contracts. Generally speaking, procurement and purchasing are regarded as the same (MacManus, 2002). However, according to Herndon (1996) procurement is broader than purchasing and is defined as the “the combined functions of purchasing, inventory control, traffic and transportation, receiving and inspection, storekeeping, and salvage and disposal operations” (p.64).
2.4.1 Organizational Buyer Behaviour

According to Kotler and Armstrong (2006) business buyer behaviour refers to the buying behaviour of organizations that buy goods and services for the use in the production of other products and services or for the purpose of reselling or renting them to others at a profit. Organizational buyer behaviour determines the level, number of participants, responsibility and scope of the procurement function. Business buyer behaviour and decision-making is also influenced by the environment in which the organization is operating (Bui, 2011).

![Diagram showing influences on organizational buying behaviour]

**Figure 2.1:** Influences on organizational buying behaviour


Justification for centralized procurement units within organizations is motivated by the need to reduce the risk of maverick buying (Subramaniam, Qualls, & Shaw, 2003). Maverick buying is the purchases of goods or services without following the company’s defined processes (Angeles & Nath, 2007). As explained by Kotler and Armstrong (2006), risk and the uncertainty of purchasing are the major characteristics of organizational buying behaviour. In order to mitigate against this the Commonwealth Procurement Guidelines have incorporated risk management at every stage of procurement as shown in Figure 2.2 below.
2.4.1.1 The Buying Centre

Most organizations have procurement departments which are also referred to as the Buying Centre or Buying Unit (Kotler & Armstrong, 2006). The buying centre enables the organization to leverage on its spending power (Subramaniam, Qualls, & Shaw, 2003). Organizational buying is done by professionals and may involve complex processes, hence the need for more decision participants than the consumer buying (ibid). The complexity of the purchase at hand will normally determine the numbers and levels of membership of the buying unit.

According to Kotler, Keller, Koshy, and Jha (2009) buying centres are composed of several participants with differing interests, authority, status, and persuasiveness. The authors aver that the buying unit “includes all members of the organization who

Figure 2.2: Incorporating risk management in procurement processes. 
Source: Adapted from Commonwealth Procurement Guidelines, (2008).
play a role in the purchasing decision process” (Kotler & Armstrong, 2006, p.197). These members are categorized as users, influencers, buyers, deciders and gatekeepers (ibid).

- **Users** – these are organizational members who will ultimately use the product or service to be purchased. In most cases they are the ones who initiate the buying process.
- **Influencers** – these often help with the definition of specifications and adoption of new technologies. These can be technical people such as engineers or the IT department.
- **Buyers** – these are the professionals who have the ultimate formal authority to select the suppliers and also to negotiate contract terms.
- **Deciders** – deciders are the people with the formal authority to approve who the final suppliers are to be. In routine purchases deciders can even be buyers but in complex purchases, decisions are made by senior executives or the board.
- **Gatekeepers** – these are individuals who control the flow of information and even access to authorities in the buying unit. These can include sales agents, secretaries or engineers

**2.4.1.2 Stages in the Buying Process**

According to Kotler et al. (2009) there are eight phases in the buying process. The organizational purchasing process can be summarized by the buygrid framework, which is a matrix of buying phases and buying classes (Harris & Hurd, 1993; Kotler et al., 2009). The buygrid model, depicted in Figure 2.3 below, recognizes that different decisions are required for different buying situations (Harris & Hurd, 1993). In situations of routine replenishment purchases, lower levels and fewer members can be adequate, whereas new task purchases have to go through all the eight phases of purchasing.
<table>
<thead>
<tr>
<th>Buy Phases</th>
<th>Buy Classes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Task</td>
</tr>
<tr>
<td>1. Problem Recognition</td>
<td>Yes</td>
</tr>
<tr>
<td>2. General Need Description</td>
<td>Yes</td>
</tr>
<tr>
<td>3. Product Specification</td>
<td>Yes</td>
</tr>
<tr>
<td>4. Supplier Search</td>
<td>Yes</td>
</tr>
<tr>
<td>5. Proposal Solicitation</td>
<td>Yes</td>
</tr>
<tr>
<td>6. Supplier Selection</td>
<td>Yes</td>
</tr>
<tr>
<td>7. Order-routine Specification</td>
<td>Yes</td>
</tr>
<tr>
<td>8. Performance Review</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Figure 2.3: The Buygrid Framework of Organizational Buying Process
Source: Adapted from Kotler, Keller, Koshy and Jha (2009, p.204).

2.4.2 Value Chain Analysis and Competitive Advantage

Every business entity takes in some form of input which it converts to output products or services for which customers are willing to pay (Simister, 2011). This process, which can be viewed as a series of value generating activities that help organizations to develop competitive advantages, is referred to as the value chain (Porter, 1985). The ability of organizations to effectively manage both the activities and the linkages between them create competitive advantages (Simister, 2011). According to Feller, Shunk and Callarman (2006) the value chain concept was popularized by Michael Porter.

Porter’s value chain model consists of primary activities that are sustained by support activities such as human resources development, technology development and procurement. The primary activities consist of five main activities namely inbound logistics, operations, outbound logistics, marketing and sales and services. Porter (1985) argues that by effectively and efficiently addressing the chain activities, profit margins can be created when revenues generated from the activities exceed the cost of activities in the value chain. As asserted by Feller et al., (2006), companies create cost advantages and therefore, profits, by controlling the cost drivers within the chain activities.
Procurement and inventory management are key components of the value chain and almost all inventory management policies are guided by the need to optimize stocks (Subramaniam et al., 2003). This is because procurement has an impact on the bottom line (ibid). Namagembe, Munene, Muhwezi and Eyaa (2012) who studied the impact of information sharing and inventory management on customer satisfaction recommend that chain partners should implement information systems to enable effective management of inventories and improve customer satisfaction. They conclude that the essence of inventory management is to always have desired products in stock when customers want them.

Feller et al. (2006, p.) say that value flows from the customer and is characterized as the experience that occurs when needs are satisfied through an exchange of products or services for some form of payment. This means customer service is central to the business’s survival. According to Robbins, Coulter, and Vohra (2011, p.67), “nothing is left to chance when it comes to providing exemplary customer service”. Nazımoglu and Ozsen (2010) describe customer service as a means of delivering value to customers by facilitating customer desired outcomes without
ownership of specific costs and risks. Occasionally problems occur when there is a mismatch between what is delivered against the expectation either of the business or the customer and this constitutes a gap. The closure of this gap culminates in the satisfaction of both parties (Kotler & Armstrong, 2006).

Merchant (2012), acknowledges how Porter’s value chain concept has helped organizations to shape survival strategies in the past. He, however, argues that the concept is now antiquated given its fundamental assumption that customers are tangential. His argument is that the value chain concept was developed when “being big and having scale was in itself a key aspect of competitive advantage and profitability” (p.1). It is more relevant in mass production of generic products and hence might not be relevant in the social era where more and more customers prefer differentiated and customized services or goods for which they are prepared to pay premium prices. Thus, the concept might no longer be useful in an increasingly competitive and globalised environment, where organizations are forced to differentiate their offerings because markets are being driven by value rather than cost (McAdam & Bailie, 2002).

2.5 Public Procurement

Public procurement refers to acquisition of goods and services by governments, public bodies or state organs as opposed to procurement in the private sector (Harpe, 2009). According to the United Nations Institute of Training and Research, (UNITAR), (2011) public procurement refers to the acquisition of goods, services and works by a public authority or body. The United Nations (1995) adds that public procurement is done using public funds and includes the purchasing of goods and services that are necessary to enable the proper functioning of a government and for the benefit of the general public.
Lindskog (2008) describes public procurement as a special type of business-to-business transaction whose difference from other procurement systems is that it must follow specific and stricter legislation. One of the key restrictions is that there must be arms length contact between the purchaser and tenderers at certain phases of the process in order to engender fair competition among bidders (ibid). Under such circumstances, Kotler and Armstrong (2006, p.205), advise that for sellers to succeed in government markets, they must be able to locate the decision makers, identify factors that affect public procurement buyer behaviour as well as understanding public procurement processes.

According to Thai (2001) procurement is one of the major functions of states. Governments and SOEs are the major buyers of goods and services and are known to be the biggest spenders world-wide (Csaba, 2006; Kotller &Armstrong, 2006). Public procurement accounts for a significant portion of the GDP in OECD countries (Szymanski, 2007; Support for Improvement in Governance and Management (SIGMA), 2011). According to Harpe (2009) there are at least three interested parties to public procurement, namely, the government, who are the funders, the general public who pay taxes and are also the beneficiaries and the private enterprises who constitute the majority of suppliers. Therefore, public procurement must strive to serve the legitimate expectations of all these constituencies. Hui et al. (2010) assert that the enormous amounts of public money involved in public procurement makes the need for transparency and accountability important.

Public procurement systems exist to guide and facilitate inbound logistics of state corporations or government departments (Thai, 2001). Therefore, any improvements in the public procurement systems can result in direct benefits on the overall economy of a country (Csaba, 2006). The failure of public procurement systems and embezzlement of funds has led the public to scrutinize public procurement systems (Raymond, 2008). This led all governments to formulate legislation and codes to govern public procurement (Thai, 2001). As a result, Kotler and Armstrong (2006)
note, public procurement systems require a lot of regulations, bureaucracy and paperwork. As Lindskog (2008, p.15) aptly puts it “the result is often more precise but also quite extensive and lengthy formal requirements”.

According to Thai (2001) a public procurement system consists of five core elements as depicted in Figure 2.5 below. The institutional framework of public procurement is based on the procurement regulations which are crafted by the Policy and Management body such as the government (ibid). This regulatory framework has a direct relationship with the decision-making practices and procedures for awarding tenders (Csaba, 2006). The procurement functions must be performed subject to approvals and the necessary authorizations in terms of the regulations (Thai, 2001). Therefore, the inherent influence of government policy on public procurement can, therefore, not be overemphasized.

**Figure 2.5: The Public Procurement System**

**Source:** Adapted from Thai (2001, p.18).
Public procurement professionals or buyers must be accountable to the Policy and Management body. The World Bank (2006) suggests that professionalism is crucial for a properly functioning public procurement regime. The ultimate goal of the procurement process is to find a supplier who is able to satisfy a defined need (Rolfstam, 2008). Therefore, feedback is necessary to allow policy makers and management to make corrective adjustments to the regulations, authorization levels and procurement officials in order to achieve efficiency and effectiveness.

Thai (2001) suggests that although centralized public procurement has existed for a long time, it is increasingly being challenged by new research findings which show that organizational responsiveness and bureaucratic challenges are improved through decentralization. Public procurement is hinged on the philosophy of competitive bidding (Kotler & Armstrong, 2006). This philosophy posits that competitive bidding lowers prices of goods and services because the lowest bidder will win (MacManus, 2002). However, the effectiveness of this low-bid-wins-philosophy is being countered by the ‘best value’ principle which advocates for “a process for selecting the most advantageous offer by evaluating and comparing all relevant factors in addition to cost or price…” (NASPO as cited by MacManus, 2002, p.17). Procurement professionals are increasingly viewing the awarding of contracts based on ‘best value’ as the only way to meet all three “e” goals of governance - efficiency, effectiveness, and equity (ibid).

2.5.1 Principles of Public Procurement

Raymond (2008) propounds that there are five key principles of public procurement, the most important one being the value for money. This core principle is supported by a host of other principles such as ethics, competition, effectiveness, efficiency, transparency and accountability (Commonwealth Procurement Guidelines, 2008). These principles also impose responsibility on procurement officials to minimize
leakages and wastage of public funds as well as to ensure that the best possible outcome is achieved after taking a cost-benefit analysis (Hui, Othman, Omar, Rahman, & Haron, 2010). These principles are discussed below.

2.5.1.1 Value for money

The value for money is the most important principle governing procurement (Raymond, 2008). The intentions of any procurement policies are to achieve the best return for the money being spent (ibid). Value for money is achieved through encouraging competition and being efficient and effective (Harpe, 2009). In certain situations, however, the value for money principle can be discarded for other criteria such as the need to promote local suppliers or the previously marginalized groups (ibid). In such situations, the public procurer might be forced to accept low quality or higher costs in order to comply with conditions set by the governments.

2.5.1.2 Competition

Competitive bidding, in which the best tenderer becomes the winner, is the hallmark of public procurement systems (Rolfstam, 2008). Harpe (2009) claims that competition can be enhanced through transparency on the part of the procuring authority. However, Mandiyambira (2012) warns that extreme forms of competitive bidding do not support the value for money principle because it increases costs.

2.5.1.3 Ethics

The procuring function is often tainted by controversies of underhand dealings and kickbacks (Raymond, 2008). It, therefore, calls for high standards on the professionals who implement procurement functions (Thai, 2001). Ethical behaviour and standards can be reinforced through regulations, codes of ethics or even laws (Farlam, 2005; Raymond, 2008). This is why traditional public procurement systems advocate for arms-length dealings between suppliers and procuring professionals.
(Lindskog, 2008). Failure to exhibit integrity and ethical behaviour can cost organizations huge sums as a result of litigations by disgruntled tenderers.

### 2.5.1.4 Transparency

Raymond (2008) asserts that most public procurement systems are fraught with corrupt tendencies. Openness is essential in ensuring virtues of accountability (Harpe, 2009). All potential suppliers must have the same information when tendering so that bias and favoritism are curtailed. Most public procurement systems also allow disgruntled interested parties to seek legal recourse through the courts (Thai, 2001).

### 2.5.1.5 Accountability

Accountability is critical in public procurement as much as it is in the private sector (Farlam, 2005). The principal-agent relationships, whether at board or management levels, are critically based on accountability (Shah, 2011). Organizational buyers are accountable to their stakeholders for the decisions they make. This is why even the public demands transparency on how public funds are spent by their governments (Hui et al., 2010). This concern is justified because, according to Harpe (2009), public procurement is indirectly funded by the public.

