

Print ISSN: 1738-3110 / Online ISSN 2093-7717
<http://dx.doi.org/10.15722/jds.16.9.201809.43>

Endemic Corruption in Supply Chain and Procurement in the Local Sphere of Government in South Africa

Kola O. Odeku*

Received: August 10, 2018. Revised: September 03, 2018. Accepted: September 15, 2018.

Abstract

Purpose - This article accentuates that there is pervasive corruption in the supply chain and procurement of goods and services in the South African public sector, particularly in the local sphere of government. Consequently, the poor and the indigents who are supposed to receive quality services are affected. Therefore, the article emphasizes the need to strengthen compliance in the supply chain and procurement processes in order to combat corruption.

Research design, data, and methodology - This article extensively utilized qualitative literature review approach to address and solve the problem of endemic corruption in the supply chain and procurement being perpetrated by local government officials.

Results - The synthesis shows that by strengthening compliance of supply chain and procurement strategies, measures and frameworks, the likelihood of corruption will be drastically reduced if not totally eradicated. It demonstrates that the poor and the indigents who are supposed to receive quality services are being denied due to corruption. It also shows that failure to comply should result to enforcement of punitive sanctions against perpetrators.

Conclusions - This study indicates that effective and efficient implementation of supply chain and procurement strategies, measures and frameworks are panacea for curbing corruption in South Africa public sector especially at the local sphere of government.

Keywords: Political Office Holders, Local government, Procurement, Corruption, Poverty, Oversight, Basic Service Delivery.

JEL Classifications: Q51, Q56, Q58.

1. Introduction

South Africa became a constitutional democratic country in 1994 when the apartheid regime surrendered power and governance to the black majority (Beall, Gelb, & Hassim, 2005). Ever since, South Africa has taken a firm stand to entrench the rule of all in all aspects of the country. This culminated into the enactment of the Constitution of the Republic of South Africa, 1996 (Butler, 2017). Thereafter, for anything to be characterized as legal, it must derive its validity from the Constitution. The Constitution is the source upon which validity or recognition is accorded to any activity in South Africa including governance. The Constitution recognizes three spheres of government namely National, Provincial and Local. All these spheres derive their mandate

from the Constitution and they are autonomous from one another. Each sphere has power as prescribed in the Constitution to undertake projects that will deliver basic services and good standard of living to the people. As such, these spheres of government have mandate to procure different services and infrastructure that will improve the standard of living of the people. This notwithstanding, the focus of this article is on the endemic corruption prevalent at the local sphere of government where officials are expected to deliver basic services to the poor and the community. Prior to 1994, Historically Disadvantaged Black South Africans (HDBSA) were deliberately denied and deprived of the enjoyment of socio-economic goods and services. The denial was so pervasive to the extent that the HDBSA never had any opportunity or access to do any business with the Apartheid government as all supply chain and procurements were designed solely for the White minority. The advent of constitutional democracy salvaged the situation and there was a sharp shift wherein the

* Professor, Faculty of Management & Law, Department of Public and Environmental Law, University of Limpopo, South Africa.
 Email: koacademics@gmail.com

HDBSA became involved and participated in procurements because the tide had turned from the minority rule to now a majority rule founded on the Constitution and the rule of law. While this shift is welcome, unfortunately, the opportunity given to the blacks to govern and deliver good services to the people has continually been threatened by endemic corruption which continues to rear its ugly head, especially in supply chain and procurement in various government establishments particularly in the local sphere of government. As a matter of fact, it is difficult to complete any contract without some sorts of inbuilt corruption which often results in the end product being either substandard or not fit for purpose. This aggressive corruption is prevalent from the tender stage through the supply chain up until the product is finally delivered. It involved the cooperation of different role players starting from the service providers to government officials who have the responsibility to ensure transparency at all stages of the processes by ensuring that the supply chain and procurement must strictly meet the requirement of laws and policies in order to deliver quality goods and services. Undoubtedly, the implication of corruption in supply chain and thereafter procurement of substandard goods and services would manifest when the poor who are supposed to be serviced receive poor services. This painful situation of poor and inefficient delivery of services resulting in poor drinking water, lack of electricity, bad road networks in the rural areas, dilapidated buildings at schools and so on are being experienced on a daily basis in peoples' lives in South Africa (Rodina, 2016). It is against the backdrop of these corrupt practices in supply chain and procurement resulting in poor service delivery to the people, that this article critically accentuates for the strengthening of the compliance, implementation and enforcement of supply chain and procurement in order to block all the loopholes usually used by the perpetrators to commit procurement frauds.