### 2.5.2 The Legal Framework of Public Procurement

Trepte (2004) suggests that a properly functioning public procurement system should be governed by a clear legal framework with clear rules for transparency and mechanisms for contract enforcement. The key objective of public procurement is to obtain value for money by acquiring goods or services at the best possible terms (Harpe, 2009). Farlam (2005) argues that in order to engender public trust and accountability there is need for public procurement to be controlled by disciplined and
highly transparent procedures. Lack of checks and balances, may easily be to manipulate big, demanding and complex government contracts by unscrupulous individuals, firms or politicians (ibid). This is why bodies such as the State Procurement Board are set to regulate the conduct of public procurers.

The legal framework for public procurement in most countries, including Zimbabwe, is derived from the country’s constitution or an Act of Parliament (Thai 2001). For example section 217(1) of the Constitution of South Africa requires the public procurement system to be fair, equitable, transparent, competitive and cost-effective (Harpe, 2009). In Europe, public procurement is generally governed under the framework of the European Commission Directives on public procurement (Rolfstam, 2008). Public procurement policy is normally administered by an independent Procurement Board under the Ministry of Finance (Thai, 2001). The public procurement policies generally cover all government and quasi-government institutions such as state universities and parastatals (Csaba, 2006).

Apart from being used for procurement of goods and services, public procurement systems can also be used by governments to fulfill their national policies or objectives (Csaba, 2006). Nations that are in socio-economic transition often use public procurement policies to correct past imbalances through giving preferential treatment to previously disadvantaged groups of people. A classic example is that of South Africa, whose constitution recognizes the need to correct the imbalances arising from apartheid (South Africa Constitution, [Section 217(2)]). However, this desire to correct past imbalances could be in the conflict with the principles of procurement such as transparency, fairness and competition (Harpe, 2009).

2.5.3 Influences on Public Procurement Processes

Thai (2001) states that the public procurement’s capability to accomplish procurement policies is determined by internal forces such as professionalism, type
of procurement, the institutional framework, internal controls and oversight, laws and regulations. There are also external factors such as political, legal, economic, market and social forces that influence procurement. These influences are depicted in Figure 2.6 below. Therefore, as Thai (2001) asserts, public procurement is a very complex field that requires procurement officials to have interdisciplinary knowledge on issues such as public administration, marketing, politics, economics, legal and social factors.

![Figure 2.6: Influences on Public Procurement](image)

Source: Thai (2001, p. 33)

Kotler and Armstrong (2006) contend that because public expenditure is subject to public review, public organizations are under close scrutiny from various interest groups. This is because what they expend is public money (Raymond, 2008). This level of scrutiny is not normally the same as that exerted on private enterprises. Thus, whilst quasi-government organizations can enter into contracts, their capacity to contract is somehow limited as they are not free to contract as they please (Harpe, 2009). As suggested by Csaba (2006) the regulatory framework of public procurement directly influences the decision making processes and criteria for awarding tenders. The freedom of a public organization to contract is limited by the provisions of the constitution and its enabling statutes (Harpe, 2009). Public procurement officials are required to comply with these legal requirements and their discretionary power is limited. This is in contrast with private enterprises that have freedom to contract within the confines of the general laws (ibid).
2.5.4 Public Procurement Systems and Practices

The general practice in traditional procurement systems is to maintain arms-length relationship with suppliers for fear of compromising decisions (Mandiyambira, 2012). The proponents of this logic argue that relationships should not be allowed to interfere with principles of transparency and fairness of the procurement processes (Sarkis & Talluri 2002). However, Mandiyambira (2012) argues that this type of relationship can be costly since it increases procurement costs by treating each purchase as a new process even in cases where the eventual winners of the tender have previously supplied to the same entities.

The World Bank (2006) recommends that a public procurement system should have the following minimum standards.

- effective and wide advertising of upcoming procurement opportunities.
- public opening of bids.
- pre-disclosure of all relevant information including transparent and clear bid evaluation and contract award procedures.
- clear accountability for decision making.
- a bidder’s enforceable right of review when public entities breach the rules.

These basic standards are also in line with the framework of the 1993 United Nations Commission on International Trade Law (UNCITRAL) Model Law on Procurement of Goods and Construction (Procurement Regulations, 2002).

The public procurement system is generally divided into three classes, namely direct purchases, tender purchases and direct negotiation purchases (Hui et al., 2010). Guidelines for public procurement are normally categorized based on the value of the intended purchases (ibid). These procedures are briefly discussed below.
2.5.4.1 Direct Purchases or Request for Quotations

The direct purchases or request for quotations is probably the simplest and cheapest form of public procurement. The need for tendering is waivered so that the purchasing entity can simply obtain at least three competitive quotations before awarding the contract to the best quotation (Harpe, 2009; Hui et al., 2010). The procedure is meant for low value procurement of standardized and readily available goods and services. Although this is a very straightforward system, some suppliers maybe reluctant to continuously provide quotations especially in cases where previous quotes have not yielded purchase orders. The principles of transparency, effectiveness, integrity, fairness, value for money and competition are upheld by the awarding of the contract to the lowest bidder (Harpe, 2009).

2.5.4.2 Open Tendering

Tenders can be divided into two classes, that is, open or closed tender systems (Hui et al., 2010). Open tendering is perhaps the most time consuming and complex form of procurement. Tenders are publicized through the widest circulation media, detailing place, latest date and time up to which tenders will be accepted. This is in order to increase transparency and to get value for money (Hui et al., 2010). Therefore, any economic player who qualifies and interested can participate in any open tender (Rolfstam, 2008).

In order to enhance transparency, tenderers are free to witness the opening of the tenders (Yuhua & Cummings, 2003). Adjudication of tenders may only proceed if the required minimum number of bids has been attained (Hui et al., 2010). Evaluation of the tenders is usually done by purchasing committees of the procuring organization. During the adjudication period, no communication is allowed between the buyers and the bidders, until the process is over and a winner has been publicly announced. This is in order for bidders not to influence the process (Mandiyambira, 2012).
The evaluation process normally involves checking compliance with technical specifications before assessment of financial capabilities, past performance, current contacts and pricing (Thai, 2001). However, certain criteria, which are meant to address past imbalances can be placed to favour certain tenderers, for example, previously marginalized and disadvantaged groups as in the case of South Africa (Harpe, 2009). The Australian system, however, does not allow discrimination on whatever basis, with bids only considered on the basis of their compliance (Commonwealth Procurement Guidelines, 2008).

2.5.4.3 Restricted tendering (Informal tender)

Restricted tendering, also known as informal tendering or closed tendering, is a procedure where the tender is only to a limited number of potential contractors (Rolfsatm, 2008; Harpe, 2009). Such situations can arise when the required input or task is specialized and complex and there are a few suppliers. In order to enhance the competition and to prevent abuse, procuring entities are required to invite bids from all known and capable suppliers. Restricted tendering is normally for values between the direct purchases maximum and the open tender minimum (Hui et al., 2010). The procuring entity is required to prepare a comparative evaluation schedule, from which he will base his decisions to award the tender (ibid).

2.5.4.4 Direct Negotiation (Special formal tender)

Direct negotiation or special formal tender procedures involve consultations with one or a few selected potential suppliers, from which one is eventually selected (Rolfstam, 2008). The procedure is applicable in purchases when there is no adequate time to permit publishing of tender invitations. It is also ideal in situations there is only one known supplier or in the acquisitions of a proprietary nature (Thai, 2001). Harpe (2009) alludes that competitive negotiation is an unstructured way of procurement where the procuring entity directly engages with potential suppliers.
Potential suppliers are selected based on past performance or from the list of approved contractors. By their nature direct negotiation purchases are supposed to be faster than open tenders (Hui et al., 2010).

2.5.5 Stages in Public Procurement Process

Eyaa and Oluka (2011), warn that ambiguity in the public procurement procedures may create opportunities for opaque tendering which can result in poor compliance levels. Procurement officials and all stakeholders need to be aware of the processes to avoid unnecessary delays or litigations and also reduce chances of non-compliance (Rolfstam, 2008). According to Lewis (as depicted in Rolfstam, 2008), the public procurement process goes through seven stages as listed in table 2.1 below.

Table 2.1: Outline of the Public Procurement Process.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Planning and preparation: Gearing up for procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ Market consultation and establishing need</td>
</tr>
<tr>
<td></td>
<td>✓ Assembling the teams and partnerships needed to manage the process</td>
</tr>
<tr>
<td></td>
<td>✓ Project definition</td>
</tr>
<tr>
<td></td>
<td>✓ Selection of procurement procedure</td>
</tr>
<tr>
<td></td>
<td>✓ Determination of contract award criteria</td>
</tr>
<tr>
<td>Phase</td>
<td>Notification and pre-qualification (if applied)</td>
</tr>
<tr>
<td></td>
<td>✓ Initial advertisement and contract notice, inviting expressions of interest</td>
</tr>
<tr>
<td></td>
<td>✓ Assessment of expressions of interest</td>
</tr>
<tr>
<td></td>
<td>✓ Definition of shortlist</td>
</tr>
<tr>
<td>Phase</td>
<td>Tendering</td>
</tr>
<tr>
<td></td>
<td>✓ Issue of tender invitations</td>
</tr>
<tr>
<td></td>
<td>✓ Arranging for dealing with clarification requests from bidders</td>
</tr>
<tr>
<td></td>
<td>✓ Receipt of tenders</td>
</tr>
<tr>
<td>Phase</td>
<td>Evaluation</td>
</tr>
<tr>
<td></td>
<td>✓ Formal tender opening and checks for compliance with requirements</td>
</tr>
<tr>
<td></td>
<td>✓ Tender evaluation of quality and price</td>
</tr>
<tr>
<td></td>
<td>✓ Arranging tender presentations (if applied)</td>
</tr>
<tr>
<td></td>
<td>✓ Negotiating with selected tenderers (if applied)</td>
</tr>
<tr>
<td></td>
<td>✓ Selection of the most economically advantageous tender</td>
</tr>
<tr>
<td>Phase</td>
<td>Contract Award</td>
</tr>
<tr>
<td></td>
<td>✓ Notification to successful tenderer</td>
</tr>
<tr>
<td></td>
<td>✓ Notification to unsuccessful tenderers</td>
</tr>
<tr>
<td>Phase</td>
<td>Contract Management</td>
</tr>
<tr>
<td></td>
<td>✓ Monitoring that delivery meets specification</td>
</tr>
<tr>
<td>Phase</td>
<td>Evaluation</td>
</tr>
<tr>
<td></td>
<td>✓ Draw lessons that might improve future procurement projects</td>
</tr>
</tbody>
</table>

Source: Adapted from Lewis, 2003 as depicted in Rolfstam (2008, Appendix B, p. 28)
2.6 Adoption of E-Procurement in the Public Procurement Systems

Given the social and technological changes and the increasingly complex nature of procurement, reforms in public procurement practices and processes are inevitable (Yuhua & Cummings, 2003; Hui et al., 2010; Fagan, 2011). One of the technology-inspired reforms is the adoption of e-procurement by public procurement bodies. According to Kotler et al. (2009) adopting e-procurement entails a strategic shift in the delivery and management of purchasing. Information and communication technologies (ICTs) are changing the way organizations do business (Walker & Harland, 2008; Hui et al., 2010). There are five main factors that influence adoption of e-procurement by organizations, namely organizational attributes, readiness status, supply factors, strategic goals and policy factors.

According to Tonkin (2003) e-procurement refers to the use of electronic methods in every stage of the purchasing process from identification of requirements to payment, and potentially to contract management. Fagan (2011) claims that e-procurement has been an effective tool in instituting procurement reforms as well as enabling transparent procurement environments. The use of e-procurement has the effect of saving costs of procurement (Subramaniam et al., 2003; Fagan, 2011). Kotler and Armstrong (2006) list the benefits of e-procurement as easy access to new suppliers, reduction in transaction costs, reduction of time between order and delivery and the freeing of purchasing personnel to do other productive work. The adoption of ICTs also enhances inventory management (Namagembe et al., 2012).

However, MacManus (2002) notes that the speed of adoption of e-procurement in the public sector has been slower compared with the private sector. This is because there is still a lack of appreciation about e-procurement at various levels of governments, particularly in developing countries (Fagan, 2011). Despite the expected benefits of efficiency and effectiveness, reasons often cited for the sluggish uptake of e-procurement include political and legal challenges (MacManus, 2002; Subramaniam et al., 2003).
Sang, Jeong-Dong and Lee (2009) argue that adoption of technologies will occur faster if the users perceive it to be effective and efficient. Subramaniam et al. (2003) also contend that the acceptance and adoption of e-procurement by many buying and selling organizations will ultimately force the laggards to follow suit. However, Fagan (2011) warns that implementation of e-procurement without the necessary regulatory and policy reforms will not guarantee success. He adds that e-procurement on its own cannot rid processes of corruption and other vices (ibid).

2.7 Ethical Challenges in Public Procurement Systems

Stralser (2004, p.57) defines ethics as the “moral standards used to judge right from wrong”. Therefore, in organizations, ethics are supposed to be the standards of moral values and conduct that govern decisions and actions adopted. According to Burnes (2009), the issue of ethics can be well documented in company manuals, but in a complex, diverse and competitive world the challenge has been in applying an ethical approach to business. In reality, there is a big gap between ethical rhetoric and the unethical behavior that is manifestly prevalent in societies (ibid).

Hui et al. (2010), alludes that because of their centrality, procurement systems are always under the intense scrutiny of different stakeholders. But despite this scrutiny, public procurement processes the world over have frequently lacked transparency and promoted cronyism and graft (Farlam, 2005, p.44; Szymanski, 2007; Tukamuhabwa, 2012). Raymond (2008) suggests that procurement-related corruption tends to be problematic in developing countries rather than developed countries. Nwabuzor (2005) argues that the reason for such a scenario is poverty and weak enforcement of the law. In a study conducted in Malaysia, Hui et al. (2010) discovered that major complaints against the procurement authority by contractors centered on the prevalence of interference from outside parties and cronyism. For example, although on paper, Malaysia’s system and processes are very good, the procurement officials are often blamed for malpractice and failure to comply with
their own rules, procedures and processes. Hui et al., (2010, p.568) lists five weaknesses that are prevalent in Malaysia's procurement system, namely:

1. Failure to buy products in the right quantities, and at the right specifications and prices, resulting in higher total cost of ownership.
2. Inefficient and ineffective procurement processes, resulting in long cycle times.
3. Opaqueness and ambiguity in the procurement process, resulting in leakages and corruption.
4. Inadequate infrastructure to support procurement, including flaws in organization and governance.
5. Non-existent or ineffective vendor development programs.