Endemic corruption is being allowed because political parties, leaders and the officials that have been deployed to serve in government institutions and in particular in the local sphere of government are fundamentally unsuited to the task of being committed and principled leaders. The reason for this incompetency and corruption is that political parties incentivise and reward members who display the most loyalty to the party rather than those who are best suited to provide ethical service to the local government and the wider society (Hood & M Lodge, 2006). Unfortunately, political leaders and those that are deployed to different political offices in different institutions are mostly loyal members of the party and as such their misdemeanours and corrupt activities are being overlooked by their parties that supposed to admonish them. The current reality is that most of these leaders lack etiquette and integrity and are often involved in corrupt activities in supply chain and procurement.

Fighting and combating corruption entails the involvement of everyone including using the existing anti-corruption laws,

policies, measures and strategies to hold corrupt officials accountable (Johnson & Sharma, 2012). Corruption is a major problem in the supply and procurement in most of the local governments of South Africa (Ambe & Badenhorst-Weiss, 2012). Therefore, prevention of corruption in the local sphere of government requires effective procurement and supply chain management units (Naidoo, 2012). This is critically imperative and as such the Prevention and Combating of Corrupt Activities Act 12 of 2004 which categorises corruption and related activities as offences is a tool to prevent corruption before it happens through meticulous supply chain and procurement processes. Similarly, the Municipal Finance Management Act (MFMA) 56 of 2003, is a proactive tool that establishes a regulatory framework for Supply Chain Management (SCM) which includes procurement in Municipalities and Municipal entities. These are very strong tools that are able to prevent and curb corrupt activities in the supply chain and procurement processes if effectively utilised. To this end, it is apposite to reiterate that having the tools is not enough, there should be a concerted effort by all the stake holders and role players involved in supply chain and procurement to ensure that constant oversights contained in these tools are used to prevent and fight corruption. Undoubtedly, supply chain that delivers quality products, goods and services to the needy in local government will definitely be part of the solution to reduce poverty and improve quality standard of living for the beneficiaries.

However, most times, corrupt practices and activities usually entail collusion by both the officials of private and public sectors by conniving together to commit fraud against the local government whereby these corrupt individuals gain economically from government businesses by supplying substandard or defective goods and services to the local government (Kalombo, 2005). Over and above, this is tantamount to an abuse of public power for private gain and self-aggrandisement by those who have been put in positions of authorities to render and deliver services to the needy and poor.

The culture of continuous aggressive corruption in delivery of basic goods and services meant to alleviate poverty is a recipe for impunity if it is not curbed and sanctioned (Fisher, Vasilache, & Rata, 2006). Therefore, ensuring good government entails that responsible officials are held to the highest standard of accountability, integrity, transparency, respect for the rule of law and ensuring that processes of supply chain and procurement are strengthening from the inception up until all delivery to the needy and beneficiaries (Anderson & Kovacic, 2011).

Describing supply chain and procurement corrupt activities, The United Nations "broadly defined corruption as the single greatest obstacle to economic and social development around the world. Corruption distorts markets, stifles economic growth, debases democracy and undermines the rule of law, thus, contributing to conflict and instability. It

has been estimated, for example, that the cost of corruption equals more than 5% of global GDP (US \$2.6 trillion), with over US \$1 trillion paid in bribes each year" (UN, 2016).

Generally, according to Business Tech (2017), it is estimated that corruption costs the South Africa gross domestic product (GDP) at least R27 billion annually as well as the loss of 76000 jobs that would otherwise have been created. With regard to the local government, according to the AGSA 2017 report, "of South Africa's 257 municipalities that were audited, only 33 municipalities (13%) managed to produce quality financial statements and performance reports and complied with all key legislation, thus receiving a clean audit." The remaining 224 which is approximately (87%) were marred with various accounting failures, wasteful expenditures, corruption and so on.

One of the areas where corruption is rampant is in delivery of goods and services to the public. Undoubtedly, corruption has a very huge impact in the supply chain and procurement. In order to fully appreciate the devastating impact of corruption in the supply chain and procurement, there is a need to first understand the common types of corruption in the supply chain and procurement (Chakraborty & Mandal, 2014). Often, these types of corruption such as kickbacks, fraudulent billing, various purchasing and sales schemes, corrupt practices involving governments and other public actors, suppliers who corruptly bypass health and safety requirements, suppliers who evade legitimate law enforcement, suppliers who avoid necessary licensing, suppliers who pay bribes to customs officials or licensing authorities, suppliers who pay bribes to government officials to bypass taxes are perpetrated with the assistance of the government officials and employees (Guterman, 2016).