In many cases public procurement ethics are not adhered to, resulting in governments incurring additional costs thereby negating the principle of value of money (Mandiyambira, 2012). Raymond (2008) alludes that one of the endemic problems of public procurement is corruption. Corruption creates loopholes, where there is greater tendency for well connected individuals to grab lucrative contracts despite having inferior bids, higher prices and poor expertise (Hui et al., 2010).

A study of Sri-Lanka done by Raymond (2008) revealed that measures that address issues of accountability, transparency, value for money, professionalism and ethics must be enforced in order for procurement systems to be effective. Hui et al., (2010) also suggest that the opportunity for abuse and manipulation in procurement can be curtailed if transparency of processes is increased. Ayling and Grabosky (2006) suggest that the use of independent external oversight such as auditors or legislators can enhance the legitimacy of the procurement process. As much as corporate governance is embraced in large private institutions, citizens demand accountability in the operations of government and quasi government institutions (Larbi, 1999).

2.8 Assessment of Public Procurement Systems
The rationale for close scrutiny and assessment of the performance of the public procurement processes systems stems from the high levels of public expenditure that is involved (Support for Improvement in Governance and Management, SIGMA, 2011). The fundamental principle of procurement is to achieve value for money and in analyzing the performance of public procurement the effort should be on whether the value of money has been achieved (Raymond, 2008). An assessment of public procurement systems also affords opportunities for feedbacks with suppliers (ibid).

Stralser (2004) argues that there are two common ways of controlling organizational performance, namely, output control and process control. Controls relate to setting standards, obtaining measurements of results related to these standards and taking corrective actions when these standards are not met. These controls have a direct impact on organizational buyer behavior (ibid). As observed by Ayling and Grabosky (2006), many countries make use of independent external oversight such as auditors or legislators to enhance the legitimacy of procurement processes (SIGMA, 2011). Two of the commonly used assessment practices are briefly discussed below.

**Benchmarking:** The technique of benchmarking is where a nation’s processes are compared with others so that best practices can be learnt (Raymond 2008; SIGMA, 2011). Benchmarking is distinct from other traditional evaluation techniques because through comparison it urges authorities to seek for best practices (Triantafillou, 2007).

**Peer reviews and Assessments:** The OECD countries have been using this approach for years (SIGMA, 2011). Under this approach, a team of international experts will assess the strengths and weaknesses in a procurement system. The team provides recommendations for improvements where needed, and each country is at liberty to adopt or reject the recommendations (SIGMA, 2011).

**2.9 Supplier Relationship Management**
The traditional approaches to public procurement emphasize arms-length relationships with their suppliers (Hui et al., 2010; Mandiyambira, 2012). Public procurement systems have put regulations that limit interaction between buyers and vendors in order to avoid favoritism and conflicts of interest (MacManus, 2002). Mandiyambira (2012) refers to this type of relationship as adversarial, where no attempts are made to create sustainable and mutually beneficial relationships that go beyond the tendering and bidding. The adversarial approach to relationships is in agreement with Porter (1985) who avers that one way of offsetting the bargaining power of a supplier is by minimizing reliance and commitment on them. The idea is to avoid relationships that may cause undue influences in the awarding of contracts or tenders (ibid). Table 2.2 shows a comparison of the transactional and relationship approaches to Supply Chain Management (SCM).

Table 2.2: Transactional vs. Relationship Approaches to SCM.

<table>
<thead>
<tr>
<th></th>
<th>Transactional Approach</th>
<th>Relationship Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orientation</strong></td>
<td>Towards single purchases</td>
<td>Towards more business with suppliers</td>
</tr>
<tr>
<td><strong>Contact</strong></td>
<td>Discontinuous</td>
<td>Continuous</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Product characteristics</td>
<td>Customer value</td>
</tr>
<tr>
<td><strong>Perspective</strong></td>
<td>Short-term</td>
<td>Long-term</td>
</tr>
<tr>
<td><strong>Commitment</strong></td>
<td>Limited</td>
<td>Huge</td>
</tr>
</tbody>
</table>

Source: Adapted from Varey (2002, p.236)

The restructuring of procurement systems and technological advancements, particularly with e-commerce are challenging this notion (Hui et al., 2010). For example, with e-procurement, governments and vendors are better placed to communicate on either side’s requirements (MacManus, 2002). According to Hamilton (2001, p.6) supply chain management involves “tracking the movement of and demand for components used to manufacture a product across a variety of potential and actual suppliers, otherwise known as the supply chain”. The relationship approach encourages more interaction and long-term collaboration between vendors and the buyers in order to share the costs, rewards and risks of projects (MacManus,
2002; Farlam, 2005; Kotler & Armstrong, 2006). This is different from the once-off transactional relationship involved in public procurement.

2.10 Chapter conclusion

In this section, the researcher reviewed literature on the background of state-owned enterprises and their drive towards reforms. Consulted are agreed that globalization and political democratization, coupled with pressure from the World Bank and the International Monetary Fund spawned nations to deregulate their economies and to reform their SOEs. Most literature agrees that deregulation of previously restricted economic sectors enhances competition and hence economic performance.

Most the authors aver that procurement constitutes a major function of governments. Public procurement is guided by statutes and tends to follow a stricter regime than that existing in the private sector. Public procurement is subject to public scrutiny hence the practice is to advocate for arms-length relationships between suppliers and buyers for fear of compromising decisions. This practice, however, does not encourage the phenomena of supplier chain relationship management which has been adopted by the private sector.

The public procurement system is fraught with bureaucracy and extended decision making which slows down purchases. It can, therefore, be blamed for the failure of SOEs, which operate in deregulated and competitive environments, to effectively match competition from privately their owned rivals, who do not use the same systems. Some authors, however, argue that most of the problems encountered in public procurement relate to the implementation of the public procurement system rather than the system itself.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research designs and methodologies that are applicable to research studies and also gives justification for the methodology employed in the execution of this research. The chapter also discusses the target population, sampling procedure and sample size of the research. Research instruments and the issues pertinent to their validity and reliability as well as data collection procedures and the statistical techniques used to analyze the data are also discussed. This research falls in the domain of explanatory researches and is aimed at evaluating the impact of the public procurement system on the competitiveness of TelOne (Pvt) Ltd, an SOE that is operating on commercial lines in a deregulated industry sector.

3.2 Research Design

Zikmund, Babin, Carr and Griffin (2010) describe research design as a “master plan specifying the methods and procedures of collecting and analyzing needed information” (p.66). Similarly, Saunders, Lewis and Thornhill (2011), say the research design is “the general plan of how you will go about answering your research questions” (p.136). The methodological design of a research study should be related to how the data will be collected and analyzed (Young & Javalgi, 2007).

Yin (1994) asserts that a research design is a set of logical steps to be followed by the researcher in answering the research questions. Saunders et al. (2011) depict these logical steps in terms of a research onion, which is systematically and progressively peeled until the core of the research is attained. The research process has six phases that begin with research philosophy and end with data collection and analysis as shown in Figure 3.1 below.
Figure 3.1: The Research Process Onion

3.2.1 Research Philosophy

Saunders et al. (2011) allude that research philosophy is concerned with the nature and development of knowledge. They highlight the importance of the research philosophy saying that it has a bearing on the research strategy. Young and Javalgi (2007, p.117) instruct that researchers must have a broad understanding of the many available options in order for them to come up with the most effective methodology. Therefore, the researcher’s chosen philosophy is built on his/her assumptions and the way he/she views the world. According to Saunders et al. (2011), there are four main research philosophies, namely positivism, realism, interpretivism and pragmatism.

The *positivism philosophy* is mainly applicable in quantitative researches, where structured methodology and statistical analyses are usually applied (Krauss, 2005). Positivists believe that the research process should be value-free, with the
researcher only being concerned with facts rather than impressions (ibid). Thus, positivism attempts to systematically establish facts or causes of any social phenomena so as to provide rational explanations (Neville, 2005). The realism philosophy relates to scientific enquiry in which reality, as observed by our senses, is regarded as the truth (Saunders et al., p. 114). Krauss (2005) avers that knowledge is a result of social conditioning and its understanding cannot be separated from how it was acquired. The interpretivism philosophy is ideal for qualitative researches where the researcher attaches empathy in order to appreciate, understand and give meaning to issues (Saunders et al., 2011). Interpretivism is, therefore, applicable in business and management studies where aspects such as organizational behaviour and human resources management are affected by environmental factors (ibid).

The pragmatism philosophy is one in which the research questions are regarded as critical in the formulation of the research design (Saunders et al., 2011). As noted by Oakley (1999) a researcher’s methodology must be appropriate to the research problem or questions. The pragmatism philosophy differs from the positivism or interpretivism philosophies in that it allows the use of mixed research methods (Creswell, 2007). This view is supported by Saunders et al. (2011) who aptly say “…it is perfectly possible to work with variations in your epistemology, ontology and axiology” (p.109). In short, this means that, the research design must be guided by the research questions.

**Table 3.1: A Pragmatic Alternative to Research Methodology**

<table>
<thead>
<tr>
<th></th>
<th>Qualitative Approach</th>
<th>Quantitative Approach</th>
<th>Pragmatic Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Connection of theory and data</strong></td>
<td>Induction</td>
<td>Deduction</td>
<td>Abduction</td>
</tr>
<tr>
<td><strong>Relationship to research process</strong></td>
<td>Subjectivity</td>
<td>Objectivity</td>
<td>Intersubjectivity</td>
</tr>
<tr>
<td><strong>Inference from data</strong></td>
<td>Context</td>
<td>Generality</td>
<td>Transferability</td>
</tr>
</tbody>
</table>

**Source:** Morgan (2007, p.71)
A summary comparison of quantitative, qualitative and pragmatic research approaches is shown in table 3.1 above. The pragmatic approach has the advantage of encompassing both qualitative and quantitative methods in a single research (Morgan, 2007). Johnson, Onwuegbuzie and Turner (2007, p.114) assert that mixed research is a synthesis that encompasses ideas from both qualitative and quantitative research. Therefore, the pragmatic view is that researchers must not be constrained to only one methodology if that methodology does not adequately address the research question.

This study adopted a pragmatic philosophy in which both quantitative and qualitative research design and techniques were employed. The focus of the study was to adequately find answers to the research questions and not to be unnecessarily constrained by methodological limitations. As such, this study used both qualitative and quantitative techniques of data collection. Both primary and secondary data were collected in order to answer research questions. The self-administered questionnaire was used as the main data collection tool.

3.2.2 Assumptions of the Paradigms

Creswell (2007) lists the major philosophical assumptions of research as being ontology, epistemology, rhetoric, axiology, and methodology. Ontological assumptions relate to the nature of reality and define the extent of objectivity or subjectivity of the researcher to the researched. Reality can be objective in which case the research becomes quantitative or subjective where it is qualitative (Saunders et al., 2011). Epistemological assumptions are concerned with the study of what is accepted as valid knowledge (Saunders et al., 2011). Creswell (2007) avers that epistemology deals with the examination of the relationship between the researcher and the researched, whereby positivists consider knowledge as a phenomenon that is observable and measurable.
Axiological assumptions are concerned with values and their import as researchers position themselves in the study (Creswell, 2007). Phenomenologists consider both the researcher and the objects to have values, with the researcher being deeply involved with the researched (Saunders et al., 2011). Accordingly, the researcher may articulate findings based on their own values, which findings could be different if articulated by another researcher whose values are different (ibid). This stance is different from that of positivists who believe that science and the process of research is value-free, with the focus of the research being viewed only as object. Rhetorical assumptions refer to the language applied to the research for which the formalized passive style is supported by positivists (Saunders et al., 2011). Methodological assumptions are concerned with the overall process in which the research is carried out (ibid).

3.2.3 Research Approach

According to Saunders et al. (2011) there are two broad research approaches, namely, inductive and deductive. In inductive research, theory follows data analysis, and the researcher attempts to give theory after the analysis of data (Saunders et al. 2011). On the other hand, the deductive approach uses hypothesis to test a theory that has already been developed. However, the authors warn that it would be misleading to assume that there is rigid division between deduction and induction. Therefore, it is possible to successfully apply both approaches in one study.

This research adopted the inductive approach with an explanatory research methodology. Inductive studies have the advantage of using smaller samples than the deductive approach because they are less concerned with the need to generalize findings (Saunders et al. 2011). The explanatory or analytical research approach enables the researcher to offer explanation of relationships between variables especially in a cause-and-effect relationship (ibid). Explanatory researches are also appropriate for data that is derived from simple observation situations whether these
are actually physically observed or observed through the benefit of a questionnaire or poll technique (Leedy, 1993).

3.2.4 Research Strategy

A research strategy provides the methodological approach to the research process (Krauss, 2005). An ideal research strategy is one that will enable the researcher to successfully answer the research questions (Saunders et al., 2011). Put differently, it is the research questions that should guide the formulation of a research strategy as advocated by the pragmatism philosophy. According to Leedy (1993), methodology “....is merely an operational framework within which the facts are placed so that their meaning may be seen more clearly” (p.121). Saunders et al., (2011) lists the common research strategies as experiments, surveys, action researches, grounded theory, archival researches and case studies

In this study, the researcher sought to evaluate the impact of public procurement systems on the competitiveness of a state-owned enterprise called TelOne. TelOne is a typical case of state-owned enterprises or quasi-governmental organizations that are required by law to follow certain procedures in their procurement activities. Therefore, a single case study strategy, which is an extensive examination of a situation of interest, in this case TelOne, was adopted for this research. A case study was more appropriate because it provided a way of gathering in-depth knowledge about procurement systems in TelOne.

According to Muranda (2004, p.54) a case study is an in-depth analysis of a unit of interest such as a company. The case study strategy “can be a very worthwhile way of exploring existing theory” (Saunders et al. 2011, p.147). Case studies enable in-depth analysis of a phenomenon and therefore, facilitate rich understanding of the context of the research (Saunders et al. 2011). Case studies are also suitable for
explanatory researches, like this one, where mixed methods can be applied as a means of triangulating data collection methods (ibid).

Single case study designs have their own disadvantages, with one major criticism being that the focus is too narrow to meaningfully generalize a phenomenon to the entire population (Zainal, 2007). There are also high chances of the researcher being subjective (Yin, 1994). For example the researcher can be selective in the gathering of views in order to manipulate and justify a personal preference outcome. One way of avoiding pitfalls in case studies is for the researcher to exercise high degree of ethical standards (ibid).

3.2.5 Research Choice

According to Saunders et al. (2011) there are three research choices, namely, mono methods, mixed methods and multiple methods. The use of multiple or mixed methods in data collection is increasingly being advocated for in business and management researches (ibid, p.151). Research instruments for quantitative studies are highly structured and they make use of mathematical and statistical measures, whereas those for qualitative researches are less formally structured and can use smaller samples (Hancock, 1998). Thus, whilst quantitative researches can inform us on ‘how often’ or ‘how many’, qualitative researches attempt to find out why things are the way they are (ibid). Both qualitative and quantitative research designs suited this study, where both structured (questionnaire) and unstructured (secondary documents) procedures were used to collect the data (Brink as cited in Papageorgiou, 2008).

3.3 Population and Sampling Techniques

Creswell (2007) suggests that, apart from gaining access to study places, the researcher needs to identify the right people to give him/her the right data. Therefore,
a researcher must endeavour to apply sampling techniques that would enable him to collect useful data.

### 3.3.1 Targeted Population

A population refers to a group of units, objects or people from which a sample is taken (Davies, 2007). Marczyk, De Matteo and Festinger (2005) define a population as the totality of all elements under study. The population is very important in any research as it possesses the characteristics which the researcher wishes to understand. The population is also important as it determines how sampling is going to be done as well as driving the whole research methodology (ibid).

The population of interest in this research was TelOne’s 667 personnel consisting of managerial, supervisory, and professional grades, who lead departments, sections and teams, whose functions rely on inputs secured through the company’s procurement system. These included senior executives, managers, engineers, chief technicians, technicians, stores supervisors, network planners and network developers. These are also the ones directly affected by the perceived inefficiencies of the procurement processes.

### 3.3.2 Sampling Method and Sample Size

Saunders et al. (2011) define a sample as a subgroup or part of a larger population. Sampling allows researchers to lower costs, shortens time scales and makes it more convenient than conducting a complete census (Marczyk et al. 2005). A representative sample is one that reflects the characteristics of the population from which it was drawn (Teddlie & Yu, 2007). Probability samples are regarded as the most representative of the population and Davies (2007) states that if a sample is truly reflective of the population and the sample is large enough, conclusions arrived at can be generalized to the entire population. However, Marczyk et al., (2005) argue that generalization can not entirely be based on random sampling alone but on
replicability of the research. Figure 3.2 below, shows the commonly used probability and non-probability sampling techniques. These are briefly discussed below.

![Sampling Techniques Diagram]

**Figure 3.2: Sampling Techniques**  
**Source:** Adapted from Saunders et al. (2011, p. 213)

### 3.3.2.1 Probability Sampling

Probability sampling techniques are meant to produce samples that are highly reflective of the targeted population (Davies, 2007; Teddlie & Yu, 2007). Probability sampling methods are usually relevant for quantitative studies (Teddlie & Yu, 2007). The common probability sampling techniques are simple random, stratified random, systematic and cluster (Saunders et al., 2011; Teddlie & Yu, 2007). Probability samples are less prone to bias as is the case with non-probability sampling (Davies, 2007). These sampling techniques are briefly discussed below.

**Simple random sampling:** Simple random sampling falls under the umbrella of probability sampling. The epitome of simple random sampling is that it requires the researcher to have an accurate list of the population i.e. the sampling frame (Dowdy, Weardon & Chilko, 2004). When applying this method, each member of the targeted population is considered to have equal chance of being selected into the sample (Dowdy et al., 2004; Saunders et al., 2011). Bias, which is inherent in other forms of sampling techniques, is removed and there is greater chance of the sample characteristics being reflective of the population.
**Stratified random sampling:** Stratified random sampling requires fairly detailed advance knowledge of the population characteristics, and therefore, is more difficult to construct than simple random sampling (Davies, 2007). According to Davies (2007) stratified random sampling “combines the purity of simple random sampling with the researcher’s awareness of the existence of different subgroups within the population” (p.60). The import of stratifying the population is that these subgroups may have different beliefs, attitudes, or characteristics (Saunders et al., 2011).

**Systematic sampling:** Kinnear and Taylor (1979) state that systematic sampling involves selecting “every $k^{th}$ element in the sample frame after a random start somewhere within the first $k$ elements” (p.228). Leedy (1993) suggests that the targeted population needs to be arranged in an ordered scheme from which sample elements are picked at regular interval. The technique is mostly used in research because it is simple and cheaper to apply (Kinnear & Taylor, 1979). Systematic sampling is also statistically more efficient than other methods (Leedy, 1993). Another advantage of this sampling technique is that it does not necessarily require a defined sampling frame (Saunders et al., 2011). However, where a sampling frame is available, the researcher must ensure that the sample frame does not contain a periodic pattern that might compromise the sample (ibid).

**Cluster sampling:** According to Davies (2007), cluster sampling is ideal when a truly national sample cannot be realistically done. The area of study is firstly divided into geographical clusters from which representative clusters are randomly selected. Thereafter random sampling or other techniques can be applied in order to come up with a sample from within the chosen clusters (ibid).

### 3.3.2.2 Non Probability Sampling

Non probability sampling produces samples that are unlikely to be representative of the targeted population as is the case with probability sampling (Saunders et al.,
The findings can, therefore, not be generalized to the whole population. However, Creswell (2007) advises that the purpose of qualitative researches is not to generalize the information but to fully explain a particular situation. Therefore, a researcher may still apply non random sampling in situations where representativeness is not critical or where probability sampling is impossible (Saunders et al., 2011). The researcher will, however, have to minimize absorbing bias into the samples. Quota, purposive and convenience sampling are all forms of non probability sampling and are briefly discussed below.

**Convenience sampling**: Convenience sampling, also referred to as accidental sampling, is a method in which the researcher tries to easily get the most from the population (Saunders et al., 2011). It involves drawing samples that are easily accessible and willing to participate in the study (Marczyk et al., 2005; Teddlie & Yu, (2007, p. 78). Therefore, the sampling technique does not afford equal opportunity for each member of the sampling frame to be selected into the sample. Because of this, it is impossible to generalize findings drawn to the entire population (Davies, 2007).

**Quota sampling**: Quota sampling is an attempt to make the sample reflect the same proportionate breakdown as the population of study in terms of the key variables inherent in the population (Saunders et al., 2011). Thus, its reliability will depend on the researcher’s knowledge of the makeup of that particular population (Davies, 2007). Sometimes quota sampling is necessary in order to capture views of the minority who would otherwise be left out when a representative random sampling technique is applied (ibid).

**Purposive sampling**: Davies (2007) alleges that the purposive approach to sampling allows the researcher to pick respondents whom he judges to be typical of the targeted population. This is why some authors refer to it as judgmental sampling. The author, however, states that in reality there is no way of guaranteeing that indeed the chosen sample is typical of the population. Barbour (2008) differs with this
characterization saying that the role of purposive sampling is to “reflect the diversity within the group of people or the phenomena under study rather than to select typical cases” (p. 36). Saunders et al. (2011), suggest that purposive sampling is ideal when dealing with small numbers.

**Snowball sampling:** A snowball sample can be a subset of a purposive sample in which the researcher asks participants to recommend the next respondent. It is ideal in cases where proper sampling techniques are not possible or when it is difficult to identify members of the desired population, for example, when tracking drug traffickers or ex prisoners. This ability ensures that the sample has a higher chance of having the desired characteristics although the researcher might not have any control over the sample elements (Saunders et al., 2011).

### 3.3.2.3 Sample Size

Saunders et al. (2011) suggest that the rational for sampling is that the selected elements in a given population would permit the researcher to make inference about the whole population. Therefore, the larger the sample, the better because as the sample size increases it assumes characteristics of the entire population (Marczyk et al., 2005). Saunders et al. (2011) advise that there are no rules when it comes to non probability sampling indicating that the focus of the research will influence the sample size. However, there is need to balance the need for a larger sample size with the resources available since larger samples require more time and cost for data collection (ibid). Key determinants of sample size are the population size, resource availability, spoilage rate and the number of analyses to be made.

### 3.3.2.4 Sample Size and Sampling Method for this Research

Table 3.2 below shows the sample frame, sample sizes and sampling techniques adopted for this research. The sample size for this study was 70 units drawn from amongst the professional workers, supervisors and management of TelOne. Most of
the sample was composed of elements from departments whose operations heavily rely on the procurement system. These user departments include all departments or functional units whose purchases are handled through the Procurement department. According to Kotler and Armstrong (2006), these are the initiators, influencers and users of procured inputs such that problems within the procurement system can negatively affect their operations. All the sampled subjects are experts in their respective areas and were largely capable of answering the research questions.

**Table 3.2: Targeted Population and Sample Size**

<table>
<thead>
<tr>
<th>Targeted Population</th>
<th>Number</th>
<th>Sample size</th>
<th>Sampling Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelOne Employees (i.e. Managers, Supervisors and Professional or skilled workers)</td>
<td>667</td>
<td>70</td>
<td>Stratified and systematic sampling.</td>
</tr>
</tbody>
</table>

**Source:** Population figures from TelOne Human Resources, 2012

The Human Resources department of TelOne was approached to give accurate figures and names of the targeted population as defined by their grades or rank in the organization. The researcher firstly stratified the targeted 667 according to their hierarchy in TelOne. The rationale for this categorization was to ensure representation of different levels in the final sample. The researcher also wanted to reduce bias by choosing from more than one level because there is always a danger of people within the same group influencing one another.

The names of the targeted population in each stratum were manipulated into an alphabetic order on which the researcher applied chronological numbering against each name. Systematic sampling technique was then applied to the different strata to come up with the samples for each stratum. The researcher adopted a proportion of 1:4 for management grades, 1:8 for supervisory grades and 1:15 for artisan grades. The intention was to increase representation of management and supervisors in the sample as they were considered to have more insight on the subject matter. Therefore, the $k^{th}$ terms were 4, 8 and 15 respectively. Number 3 was randomly selected as the starting point for the samples in each stratum. The resultant sample elements are depicted in Table 3.3 below.
Table 3.3: Stratified and Systematic Sampling for TelOne Respondents

<table>
<thead>
<tr>
<th>Stratum</th>
<th>Management Level</th>
<th>Population Size (N)</th>
<th>Sampling Proportion</th>
<th>k&lt;sup&gt;th&lt;/sup&gt; Term</th>
<th>Sample Size (n)</th>
<th>Sample Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Directors/Departmental Heads</td>
<td>17</td>
<td>1:4</td>
<td>4</td>
<td>4</td>
<td>3, 7, 11, 15.</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>667</td>
<td></td>
<td></td>
<td>70</td>
<td></td>
</tr>
</tbody>
</table>

Source: Figures from TelOne Human Resources, 2012.

3.4 Data Collection Methods

Saunders et al. (2011, p.151) assert that multiple methods in data collection and data analysis are increasingly being applied in business and management researches. Typically, both qualitative and quantitative data can be used to answer the research questions. There is a direct relationship between research findings and the techniques and procedures adopted (Saunders et al., 2011). The mixed method approach blends well with the pragmatism philosophy adopted for this study.

3.4.1 The Data

Saunders et al. (2011, p.590) describe data as facts, opinions and statistics that are collected for the purposes of analysis. In this research, two kinds of data were used i.e. primary data and secondary data. Primary data was constituted mostly by respondents’ answers to the questionnaire. Secondary data was derived from government publications, statutes, the SPB circulars as well as TelOne documents such as strategic documents, circulars as well as other relevant purchasing and procurement reports.
3.4.2 Research Instruments

The primary data collection instrument for this study was the self-administered questionnaire. Typed questionnaires were sent to respondents by hand, fax or e-mail. Close-ended questions with blank spaces to be filled were asked, with respondents indicating their preferences either by marking x or ticking. Open-ended questions were also asked in order to solicit more data from the respondents. The researcher also used the telephone to make follow-ups on respondents in order to counter the low response rate that is characteristic of self administered questionnaires.

Most researchers agree that questionnaires are an inexpensive way to gather data from a potentially large number of respondents (Davies, 2007). This is in agreement with the assertion by Leedy (1993) that, whilst the questionnaire is a totally impersonal probe, its greatest strength is that it can be used to gather data from a large number of people without much cost. Questions asked to each respondent are an exact copy of each other and the standardized nature of the questions allows easy comparison of responses from different respondents. Where responses are in written format, a hard copy in the respondents’ own words is made available and researchers can easily recheck.

Questionnaires have their drawbacks too, such as the inability to guarantee a hundred percent response rate (Saunders et al., 2011). There is also the possibility that the questionnaire could be completed by individuals other than the targeted respondents. Davies (2007) questions the value of the mailed questionnaire in current days adding that its use can only be successful if its quality is deemed agreeable by the respondents. Young and Javalgi (2007) aver that respondents are generally annoyed by lengthy questionnaires. This may contribute to high non response rate as most of the respondents get fatigued and may terminate the process after about twenty (20) minutes (ibid).
Questionnaires must be carefully structured in order to satisfy the specific objectives of the research and there must be no ambiguity as to the interpretation of questions (Saunders et al. 2011). Therefore, a questionnaire must quality-tested for precision, objectivity, relevance and suitability in order to reduce measurement errors (Radhakrishna, 2007). A well drafted questionnaire should be easy to understand and allow respondents to critically consider each question so as to give well thought answers or responses (Leedy, 1993). The questionnaire for this study was pilot-tested to a conveniently chosen sample of ten TelOne employees who were not part of the selected sample. Valuable information was obtained and was used to improve the final questionnaire.