Perpetrating these sorts of corrupt practices "have the potential of causing devastating harm to communities and societies whether via harmful product quality or deadly safety and environmental disasters." Hence, local government accountability failures result in the local government not achieving their set objectives, which in turn has a negative impact on the lives of the citizens who ought to be served. Examples abound in different local municipalities where the goods supplied, instead of assisting and improving the quality of lives of the poor, have negative impacts on their lives because they are of substandard and poorer quality.

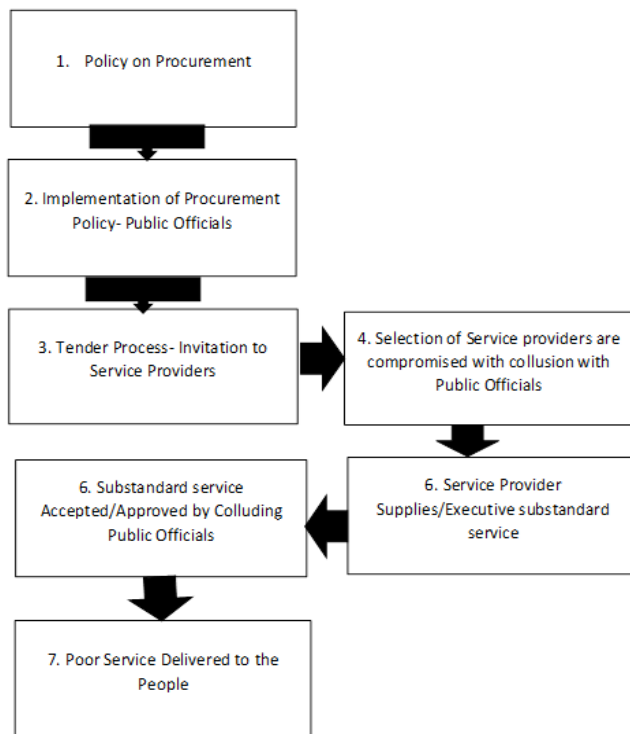
According to the Auditor General South Africa Report (AGSA, 2018), local governments have been failing in their mandates to deliver quality services to the people an example of accountability failures on local government infrastructure was the "construction of Thabong T16 waterborne sanitation (Matjhabeng) where the project started in 2014-15 at a budgeted amount of R62 million. The municipality prioritised the construction of the toilet structures, plumbing and internal sewers ahead of the bulk network at the pump station, while the sewer pipeline was also not connected to the pump station. This resulted in sewage overflow around the area of construction, which

caused pollution and which could potentially compromise the health and safety of the Thabong residents" (AGSA, 2018).

Sadly, most individuals who were the highest contributors to project failures, accountability failures and irregular expenditure are all linked to poor consequence management because there is no political will on the part of the local government to hold perpetrators accountable hence no consequences for wrongdoing (Goetz & Jenkins, 2004). It is against the backdrop of this consequence management failure that the Auditor general emphatically asserted that "as long as the political leadership, senior management and officials do not make accountability for transgressions a priority, irregular, unauthorised and fruitless and wasteful expenditure as well as fraud and misconduct will continue. An environment that is weak on consequence management is prone to corruption and fraud and the country cannot allow money intended to serve the people to be lost. Most auditees have the required policies and processes to ensure that transgressions and fraud are identified and acted upon, but chose not to use it—a clear indicator of a lack of commitment to accountability" (AGSA, 2018).

2. Model, Hypothesis and Goals

The article utilized non-empirical research approach based extensively on extensive review of existing literature on supply chain, procurement, corruption, poor service delivery and the impact on the poor. Therefore, the policy framework on supply chain and procurement serve as unique model which speak to ensuring that all procurement by the local sphere of government are done transparently and corrupt free in order to procure high quality products and services from the service providers and as such all role players and stake holders are expected to ensure that the processes and procedures of supply chain and procurement are above board. Therefore, this article is based on the assumption that the stakeholders and role-players involved in supply chain and procurement will not compromise or corrupt the processes and procedures in order to ensure that the best service provider wins the tender or contract and deliver according to specification. The overall goals of this article are to expose compromises, corruption and lack of transparency in the supply chain and procurement of goods and services in the local sphere of government in South Africa. It demonstrates that due to these corrupt tendencies and practices, the poor and the indigents are usually providing with poor services and these are having significant negative impacts on the lives and well beings of the poor. Figure 1 depicts perfectly the way and manner corruption processes are being perpetrated.