3.4.3 Validity and Reliability of Data

The essence of a properly formulated research design is to ensure that the answers to the research questions are valid and reliable. Validity refers to the capability of the research tool such as a questionnaire to measure what it purports to measure (Terre Blanche, Durrheim & Painter, 2006). Saunders et al. (2011) lists the threats to validity as mortality, maturation, testing, instrumentation and history. Validity of a research instrument can also be affected by reliability (Saw & Ng, 2001). Reliability refers to the extent to which the data collection methods and analyses are consistent in producing same results (Saunders et al., 2011). The major threats to reliability are subject or participant error, subject or participant bias, observer error and observer bias (ibid).

3.5 Research Procedure

As mentioned above, the self-administered questionnaire was used to gather data about this topic from officials of TelOne. Apart from hand and fax delivery, the researcher also used the e-mail to deliver the questionnaire to the respondents. This was possible because most TelOne staff members have e-mail addresses created for them by their employer. The telephone was also used to make follow-ups as well as
to seek clarifications on the data collected. This was considered cheaper than to travel, for example, to the regional offices outside Harare.

The major data analysis package was the Statistical Package for Social Sciences (SPSS). The data was first coded before being entered into the computer using the SPSS program. The collected data was analyzed and classified into relevant categories using the Statistical SPSS and Microsoft Excel packages. These software packages enable the production of tables, graphs, histograms, pie charts and summary calculations. Advantages of graphs and tables are that they both are good for summarizing and sorting of data, thus enabling a pictorial overview of data being analyzed. Tables and graphs also enable easy comparisons of various data. When used in conjunction with computer software programs, manipulation of data from one form of presentation to the other becomes easy.

3.6 Research Ethics

Research ethics refer to the appropriateness of the researcher’s behaviour towards those that are affected by the research (Saunders et al., 2011). A research study can have several stakeholders, but the most prominent ones are the researcher, the subject or participant and the project sponsor or funding body (ibid). Kinnear and Taylor (1979) warn that issues of ethics or lack thereof can manifest from any quarters within the stakeholder stable. Common unethical conduct among researchers include breach of confidentiality, improper use of information, deliberate introduction of bias and causing harm to other individuals or research subjects (Saunders et al., 2011). Equally participants in a research must not ask for bribes or give false information. The funding body should also not influence or interfere with proper conduct of the research.

Kinnear and Taylor (1979) state that many research associations have developed codes of ethics to guide the conduct of both researchers and the respondents. The
codes require that researchers must negotiate for access and that respondents must have the right to decide on whether to participate or not (ibid). In this regard, this researcher had to officially seek permission to undertake this research using TelOne as a case study (Appendix 1). Further to that each questionnaire had a cover letter which among other things gave the respondents this right of choice. In order to allow respondents to give free and honest opinions without fear of victimization, confidentiality was absolutely guaranteed and as such no respondent’s name will be published with this research (Appendix 2).

3.7 Research Limitations

This research was a single case study of an SOE called TelOne (Pvt) Ltd. Whilst it is true that all SOEs are required at law to follow the public procurement processes it might be difficult to make generalization of findings of this research to other SOEs (Saunders et al., 2011, p.158). This is because a number of variables could be different from those of TelOne. The line of business, management and leadership styles as well as impact of procurement varies from parastatal to parastatal. The level of deregulation and degree of competition differs from industry to industry. Also because of the nationwide coverage of TelOne and financial limitations on the part of the researcher, he was unable to conduct more direct interaction with respondents outside Harare. He thus had to rely heavily on the e-mail as well as the telephone.

3.8 Chapter Conclusion

This chapter highlighted the research design and methodology for this study. The case study was considered as the appropriate research strategy. A mixed methods approach was adopted with both qualitative and quantitative research techniques being applied in the research. This was in line with the adopted research philosophy of pragmatism. The researcher applied systematic sampling to come up with the samples. The self-administered questionnaire was used as the main data collection tool in this study.
CHAPTER FOUR

4.0 DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents and discusses the data that was collected using the self-administered questionnaire, which was the primary data collection tool for this study. Secondary data is also presented where necessary. The questionnaire solicited data which intended to evaluate whether the procurement system at TelOne, a commercialized parastatal, was adequate to support its competitiveness in a deregulated and competitive environment. Trends in responses to research questions are illustrated using graphs and tables.

4.2 Research Findings

The research data presentation and analysis is in line with the research objectives set out in Chapter One. The discussion of the findings of the research data is in the context of the literature reviewed in Chapter Two.

4.2.1 Response Rate

The response rate describes the degree to which the administered research instrument was returned after successful completion by the respondents. It is the percentage ratio of the number of successfully completed and returned questionnaires to the total number of administered questionnaires (Saunders et al., 2011). There are several reasons as to why research instruments, such as questionnaires, fail to attract a 100% return, among them lack of time or interest. Table 4.1 below summarizes the response rate for this study.
Table 4.1: Questionnaire response rate

<table>
<thead>
<tr>
<th>Research instrument</th>
<th>Administered questionnaires</th>
<th>Actual number of responses</th>
<th>Response rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-administered Questionnaire</td>
<td>70</td>
<td>53</td>
<td>75.7%</td>
</tr>
</tbody>
</table>

The response rate for this study was high at 75.7%. The reasons for such faithfulness can be attributed to the fact that most the respondents knew the researcher well and did not want to disappoint. Another reason could be that the topic was interesting as procurement-related challenges tend to dominate problems within TelOne. However, the response rate could have been higher given the numerous follow-ups made by the researcher. Those who failed to respond cited pressure of work whilst others were elusive. The response rate was good enough to enable data analysis. It surpassed the 35% mark suggested by Baruch (as cited in Saunders et al., 2011) as being reasonable for academic studies that involve top management or representative of organizations.

4.2.2 Classification of Respondents

Most of the respondents hold positions of authority in the organization as shown in Figure 4.1 below. It can, therefore, be reasonably inferred that they have insight into the company’s procurement systems as they are expected to have dealt with procurement issues as part of their duties. About 32.1% and 39.6% of the respondents were in middle and supervisory management levels respectively. A significant 22.6% of the respondents are the professional workers who consisted of technicians, engineers, artisans, accountants and administrators.
Based on the targeted population for this study it can be concluded that there is a fair distribution of respondents and all of them were capable of giving valuable data to the research. Middle managers, supervisors and professional workers are at the forefront of the operations of TelOne. Any problems within the procurement system can make them fail to effectively perform their work. Their assessment of the existing procurement’s level of efficiency is, therefore, assumed to be well judged and probably accurate.

### 4.2.3 Years of Service with TelOne

Figure 4.2 below presents a summary of the length of service the respondents have had with TelOne. A 62% majority has worked for the organization for over 20 years. A further 19% of the respondents have stayed in TelOne for periods of between 15 and 20 years whilst a mere 7% have spent less than 5 years.
The majority of respondents have been with TelOne for long years. It can be inferred that they are seasoned in their fields of operation and they are satisfied to have resisted moving on to greener pastures. There is also a temptation to feel that this group of long-serving members is characterized by stable people who are no longer job trotting or jumping from one job to the other. They are, therefore, assumed to be capable of giving views that cover the period before and after deregulation as they have seen the transition from PTC (a monopoly) to TelOne (a competitor). There is a danger, however, of this old guard perpetuating the old monopolistic ways of doing business if they resist change (Burnes, 2009).

4.2.4 Respondents by Department

Figure 4.3 gives the representation of respondents by departments where they work. In terms of the departmental populations at TelOne, one can say all the major departments have been fairly represented. This implies that the data supplied is a true reflection of feelings across the population of TelOne.
Figure 4.3: Respondents by TelOne department.

A majority of responses (68%) came from the Operations department. The huge response by respondents from the Operations department could be an indication of the importance of the subject of procurement to personnel directly responsible for provision of telecommunications services. Another factor, that could have also influenced high responses from the Operations department, is that the researcher is a member of this department and members wanted to be supportive.

In terms of staff establishment, the Operations department is the largest arm of TelOne and has responsibility for managing the core business of the organization i.e. provision of telecommunications services. Out of the 2350 staff establishment of TelOne, over 68% are in the Operations department (TelOne HR Report, 2012). The core function of the Operations department essentially makes it the chief procuring and single largest user of the procurement system. Therefore, it is highly likely that assessments by members from this department are a true reflection of the current status of TelOne’s procurement system.
4.2.5 Years in present position

![Bar chart showing years in present position]

Figure 4.4: Respondents by length of service in present position.

About 34% of the respondents indicated that they have been in their current positions for 0-5 years. This was followed by the 5-10 years category which constituted 28.3%. Perhaps this is a reflection of the renewal processes in TelOne especially given the usually high staff turnovers that are characteristic of technical organizations. Since a majority of respondents were from the Operations department one can infer that TelOne has suffered from high staff turnovers of its technical staff, such as engineers and technicians, as they sought greener pastures at their local competitors or abroad.

This has probably created opportunities for new people to assume positions of authority, particularly after dollarization, when the company would have consciously embarked on filling critical posts. However, since most of the respondents have been with the company for many years, it can be assumed that those who now occupy these positions have risen through the ranks. Therefore, they can be considered to be able to contribute meaningfully in the assessment of TelOne’s procurement system.
4.2.6 Academic Qualifications

Figure 4.5 is a reflection of the level of education of the respondents. The research’s targeted population consisted of managers, supervisors and professional or skilled workers of TelOne.

![Figure 4.5: Respondents by academic qualifications.]

About 38% of the respondents are degreed and the majority of them are in management positions. A majority (53%) has diplomas and most of them are in the professional and supervisory management positions. A diploma is the minimum qualification for one to be a technician or an artisan in TelOne. The majority of artisans and technicians are in the Operations department from which a larger percentage of the respondents came from. All the respondents were educated enough to understand the needs and expectations of the study. This discovery perhaps gives a hint on the quality and reliability of the collected data, thus enabling the researcher to come up with worthwhile findings on this topic.
4.3 The Nature of TelOne Procurement

4.3.1 Background of Public Procurement System

The legal framework for public procurement in Zimbabwe is derived from the Procurement Act [Chapter 22:14] and the related regulations as stipulated in the Statutory Instrument 171 of 2002. Public procurement policy is administered by an independent State Procurement Board (SPB). The Minister of Finance is the overseer of the SPB and he has the mandate to recommend board members for appointment by the president of the republic of Zimbabwe. The minister wields some influence over the board including the approval of a number of decisions, such as the appointment of the SPB’s Principal Officer (Procurement Act [Chapter 22:14]).

The public procurement policy covers all government and quasi-government institutions including state universities and parastatals (Procurement Regulations, 2002). The Minister of Finance and the SPB can modify or make further guidelines on how institutions, in certain circumstances, may proceed with purchases (Procurement Act Chapter 22.14). According to these regulations, the power to purchase for state institutions shall be exercised by the respective Chief Executive or some other designated officer. The entities are required to set up procurement divisions that will take charge of the procurement functions (Procurement Regulations, 2002).

4.3.2 Familiarity and Centralization of TelOne’s Procurement Processes

Table 4.2 (a) is a summary of the respondents’ familiarity with the current TelOne procurement framework. About 75.5% of the respondents indicated that they were conversant with the company’s procurement system. Almost all those who are in senior and middle management (95%) are aware of TelOne procurement policies and procedures. This can probably be explained by their long years of service as well as being the initiators of the bulk of purchases. Hence despite the procurement being centralized, these individuals have to, by virtue of their positions, liaise a lot with the
Buying department. It also appears that appreciation of the company’s procurement procedures increases with the rank and responsibilities of individuals as they rise on the TelOne hierarchy.

**Table 4.2 (a): Familiarity with TelOne’s procurement framework**

<table>
<thead>
<tr>
<th>Employment Category</th>
<th>Familiar Responses</th>
<th>Familiar %</th>
<th>Not familiar Responses</th>
<th>Not familiar %</th>
<th>Not sure Responses</th>
<th>Not sure %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Manager</td>
<td>3</td>
<td>100.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Middle Manager</td>
<td>16</td>
<td>94.11</td>
<td>1</td>
<td>5.89</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Supervisor</td>
<td>13</td>
<td>61.91</td>
<td>5</td>
<td>23.81</td>
<td>3</td>
<td>14.29</td>
</tr>
<tr>
<td>Professional</td>
<td>8</td>
<td>66.67</td>
<td>3</td>
<td>25.00</td>
<td>1</td>
<td>8.33</td>
</tr>
<tr>
<td>Totals</td>
<td>40</td>
<td>75.47</td>
<td>9</td>
<td>16.98</td>
<td>4</td>
<td>7.55</td>
</tr>
</tbody>
</table>

**Table 4.2 (b): Is procurement centralized or not?**

<table>
<thead>
<tr>
<th>Employment Category</th>
<th>Centralized Responses</th>
<th>Centralized %</th>
<th>De-centralized Responses</th>
<th>De-centralized %</th>
<th>Not sure Responses</th>
<th>Not sure %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Manager</td>
<td>3</td>
<td>100.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Middle Manager</td>
<td>17</td>
<td>100.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Supervisor</td>
<td>16</td>
<td>76.19</td>
<td>3</td>
<td>14.29</td>
<td>2</td>
<td>10.52</td>
</tr>
<tr>
<td>Professional</td>
<td>11</td>
<td>91.67</td>
<td>1</td>
<td>8.33</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Totals</td>
<td>47</td>
<td>88.68</td>
<td>4</td>
<td>7.55</td>
<td>2</td>
<td>3.77</td>
</tr>
</tbody>
</table>

About 89% of the respondents confirmed that TelOne procurement is centralized as shown in table 4.2 (b). This seems to infer that a majority of user department personnel have very limited or no roles to play in the procurement of goods and services apart from being initiators and consumers. User departments normally initiate procurement when stocks have run out at the company’s stores. Thereafter their role is to collect items from stores for use in their day to day operations. Perhaps this is a reflection of the highly centralized nature of the public procurement system, where the Buying department has sole mandate to carry out purchases (Kotler & Armstrong, 2006).
4.4 Characteristics of TelOne's Procurement System

The researcher wanted to probe the character of the current procurement system at TelOne. Typically, most public procurement frameworks are laden with bureaucracy, competitive bidding, heavy regulation and inflexibility (Thai, 2001).

4.4.1 Procurement Bureaucracy

Table 4.3 below shows that about 83% of the respondents (agree, 24.6%; strongly agree, 58.4%) indicated that they were in agreement that the procurement system at TelOne involves a lot of unnecessary bureaucracy. This probably implies that procurement decision making and approval processes involve a lot of people along the chain of command. In a bureaucratic system the need to inform the boss or seek approval has greater significance and importance. This is despite that, in some cases, there could be very little value addition along the chain. As Carnall (2007, p.130) notes “a bureaucratic structure exerts constant demands on officials to be methodical and disciplined”. Therefore, a bureaucratic system is generally slow and results in some delays which could negatively affect the competitiveness of the organization.

Table 4.3: Involvement of unnecessary bureaucracy

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>2</td>
<td>3.8</td>
</tr>
<tr>
<td>Neutral</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td>Agree</td>
<td>13</td>
<td>24.6</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>31</td>
<td>58.4</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>100.00</td>
</tr>
</tbody>
</table>

4.4.2 Competitive Bidding

The public procurement system that TelOne uses emphasizes competitive bidding (Procurement Act [Chapter 22.14]). At the very least a minimum of 3 quotations
would be needed to justify that the principle of competitive bidding has been complied with. This is different from private sector practice where it would be perfectly in order to simply buy from a supplier as long as the price is justified. Figure 4.6 summarizes the findings on the requirements for bids or quotations.

![Multiple price quotes or bids from suppliers are required before ordering.](image)

**Figure 4.6: Requirement for multiple price quotes or bids.**

Almost all of the respondents (93%) agreed that procurement can only happen in compliance with the principle of competitive bidding. This implies that every purchase must involve the acquisition of enough quotations or bids from potential suppliers before it can be processed. If this procedure is applied to every purchase, including generic and widely available goods, it is likely that it could increase procurements costs as well as entrench delays.

### 4.4.3 Number of Suppliers

The researcher wanted to establish if TelOne relied on a few selected suppliers for its inputs. Some companies have found it desirable to deal with a few suppliers whose performance they can trust (Rio Tinto, 2011). The Japanese have developed the *Just-In-Time* concept to limit procurement and storage costs. Apart from creating
synergistic alliances the JIT concept ensures that quality is enhanced as companies are confident of the quality of supplies they receive (Kumar, 2010).

Figure 4.7: Reliance on a few suppliers for inputs

Figure 4.7 reflects the findings to the statement: *TelOne relies on a small number of suppliers for its input.* About 50% of the respondents suggested that TelOne does not rely on a few suppliers. This is probably in line with the competitive bidding framework which encourages as many qualifying suppliers to participate. This implies that TelOne must restart procurement procedures each time a need arises. Past relations with suppliers do not matter. Also of significance was the large number of respondents (26%) who indicated neutrality on this question. This is probably because they have little appreciation of the TelOne procurement function. Perhaps respondents from the procurement section would have easily answered it.

The invitation and participation of large numbers of bidders is also costly and causes delays (Mandiyambira, 2012). Decentralization of procurement to user sections or departments also becomes problematic as diligence is required with each order. However, in a situation where a few selected suppliers are engaged, particularly for
everyday consumption such as fuel, decentralization would be easier as user departments will be restricted to buying from already approved suppliers.

### 4.4.4 Flexibility of the procurement procedures

The researcher wanted to establish if the respondents considered their procurement system to flexible to deal with urgent and adhoc needs. More often, processes tend to be monsters, with users becoming slaves of their own systems, routines and procedures (Garvin & Roberto, 2005).

![Figure 4.8 (a): Flexibility of procurement procedures](image1.png)

Figure 4.8 (a): Flexibility of procurement procedures

![Figure 4.8 (b): Procurement of urgent needs.](image2.png)

Figure 4.8 (b): Procurement of urgent needs.

Figures 4.8 (a) and 4.8 (b) summarize the responses to the question on flexibility of TelOne’s procurement system. A huge majority of 94% agreed that TelOne’s procurement systems are inflexible and hence cannot support speedy procurement of urgent needs. This is probably because the procurement regime is premised on the need to follow laid down procedures (Lindskog, 2008). Such procedures can in some cases result in unnecessary delays.

The majority of respondents (89%) did not agree with the statement: *Urgent and adhoc needs can be procured without the need for quotations* (Figure 4.8 (b)). This means that in every respect procurement must follow the competitive bidding
principle. Essentially, every purchase must involve many suppliers competing for the contract through meeting the specifications and favourable pricing. Whilst the system can be hailed in normal procurement it can be disastrous in situations where urgent purchases are required. The process of getting enough quotations or bids first, can result in delays that have serious financial implications especially where the purchase are of low value and readily available.

4.5 Benchmarking TelOne Procurement

The researcher solicited respondents’ opinions on whether the procurement system at TelOne has been reformed in recognition of the deregulation that occurred in the telecommunications sector. The researcher also wanted to establish if the procurement system at TelOne can be benchmarked against those of its competitors.

4.5.1 Procurement Reforms since Deregulation

Figure 4.9 below summarizes the responses to the statement: The procurement processes have significantly changed to suit the competitive environment in which TelOne is now operating in.

![Alignment of procurement to suit competitive environment](image)

Figure 4.9: Alignment of procurement to suit competitive environment
A majority of 89% of the respondents thought that there have been no significant changes to the procurement practices in TelOne since the advent of deregulation and competition. In effect a strong sentiment was exhibited by the 54% who strongly disagreed with the statement. In deed the company is still bound by the state Procurement Act [Chapter 22.14] and its associated regulations. It seems there have been no deliberate efforts by the shareholder to change the procurement procedures. This implies that the company is still required to abide with regulations that are no longer suitable in a competitive environment.

**4.5.2 Comparison with competitors**

TelOne Board and Senior executives have cited procurement processes as one of the hindrances to the company’s competitiveness (TelOne’s Strategy Document, 2011). The researcher, therefore, wanted to establish if these sentiments were shared by the generality of workers. Respondents were asked to rate TelOne’s procurement practices against those of its competitors. Their responses are summarized in Figure 4.10 below.

![Figure 4.10: Rating TelOne’s procurement system](image-url)
About 84.3% of the respondents indicated that TelOne’s procurement systems are poor to very poor when compared with the practices at the company’s adversaries. Presumably this is because TelOne’s procurement is slower and lengthy as compared to that of its competitors. Lengthy processes and procedures usually involve too many decision makers (Kotler & Armstrong, 2006). It would appear, therefore, that the advent of deregulation and competition favoured new entrants since the government did not sufficiently empower TelOne to benefit from the first mover advantages that it had.

This may also imply that the procurement procedures at TelOne are tedious and unfriendly as compared to those prevalent in private organizations. The company’s procedures involve inviting quotations or tender bids, evaluation and contract negotiations. TelOne competitors can bypass some of these procedures. In reality the private sector has adopted the relationship management paradigms that emphasize long-term relationships with suppliers (Mandiyambira, 2012). This is why they rely on the periodically reviewed approved supplier list.

4.6 Responsiveness of the procurements system

This section of the study sought to assess whether the procurement system is responsive to the departmental needs and, therefore, effective in supporting TelOne’s competitiveness. Findings are discussed in the following sub-headings.

4.6.1 Ease of use of the procurements system

Sometimes difficulties may arise in institutions due to the complex nature of procedures in use. Deterioration can set in if people decide not to use unfriendly systems simply because they are complex. Therefore, the researcher wanted to find out from respondents the extent to which they felt the procurement system at TelOne was user friendly, understandable and also ease to use.
As shown in the Figure 4.11 above, a majority (62%) was certain that the procurement system was not understandable or user friendly. These sentiments emanated largely from people who are outside the buying department, but are the beneficiaries of the procurement processes. Their sentiments could be premised on the fact that the procurement process involves a lot of paperwork and other requirements that must be completed or processed before a purchase can go through (Lindskog, 2008). Perhaps this is because they have little appreciation of why certain procedures have to be followed. The lack of this knowledge probably stems from the centralization of procurement in TelOne.

4.6.2 Procurement Regulations

TelOne is a public body, that is required to abide by the Procurement Act [Chapter 22:14] in its procurement activities. The researcher endeavoured to establish respondents’ feelings on the adequacy of the current procurement regulatory framework, given the need to be competitive. The results are summarized in Figure 4.12 below.
About 76% of the respondents confirmed that they viewed the procurement system at TelOne as being unnecessarily over-regulated. Apart from complicating the procurement processes, over-regulation can inhibit innovation thereby scuttling new ideas that would make TelOne an effective competitor in the telecommunications industry. However, about 15% felt that the system was not overregulated. Probably these are the sentiments of managerial respondents who felt obliged to defend the system which they preside over.

4.6.3 Petty Cash for Adhoc and/or Urgent Needs

The network that TelOne operates is susceptible to failures, some of which are difficult to forecast. When this happens a crisis situation is created whereby customers fail to access or use the telecommunications services. The researcher wanted to establish if user departments were allowed to keep small amounts of cash to cater for urgent and unforeseen needs. These small funds would enable the organization to quickly respond to emergencies thereby facilitating competitiveness of the organization. The responses are summarized in Figure 4.13 below.
Most respondents (89%) acknowledged that their offices had no provision for petty cash to cater for small, adhoc and urgent purchases. This implies that, in line with the centralization of procurement principle, all purchases must be handled by the buying department. Regulations must be followed at every stage and failure to follow procedure is actually a gross and dismissible offence in TelOne (Posts & Telecommunications Sector Employment Code of Conduct, Category 4(23)). The non-availability of petty cash at operational levels implies that at some stage when network breakdowns do occur and the required spares are not readily available from stores, customers can suffer longer duration of blackouts. The capacity for the organization to timeously react to such breakdowns and restore service is curtailed. Inevitably this can drive away customers from TelOne to its competitors.

4.6.4 Responsive Procurements System

The systems doctrine alludes that every element within the system is reliant on others for its inputs or outputs (Langlois, 1982). In most instances the procurement function drives inputs towards key processes (Porter, 1985). For TelOne, procurement is very critical for the smooth operations of their telecommunications network. Indeed it can be the engine for competitiveness. The researcher, therefore,
sought to establish how the beneficiaries of the procurement system thought it was aiding them in fulfilling their mandate.

Figure 4.14 (a): Supportive procurement system

Figure 4.14 (b): Procurement delays

Figure 4.14 (a) above shows that about 77.1% of the respondents agreed that the procedures are not flexible to support them in their jobs. This inability to be flexible in the face of competition is perhaps not ideal for TelOne at this juncture. It appears that the system is premised on observing regulations rather than advancing the competitive agenda. This is reflected by 93% of the respondents who agreed-to-strongly agreed that the procurement system is laden with delays (Figure 4.14 (b)).

Figure 4.15: Supportiveness of TelOne competitiveness.
Invariably, these delays often cause shortages, which hinder competitiveness. Therefore, generally, the procurement system is perceived by 86.7% of the respondents as not being capable of supporting competitiveness (Figure 4.15).

### 4.6.5 Procurement Costs Outweighing Benefits

The public procurement governance system requires the strict observance of regulations and laws (Raymond, 2008). This imperative may result in the violation of the value for money principle with the cost of procurement outweighing derived benefits. The researcher asked respondents on whether they thought the cost of procurement in TelOne is justified in terms of the resultant derived benefits. The responses are summarized in Figure 4.16 below.

![Figure 4.16: Procurement costs outweighing benefits.](image)

A majority (69%) of the respondents agreed with the view that TelOne’s procurement procedures often result in the company incurring costs that are much higher than the derived benefits. About 21% of the respondents indicated neutrality whilst 10% disagreed. The researcher approached one Operations Manager for Harare, for clarification on this issue. He narrated a scenario where, at one time he had to personally part with $15.00 in order to save a telephone exchange from shutting...
down. This was after a $15.00-priced fan belt of the standby power generator had broken down.

The normal procedure would have seen the mechanic driving 7km to his office to get his controller to write a formal purchase request. Thereafter he would have driven around until he had at least 3 quotations from potential suppliers. He would drive to Head Quarters to submit the papers and wait for the buyers to adjudicate, write a cash voucher which needs three signatures to approve, write a procurement order which would have to be delivered to the successful bidder before the belt could be supplied. This process would have taken at least 5 hours of which if the Operations Manager had not intervened the revenue loss to TelOne would have amounted to at least $10 000.00.

4.7 Challenges within the procurement system

The researcher sought to establish what respondents consider to be the challenges or problems with the procurement system at TelOne. Therefore, the first port of call was to ask respondents if they have experienced some challenges with the current procurement system. The responses are reflected in Figure 4.17 below.

![Figure 4.17: Experience with procurement challenges.](image)
The majority (96%) of the respondents indicated that they had experienced some procurement challenges in the past. This is probably why respondents generally feel that the procurement system is not geared for a competitive environment. For a big organization like TelOne such problems are not really surprising. Challenges may arise in any system. Perhaps what is important is how those challenges are treated in order for them not to be endemic or an everyday occurrence.

4.7.1 Common Procurement Challenges at TelOne

The corresponding responses to each of the most common challenges prevalent in the TelOne procurement system are shown in Figure 4.18 below. The majority of respondents were affirmative on the existence of these challenges within the TelOne procurement system. Delays and rigid procedures were, however, more prominent being rated at 96.2% and 94.3% respectively. The failure by bid winner contracts in terms of the specifications was rated lowly at 69.8%.

![Figure 4.18: Common procurement challenges.](image)

The ratings on these challenges tend to give credence to the earlier finding where 88.6% of the respondents felt that the procurement system has some inherent limitations which cause frequent shortages. In another related question, 79% of the
respondents indicated that TelOne’s rigid and restrictive procurement processes and procedures were the reasons for frequently experienced shortages.

4.7.2 Symptoms of Procurement Challenges at TelOne

This section sought to establish the relationship between TelOne’s procurement system and externally-induced challenges. Externally induced challenges are those that are caused by suppliers. Responses to raised questions are discussed below.