<Figure 1> Depicting the processes of corruption in the local sphere of government supply chain and procurement

3. Literature Review

Corruption is an illegal activity being often perpetrated by people who are in position of authority. It is a deliberate and intentional misuse of public office in a way that is contrary to or in conflict with the principle of objectivity in public service performance (Locatelli et al., 2017). Broadly defined, corruption is "the misuse of entrusted power for private gain" (Vargas-Hernández, 2013). It is usually being perpetrated during the course of performing or executing a project in a workplace and as such amounts to occupational crime (Tunley, Button, Shepherd, & Blackburn, 2018). Put in other words, "occupational crime is relevant when analyzing passive corruption. It means that an employee, in a public or private organization, has abused a position of power or trust for private gain and against the interests of the employer" (Ashforth & Anand, 2003). It is mind boggling to see that most of these corrupt activities are being committed by political decision-makers (Greve, Palmer, & Pozner, 2010).

Supply chain is "is a network of retailers, distributors, transporters, storage facilities, and suppliers that participate in the production, delivery, and sale of a product to the consumer. It is typically made up of multiple companies who coordinate activities to set themselves apart from the competition" (Mentzer, DeWitt, Keebler, & Min, 2001).

Whereas, procurement involves buying the goods and services that enable an organisation such as the local government to operate in an ethical manner by delivering good services to the poor and the needy in the communities. Procurement applies to all kinds of acquisition of public goods and services (Edler & Georghiou, 2007). However, with regard to providers of goods and services, the actors are usually companies, firms and enterprises, as well as private company. However, supply chain and procurement could be used to perpetrate corruption if it is allowed by those who are in position of authority (Anand, Ashforth, & Joshi, 2004). The misuse of power breeds corrupt activities due to lack of accountability and good governance (Shah, 2006). Those who are in position of authority deliberately and intentionally perpetrate this sort of corruption not because they do not receive remuneration from the jobs they do but because they are corrupt, greedy and self-serving (Zahra, Priem, & Rasheed, 2005). They engage in various criminal malfeasants by stealing from the poor and depriving them of basic services. It is against the backdrop of the harm being inflicted on the needy that the UN Convention against Corruption mandates that state parties to the Convention should outlaw corruption and corrupt activities such as bribery of public officials; embezzlement; abuse of function; Illicit enrichment by public officials; money laundering; and obstruction of justice (Bloom, 2013). However, only outlawing is not enough if what constitute corruption and the sanctions are merely written in black and white without enforcement. There should also be full implementation of all the anti-corruption legislation and policies including international conventions in order to combat corruption.

In most local governments in South Africa, corruption is a pervasive stain on the supply chain and procurement (Bowen, Edwards, & Cattell, 2012). The concern is that corruption is so widespread as a new normal to the extent that there is culture of impunity. Furthermore, corruption is condoned because of a perceived absence of deterrents and sanctions, and poor ethical standards (Huisman & Walle, 2010). Most of the people in positions of authorities are involved in different types of corruptions and factors that may give rise to corrupt activities such as soliciting for bribes and in tender manipulation (Bhre, Elyachar, Ikuenobe, & Jeffrey, 2005). It is important to point out that the private sector and individuals and other actors in the supply chain and procurement are not beyond reproach. Perpetrators of corruption are all willing and available collaborators in the delivery of sub-standard products and services to the needy and poor.

It is also important to point out that not all officials in the local sphere of government are corrupt. There are uncorrupt officers, some of them are whistle blowers but most of them have decided to keep quiet because of the fear of victimization and dismissal from work and the party (Hersh, 2012). However, those who overlooked or silent by those

who witnessed corruption but look the other way are barriers to combating corruption. The private sector is expected at all times to adhere to the principle of Corporate Social Responsibility(CSR) when conducting business with the public sector particularly the local government(Jamali & Safieddine, 2008). CSR entails that the company should operate in all dealings, including in the processes of supply chain and procurement with the highest standard devoid of any form of fraud or corruption to defraud. Integrity should take a center stage in business transactions rather than recording of profits at all costs using different shady means. A corporate entity that colludes with any of the government employees to defraud and steal from the local treasury is definitely engaging in criminal activities and the sanction might be punitive to the extent that not only the company would be liquidated but the officials and directors of the company could be held criminally responsible and accountable.

Prevention of corruption entails that effective checks, oversights and control are in place. These may be referred to as anti-corruption control measures(Graycar & Prenzler, 2013). In furtherance of this, effective implementation of these measures is critically imperative for corrupt-free supply chain and procurement. Also crucially important is the need to raise public awareness on corruption as a crime that takes away from the poor and the communities(Langseth, 2016). The concept of a system of transparency should also be encouraged by giving free access to any person to check "local government activities such as procurement processes, and even protect whistle blowers when they report corruption to the authority, something that would have an impact on corruption"(Legodi, 2017).