4.7.2.1 Reluctance to Issue Quotations

One of the cornerstones of public procurement is competitive bidding (Kotler & Armstrong, 2006). The doctrine of competitive bidding requires that suppliers be subjected to competition which should end with the selection of the best deal for the procurer. The competitive bidding principle endeavors to achieve value for money whereby the bid winner is considered to have been the best among many. In order to implement this, the procurer is required to widely publicize his procurement need, whereupon as many bidders as possible respond, also quoting their prices. The researcher sought to establish if TelOne was able to attract enough and quality quotations for such requests. Figure 4.19 below summarizes the responses.

![Figure 4.19: Supplier reluctance to avail quotations.](image)
About 60% of the respondents reflected that most suppliers are not keen at offering quotations to TelOne. This is probably because they feel that they are being abused by processes which in most of the cases do not offer them contracts. They probably view the requests for quotations as a mere justification for adherence to transparency and procedures by TelOne yet the eventual winners are already known. The requirement that even the smallest of purchases requires quotation appears to have put the TelOne into disrepute with suppliers.

4.7.2.2 Failure by bid winners to deliver

Given the many suppliers involved in public procurement it is possible that some of those who eventually become bid winners may fail to deliver. Such shortcomings may include non delivery, under delivery or wrong deliveries. Such failures have the impact of stretching the waiting period for inputs whilst at the same time amplifying shortages. It can result in TelOne failing to meet deliver reliable services, thus failing to compete. The researcher wanted to find out from the respondents what the scale of this problem was in TelOne. The results are reflected in Figure 4.20 below.

![Graph](image)

**Figure 4.20: Failure by bid winners to deliver.**

About 58% of the respondents agreed that sometimes the bid winners do fail to fulfill their orders. A subsequent verification with the Stores Manager revealed that some
suppliers have actually been blacklisted for this misdemeanor. He alluded that after winning the tenders some suppliers will plead for variation of terms. He, however, stated that this cannot be tolerated and such contracts are simply cancelled and re-tendered. Admittedly, this adds on delays that have already been mentioned before. Interestingly though, a significant 28% of the respondents could not judge and hence opted to be neutral. This is probably because respondents could not give proper judgments since such information would ordinarily be available to the buying department, unless if it somehow filtered to the user departments.

4.7.2.3 Requirement for cash upfront

The proliferation of small suppliers should mean increased bidders for tenderers. On the other hand the centralization of procurement function may entail inefficiencies on the part of the tenderers particularly with regards to payments. A poor payment record may force suppliers to demand cash upfront or at least a down payment before fulfilling contracts. The researcher wanted to establish if TelOne was in this category. The respondents’ answers are summarized Figure 4.21 below.

![Preference for cash up front.](image)

Figure 4.21: Preference for cash up front.
About 64% of the respondents agreed that small suppliers usually prefer cash up front before contract delivery. This requirement does not suit an organization as big as TelOne whose bureaucracy necessarily creates delays.Procuring on a cash basis can compromise the company’s accounting system. Perhaps, this is a reflection of the TelOne’s slowness in processing payments to suppliers. This is also probably due to the liquidity crunch in the economy where companies, particularly small ones, are struggling to survive. There is limited lending at the financial institutions and where this is available, the interests are prohibitive (AfDB, 2011a).

4.8 Supplier Chain Management and Reforms

The researcher asked respondents to suggest desirable and possible reforms to their procurement system. The idea was to proffer practical solutions to the problems cited in the system. The researcher first asked respondents to indicate if they thought TelOne should remain using state procurement guidelines.

4.8.1 Should TelOne be bound by public procurement regulations?

**Table 4.4: Procurement regulations**

<table>
<thead>
<tr>
<th>Should TelOne, a commercialized parastatal be governed by State Procurement regulations in its procurement processes?</th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.0%</td>
<td>81.1%</td>
<td>1.9%</td>
<td></td>
</tr>
</tbody>
</table>

A majority (81%) of the respondents felt that TelOne, being a commercialized entity operating in a deregulated sector, should not be governed by restrictive procurement regimes. Respondents probably view procurement challenges as the greatest inhibitor to TelOne’s competitiveness. However, 17% of the respondents indicated that the procurement system should remain as it is. Most of those who supported this idea reasoned that since TelOne is a state-owned entity, it should naturally be bound by state procurement regulations. Perhaps this is a way of ensuring virtues of public procurement are always upheld. Only 1.9% of the respondents were not sure perhaps because they had no appreciation of the public procurement.
4.8.2 Supplier Chain Relationship Management

The researcher sought to establish the kind of relationship that exists between TelOne, as the procurer, and its suppliers. The researcher tested TelOne’s loyalty to suppliers as well as the level of information sharing.

4.8.2.1 TelOne loyalty to suppliers

The question on TelOne’s sense of loyalty to its suppliers received one of the highest neutral responses (40%). Even those who have been with the company for such long years, as indicated earlier, had no idea (Figure 4.22a). As already revealed, TelOne’s procurement regime is highly centralized around the buying department. It is possible that only the buying department maintains some relationship with suppliers. It is also possible that the buying department could be creating a barrier between user departments and the suppliers. Only 32% of the respondents said the company has a sense of loyalty to its suppliers. This appears to be in line with one of the core principle of public procurement which encourages arms-length relationships.

Figure 4.22a: Loyalty to suppliers

Figure 4.22b: Exchange of performance feedbacks
4.8.2.2 Information interchange and performance feedbacks

The researcher asked respondents on whether they interacted with the suppliers. The responses to this question almost mirrored that on loyalty with a significant number of respondents (40%) indicating neutrality (Figure 4.2b). The level of neutral responses appears to indicate that there is no formal system of evaluating supplier performance. This was supported by 40% who indicated that there were no performance feedbacks with suppliers. The ideal scenario is to deliberately afford user departments opportunities to interact with suppliers as a means of addressing quality issues. This would benefit TelOne if such communication leads to reduction of defects, reworks as well as speeding up procurement processes.

4.8.3 Supplier Chain Management Framework

The researcher asked respondents to indicate the kind of supplier chain management framework they thought would be ideal for TelOne. The results are reflected in Figure 4.23 below.

![Preferred SCM framework](image)

Figure 4.23: Preferred SCM framework.
A majority of respondents (54%) agreed to the collaborative system as being a better supplier relationship management framework. Only 27% thought competitive bidding system was appropriate for TelOne. In a collaborative approach the seller and the buyer try to build synergies that are mutually beneficial (Mandiyambira, 2012). This is opposed to the transactional approach of the competitive bidding framework, where each purchase triggers its own new processes regardless of past contacts.

A significant 18.75% of the respondents were, however, unable to recommend the right SCM framework for the company. The difficulty can perhaps be explained in terms of the laws governing procurement in institutions such as TelOne. The Procurement Act does not encourage buyer-supplier relationships but rather competitive bidding. Competitive bidding can only thrive under transparent environment where fairness must be strictly applied (Raymond, 2008). Accordingly, if procurers establish strong ties with suppliers, their capacity for transparency and fairness will be damaged. Also, as advocated for by Porter (1985), the procurer should always strive to weaken the bargaining power of the seller.

### 4.8.4 Adoption of e-procurement

The researcher endeavoured to establish if TelOne has adopted the use of modern day technologies in its procurement system. The responses have been summarized in Table 4.5 below.

**Table 4.5: Adoption of e-procurement in TelOne**

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelOne relies on e-procurement for its purchases.</td>
<td>13%</td>
<td>52%</td>
<td>27%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>We use electronic data interchange (EDI) with our suppliers.</td>
<td>15%</td>
<td>42%</td>
<td>42%</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>We use the internet to communicate with our suppliers.</td>
<td>4%</td>
<td>25%</td>
<td>48%</td>
<td>21%</td>
<td>2%</td>
</tr>
</tbody>
</table>
A significant number of respondents could not judge, hence they opted to be neutral. However, a majority (65%) suggested that the company does not rely on e-procurement at all. Perhaps this can be explained by the competitive bidding stance of the procurement system at TelOne. E-procurement may not be really viable under a competitive bidding framework because the arms-length doctrine tries to limit interaction between suppliers and buyers (Harpe, 2009). Therefore, it is fair to suggest that there is no e-procurement as such a framework would entail a non-adversarial approach to supplier relationship management.

4.8.5 Suggested Reforms

In this last section the researcher asked the question, “If you could change some aspects of the current TelOne procurement system or processes, what could they be?” The idea was to establish if the respondents had some changes which they considered to suitable and applicable for TelOne. Table 4.6 below summarizes some of the suggested reforms. However, one must hasten to add that TelOne is a public body, whose procurement is governed by the Procurement Act [Chapter 22:14]. Some of the proposed changes would require the Procurement Act to be reformed or for TelOne to be removed from the regulations. Therefore, the company cannot unilaterally abandon the SPB regulations.

The most prominent proposal was to decentralize procurement at least to regional levels. Decentralization will allow user departments to procure generic and low value requirements without involving central buying. This is probably because the users have seen that reliance on the Head Office-based buying department has not been effective. Possibly the buying department is not efficient in discharging its mandate. However, for this to be effective, the company would need to restrict the user departments to deal with approved and bona fide suppliers.
### Table 4.6: Respondents’ suggested reforms

<table>
<thead>
<tr>
<th>Possible Reforms</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>De-centralize the procurement function</td>
<td>25%</td>
</tr>
<tr>
<td>Reduce bureaucracy/ define time lines</td>
<td>18%</td>
</tr>
<tr>
<td>Do away with the tender board procedures</td>
<td>16%</td>
</tr>
<tr>
<td>Consider quality and not just price/Enhance quality checks and monitoring</td>
<td>11%</td>
</tr>
<tr>
<td>Avail petty cash to functional heads for small, adhoc and urgent purchases.</td>
<td>6%</td>
</tr>
<tr>
<td>Introduce flexible procurement system/reduce number of quotations</td>
<td>6%</td>
</tr>
<tr>
<td>Engage and deal only with reliable suppliers. Have a list of suppliers</td>
<td>6%</td>
</tr>
<tr>
<td>Employ technical people in procurement section/ purchasing committee.</td>
<td>4%</td>
</tr>
<tr>
<td>Improve or implement supplier chain management principles.</td>
<td>3%</td>
</tr>
<tr>
<td>Review upwards amounts of quotation purchases</td>
<td>3%</td>
</tr>
<tr>
<td>Introduce new people at Buying to reduce resistance to change</td>
<td>2%</td>
</tr>
<tr>
<td>Adopt e-procurement</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### 4.9 Chapter Summary

The chapter has given an indication of TelOne procurement position in the eyes of its employees. It has also shown that, compared to its privately-owned competitors, the procurement procedures are poor. Respondents indicated that TelOne procurement is characterized by shortages, delays, restrictive procedures, bureaucracy and too many decision makers. In short, it is not efficient to enable the organization to be competitive. The company’s procurement system stems from the governing legislation of public procurement. But given that TelOne is operating in open competition, the government may need to reconsider the adequacy of the procurement regime to assist commercialized parastatals to be competitive. In the following concluding chapter, the researcher will give recommendations based on the remarks made by the respondents. These recommendations should guide TelOne on what course of action to adopt in order to competitive once more.
CHAPTER FIVE

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This final chapter provides the conclusions drawn from the findings of this research study. The chapter also gives the position regarding validation of the research proposition and also proposes recommendations that could be adopted by TelOne in order to make its procurement system supportive of competitiveness. The chapter ends by recommending possible areas for further study.

5.2 Conclusions

The following are conclusions of this study. The conclusions are linked to the objectives of the study.

5.2.1 Procurement Regulations

The procurement system at TelOne is different from practices in the private sector. It is heavily regulated and must follow specific and stricter procedures. The emphasis is on compliance to regulations and this tends to kill innovation among staff. TelOne staff generally regards the system as unfriendly and not supportive to competitiveness.

5.2.2 TelOne Procurement Framework

The procurement framework at TelOne is highly centralized. Buying is done by professionals who are within the procurement section at Head Office. All purchases must essentially come through this department. Bureaucracy is entrenched with the
system having too many decision makers. There is no provision for petty cash to enable user departments to procure urgent and adhoc needs as they arise. Inevitably the procurement system is laden with delays.

5.2.3 Competitive Bidding

The procurement framework is hinged on the concept of competitive bidding, where many suppliers must compete so that the procurer gets the best possible terms. Value for money is achieved through encouraging competition amongst suppliers. Almost all purchases require quotations or bids, with each purchase generating its own new process. The system emphasizes arms-length relationships between procurers and suppliers. Past performance and relationships with the supplier does not matter. This is ostensibly done to allow fair competition among suppliers. There is potential to deal with many suppliers when they respond to tenders. This potentially makes the cost of procurement higher. However, some suppliers are no longer keen to avail TelOne with quotations because they hardly get contracts.

5.2.4 Acknowledgement of deregulation

There have been no attempts made to reform the procurement system at TelOne to suit the deregulated environment that the organization is now operating in. There are also no apparent indications that TelOne could be exempted from the State Procurement Board regulations. As far as procurement is concerned, TelOne is effectively at a disadvantage when compared to its privately-owned rivals. Respondents judged the procurement system as poor.

5.2.5 Procurement Challenges

The procurement system at TelOne requires a lot of paperwork and involves too many decision makers along the hierarchy. As a result there is a lot of entrenched bureaucracy which results in frequent delays. The implication is that the company’s
responsiveness to customer needs is curtailed and its capacity for competitiveness is limited. The processes are rigid, lengthy and somehow too formal. The result is that the company may face frequent shortages of things that are readily available on the market. Respondents noted that some bid winners fail to fulfill their contracts for various reasons. Another challenge is that some suppliers are no longer offering credit terms to TelOne forcing the company to pay cash up front.

5.2.6 Updates and feedback

User departments are not being fully updated on the progress of procurements leading to some dissatisfaction with the procurement system. User departments regard the procurement department as being poor and insensitive to their quest for performance and competitiveness. There are no formal feedback mechanisms where user departments can liaise with suppliers on quality issues.

5.2.7 Government influence

The structure of the procurement system is highly prone to governmental influences because the Procurement Act allows the Minister of Finance greater sway. The capacity of TelOne to contract is somehow limited by the provisions of the Procurement Act and its enabling regulations. TelOne buying department is required to comply with the legal and statutory requirements and its discretional power is limited. This is in contrast with private enterprises that have freedom to contract as long as it is within the confines of the general laws.

5.3 Validation of Research Proposition

In line with the research objectives, the research proposition was subjected to verification process in Chapter Four through a questionnaire to employees and management of TelOne. Given the competition that is prevailing in the telecommunications sector, the findings have pointed to the fact that the current
procurement regime at TelOne is not supportive to the competitiveness agenda of the organization. Therefore, the research proposition, that the public procurement system has negatively affected the competitiveness of TelOne compared to its privately-owned rivals, who do not use the same system, has been validated.

5.4 Recommendations

The study recommends the following suggestions for adoption by TelOne as a way to improve its procurement system.

5.4.1 Regulatory reforms

TelOne management and the board should lobby the government and parliamentarians to review the procurement regulatory framework in order to align it with the need for commercialized parastatals to be competitive. This is not to say transparency and fairness will be disregarded. The current regulatory framework also still affords the Minister of Finance and the SPB leeway to modify or make further guidelines on how institutions like TelOne can proceed in certain circumstances (Procurement Act [Chapter 22.14]). TelOne management should explore this avenue in the immediate future.

5.4.2 Decentralization of procurement

TelOne should consider decentralizing its procurement functions for low value and generic items to at least the regional levels. After all each cost centre has its own procurement budget. Decentralization improves organizational responsiveness by removing unnecessary bureaucracy. There must be provision of petty cash at operational levels to enable operational staff to deal with emergencies and other adhoc needs. Customers want predictability and organizations that are keen on achieving shorter response times must devolve decision-making to lower structures.
Only major procurements of a given minimum threshold should be handled at head office. Of course there should be clear guidelines and regular audits to prevent maverick buying as well as to ensure compliance.

5.4.3 Collaborative Framework

Partnership involves long-term collaboration between both parties to share the costs, rewards and risks of projects. This is different from the once-off transactional relationship approach currently at TelOne. TelOne should aim at creating sustainable and mutually beneficial relationships that go beyond tendering and bidding. The company should consider engaging in collaborative dealings with some of its regular suppliers of everyday inputs such as fuel. There is no need to apply competitive bidding for every tanker of diesel. Extreme forms of competitive bidding are costly since they increase procurement costs by treating each purchase as a new process regardless of past relationships.

5.4.4 Flexibility

TelOne should consider reducing unnecessary bureaucracy by streamlining approval processes. Inflexible systems or procedures can be de-motivating as they inhibit the innovative capacity of individuals. For example where the purchase item is generic, readily available and is of small value, the need for quotations can be waived.

5.4.4 Approved Supplier List

TelOne should establish and maintain a list of approved suppliers, which is regularly reviewable. Regular and small purchases can be procured relatively easily from these approved suppliers. This can enable the organization to do away with the need for quotations. The company can still maintain its competitive bidding stance by allowing those on the list to compete. Potential suppliers can be selected based on past performance or from the list of approved contractors. Suppliers who fail to
deliver or discharge their contracts can be removed from the list with penalties being applied for breach of contract.

5.4.6 Quality control

The effectiveness of the low-bid-wins-philosophy has been challenged by the failure of some bid winners to fulfill their obligations. The procurement system should advocate for quality and not necessarily the cheapest price. This would be in line with the ‘best value’ principle in which other factors, in addition to price, are considered. Quality control can also be enhanced by enabling feedback mechanism between the buying and user departments.

5.4.7 Adoption of e-procurement

TelOne is a technology company. There is no reason why it should be a laggard in implementing new e-commerce solutions to its business. Therefore, the organization should consider implementing e-procurement to reduce the cost of procurement and inventory management. An e-procurement system allows better communication between the procurer and vendors. The use of e-procurement also enables easy access to new sources of supplies.

5.4.8 Feedback to user departments

The procurement department should facilitate interaction between the user departments and contracted suppliers so as share experiences on issues of quality. User departments can also be called to participate in procurement processes, not just as initiators but also as adjudicators. The procurement section can also conduct deliberate programs to educate user departments on procurement processes so that they appreciate why certain procedures, which they might consider unnecessary, have to be done.
5.5 Areas for Further Studies

Given the prevalence of procurement-related corruption in public procurement systems, particularly in developing countries, the researcher recommends further studies on whether TelOne’s procurement system has not been subjected to vices such as lack of transparency, cronyism and corruption.
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Appendix 1: Request for Permission to carry Academic Research

08 May 2012

Head Human Resources TelOne

Attention: Mr. B. Chitakunye

Sir,

Re: Request for Permission to carry out Academic Research Study on TelOne

I hereby request for permission to carry out a research study on TelOne in partial fulfilment of the requirements of the MBA programme which I am currently undertaking with the University of Zimbabwe (UZ). Please refer to the attached letter from UZ’ Graduate School of Management.

My research topic reads as follows,


The study aims to evaluate the impact of Zimbabwe’s public procurement systems and processes on the competitiveness of state-owned enterprises (SOEs), with particular reference to TelOne (Pvt) Ltd. This is especially so, given the competitive environment that the organization is now operating in following the deregulation and liberalization of the telecommunications sector. TelOne’s competitors, on the other hand, are not compelled to abide by the public procurement processes.

The information to be gathered in this study will be treated with strict confidentiality and will be used solely for academic purposes. I look forward to your usual assistance, without which it will be difficult for me to complete the programme.

Best regards,

Edwin Chaukura (E.C. No. 2413)
Operations Manager Harare Satellites
Appendix 2: Cover Letter and Research Questionnaire

Dear Colleague

RE: Research Questionnaire

I am a final year student of the Master of Business Administration degree programme at the University of Zimbabwe. In partial fulfilment of the requirements of this programme, I am conducting a research project on the topic: **An evaluation of Public Procurement systems and how they impact on competitiveness of state-owned enterprises in the post-deregulation era: the case of TelOne (Pvt) Ltd.** I am pleased to advise that I have nominated you as a participant in this research project and am therefore kindly requesting you to complete the attached short questionnaire.

This is purely an academic research. The information that you are going to provide will be used solely for academic purposes and will be treated with strictest of confidence. You can not be identified from the information you supply. Please answer the questions as freely and as honestly as you can. Your honest opinion will be highly valued. I would be very grateful if you could return the completed questionnaire by 6 July 2012.

If you have any queries regarding this exercise, you can contact me on e-mail address: edwin.chaukura@telone.co.zw, mobile 0712325516 or you can contact my supervisor; Dr N Kaseke on email address: nkaseke@gmail.com, mobile 0712576546.

Thank you for your assistance

Kind Regards

Edwin Chaukura (Student Number R093395C)
Graduate School of Management
**University of Zimbabwe**
**TelOne Employee Questionnaire**

**Instructions to respondents**

Please place a mark (x) or tick against your choice for each question and where required, write additional information in the space provided. There are no wrong or right answers. Your honest opinion is what is important.

### Section A: Demographic Information

<table>
<thead>
<tr>
<th></th>
<th>What is your employment category? (Tick or place x in the appropriate box)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Senior management</td>
</tr>
<tr>
<td>b</td>
<td>Middle management</td>
</tr>
<tr>
<td>c</td>
<td>Supervisory management</td>
</tr>
<tr>
<td>d</td>
<td>Professional worker</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>For how long have you been working for TelOne? (Tick or place x in the appropriate box)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>0-5 years</td>
</tr>
<tr>
<td>b</td>
<td>5-10 years</td>
</tr>
<tr>
<td>c</td>
<td>10-15 years</td>
</tr>
<tr>
<td>d</td>
<td>15-20 years</td>
</tr>
<tr>
<td>e</td>
<td>Over 20 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Name of department where you work (Tick or place x in the appropriate box)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Operations</td>
</tr>
<tr>
<td>b</td>
<td>Network Planning</td>
</tr>
<tr>
<td>c</td>
<td>Human Resources</td>
</tr>
<tr>
<td>d</td>
<td>Customer Services</td>
</tr>
<tr>
<td>e</td>
<td>Administration</td>
</tr>
<tr>
<td>f</td>
<td>Marketing</td>
</tr>
<tr>
<td>g</td>
<td>Security</td>
</tr>
<tr>
<td>h</td>
<td>Other (Please specify)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Years worked in the present position? (Tick or place x in the appropriate box)</th>
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</thead>
<tbody>
<tr>
<td>a</td>
<td>0-5 years</td>
</tr>
<tr>
<td>b</td>
<td>5-10 years</td>
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<td>c</td>
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<tr>
<td>d</td>
<td>15-20 years</td>
</tr>
<tr>
<td>e</td>
<td>Over 20 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Academic qualifications (Tick or place x in the appropriate box)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Degree</td>
</tr>
<tr>
<td>b</td>
<td>Diploma</td>
</tr>
<tr>
<td>c</td>
<td>Certificate</td>
</tr>
<tr>
<td>d</td>
<td>A Level</td>
</tr>
<tr>
<td>e</td>
<td>O Level</td>
</tr>
<tr>
<td>f</td>
<td>Other (Please specify)</td>
</tr>
</tbody>
</table>
### Section B: Research Questions

**6.** Are you familiar with the TelOne's procurement framework and policies? *(Tick or place x in the appropriate box)*

<table>
<thead>
<tr>
<th></th>
<th>a) Yes</th>
<th>b) No</th>
<th>c) Not Sure</th>
</tr>
</thead>
</table>

**7.** TelOne's purchasing is fully centralized through the Buying Section. *(Tick or place x in the appropriate box)*

<table>
<thead>
<tr>
<th></th>
<th>a) Yes</th>
<th>b) No</th>
<th>c) Not Sure</th>
</tr>
</thead>
</table>

**8.** Please indicate how you agree or disagree with the following statements. *(Use Likert’s 5-point scale as indicated below)*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) TelOne's procurement procedures are not flexible in expediting urgent purchases.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Urgent and adhoc needs can be procured without the need for quotations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>c) TelOne relies on a small number of suppliers for its inputs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>d) Multiple price quotes or bids from suppliers are required before ordering.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>e) TelOne procurement procedures involve a lot of unnecessary bureaucracy.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**9.** Please indicate how you agree or disagree with the following statements. *(Use Likert’s 5-point scale as indicated below)*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The procurement processes has significantly changed to suit the competitive environment in which TelOne is now operating in.</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**10.** How do you rate TelOne's procurement systems against those of its competitors? *(Tick or place x in the appropriate box)*

<table>
<thead>
<tr>
<th></th>
<th>a) Very Good</th>
<th>b) Good</th>
<th>c) Neutral</th>
<th>d) Poor</th>
<th>e) Very Poor</th>
</tr>
</thead>
</table>

135
11. Please indicate how you agree or disagree with the following statements concerning responsiveness of the TelOne procurement system to your job. (Use Likert’s 5-point scale as indicated below)

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>The procedures for procurement of inputs to my work are friendly and understandable.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b)</td>
<td>The current procurement procedures at TelOne are unnecessarily over-regulated and complicated.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>c)</td>
<td>TelOne procurement procedures are flexible and supportive to my job and functions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>My office keeps enough petty cash to facilitate procurement of urgent and adhoc needs.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>e)</td>
<td>We always attract enough and quality bids or quotes to our tenders.</td>
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<td></td>
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<tr>
<td>f)</td>
<td>TelOne procurement procedures often result in the cost of procurement outweighing the benefits to be derived.</td>
<td></td>
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<tr>
<td>g)</td>
<td>The current procurement process is laden with delays.</td>
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<td></td>
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<tr>
<td>h)</td>
<td>I frequently experience shortages in my work due to procurement delays.</td>
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<td></td>
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<tr>
<td>i)</td>
<td>The current procurement system at TelOne supports competitiveness of the organization.</td>
<td></td>
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</tr>
</tbody>
</table>

12. Have you ever experienced challenges with the current procurement processes at TelOne? (Tick or place x in the appropriate box)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Yes</td>
</tr>
<tr>
<td>b)</td>
<td>No</td>
</tr>
</tbody>
</table>

13. Does the procurement system at TelOne have the following challenges or limitations? (Tick or place an x against your answer).

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Bureaucracy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td>Rigid procedures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>Too many decision makers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>Delays</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e)</td>
<td>Poor quality or wrong supplies delivered</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
14. Please indicate how you agree or disagree with the following statements. *(Use Likert’s 5-point scale as indicated below)*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Most shortages in my department can be attributed to the restrictive buying procedures.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>b) Most suppliers are reluctant to avail TelOne with quotations whenever they are approached.</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>c) Some procurement delays are caused by bid winners who eventually fail to deliver.</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>d) Most small suppliers prefer cash upfront before fulfilling contract.</td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

15. (a) Should a commercialized parastatal like TelOne be governed by State Procurement regulations in its procurement processes? *(Tick or place x in the appropriate box)*

| Choice | |
|--------|--
| a) Yes | |
| b) No  | |
| c) Not Sure | |

15. (b) If you answered *Yes* in question 16.(a) above, briefly explain your reasons.

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

16. Please indicate how you agree or disagree with the following statements. *(Use Likert’s 5-point scale as indicated below)*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) TelOne has a strong sense of loyalty to its suppliers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>b) We are continually on the look for new sources to replace our current suppliers.</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>c) Our relationships with suppliers are long-term alliances and we view them as an extension of our organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) We exchange performance feedback with suppliers and we work with them to improve their quality in the long run.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. Under which supplier relationship management framework is risk and quality related problems likely to be less? *(Tick or place x in the appropriate box)*

| Choice | |
|--------|--
| a) Competitive bidding framework | |
| b) Collaborative framework     | |
| c) Not sure                     | |
18. **Please indicate how you agree or disagree with the following statements. (Use Likert’s 5-point scale as indicated below)**

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) TelOne relies on e-procurement for its purchases.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) We use electronic data interchange (EDI) with our suppliers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) We use the internet to communicate with our suppliers.</td>
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</tbody>
</table>

19. **If you could change some aspects of the current TelOne procurement system or processes, what can they be? (List and briefly explain your answer where necessary).**

- ........................................................................................................................................................................
- ........................................................................................................................................................................
- ........................................................................................................................................................................
- ........................................................................................................................................................................
- ........................................................................................................................................................................

Thank you for your support