Corrupt practices and activities in the supply chain and procurement come with a huge price. The devastating impact of corruption on the poor, and society at large is succinctly articulated by Legodi(2017) thus, "the impacts of corruption on the communities that government departments and local government are supposed to be servicing would lead to human suffering, stifling of investment and economic growth, it would also destroy public and business trust in government, as corrupt governments and societies become very inefficient in service delivery. Thus, services such as health, education, law, and transportation are likely to be affected if the problem of corruption persists."Through patronage and deployment of comrades in important positions, which might often end up affecting qualified individuals not able to access job opportunities and impacting on their socioeconomic status and in the process depriving society of the best knowledge and skill of the most qualified to serve in government. Less qualified people and decisions made because of bribes and other forms of corruption will lead to mismanagement and suboptimal administration.

4. Combating Corruption in Supply Chain and Procurement

Corruption is extremely pervasive in the local sphere of government in South Africa and this needs serious attention in order to address it as a matter of urgency(Habtemichael & Cloete, 2010). There should be a concerted effort to fight and combat corruption in supply chain and procurement. This is essential in order to ensure that local government officials deliver quality services to the public as mandated. Usually, there are different players at different levels in these types of corrupt activities and as a matter of fact, private sector businesses play a substantial role in perpetrating corrupt activities. The reason for this averment is that private businesses and their officials are responsible for using their human capital to produce finished products and services which are supplied to customers sometimes through an intermediary-contractor or middle man to the final end users. In order for this problem to be tackled, it requires the support of all the actors in the supply chain by strictly adhering to the frameworks that have been put in place to ensure the supply and delivery of quality services and products to the consumers-users. More importantly, effectively implementation of Supply Chain Management and effective Human Resources Management systems are considered as measures that could be utilised in order to control or curbing the scourge of endemic corruption.

Business that practice and perpetrate supply chain and procurement fraud risk reputational damage and unnecessary expenses. For example, a business if sued in a court of law and found liable for fraud, this could amount to irreparable damage to the company's reputation and cost it heavily (Beachler & Shevory, 2014). Therefore, it is the responsibility of the company executive to ensure that appropriate intervention is taken in order to avert this reputational embarrassment and unnecessary expenses.

Perpetrators are usually on top of the corruption game and as such they could frustrate steps taken towards fighting corruption and negatively influence the outcome of basic delivery processes which will culminate into procuring poor services(Soreide, 2002). Unfortunately, the poor beneficiaries who are supposed to be serviced will be the hardest hit. Fighting corruption in supply and procurement entails that corruption is prevented during all stages and ways in the procurement and supply, some of which are:

4.1. The vendor selection stage

This is where the procurement official may demand money and favors as kickbacks from supplier to secure tender or contract or provide inside information on bidding process. If this happens, the suppliers are expected to refuse to make the corrupt payment on the grounds that such payment violates the business principles of the

company and may violate applicable laws, which could lead to dismissal and criminal prosecution. This act of honesty and integrity will send signal to the corrupt official to desist from illicit solicitation.

4.2. During contract performance

In this regard, situation may happen where supplier offers kickback to procurement manager to secure contract or provide inside information on bidding process. This is rampant in many cases involving tenders in the local government. The procurement officers divulge information of the tender already received to the suppliers who offer kickback in order to submit a favorable bid that would be acceptable. To avert this sort of situation, the procurement official should refuse the corrupt payment on the grounds that it violates the laws and policies of the government and could lead to dismissal and criminal prosecution of all parties involved.

4.3 Bribery of government officials

This is very rampant in the local sphere of government where patronage and nepotism are the order of the day. Incidents of offering tenders to family members, submissions of fake invoices for works not done, offering of gifts and payments, in the health sector, suppliers bribes government officials to pass health and safety inspections. These are some of the examples but the list is not exhaustive.

5. Holistic Measures and Strategies for Effective Supply Chain and Procurement

Effective corruption control entails a determination to ensure that the right thing is done throughout the procurement and supply chain (Rushton, Croucher, & Baker, 2014). To this end, effective management structure, strategy, control, planning, programming, oversight, logistic management inventory control and quality assurance are the ingredients for sustainable efficient supply chain which will deliver high quality goods and services (Obanda, 2010). To be more effective and efficient in the supply chain and procurement, management might require the local authority to "implement common risk assessment processes, common information systems and the increasing use of automation" (Gunasekaran, Patel, & McGaughey, 2004). More importantly, in order to deliver the desired outcome, coordinated Supply Chain Management such as the procurement (including sourcing, selection, tenders, bidding); quality; legal; operations (including logistics management, inventory control; audit (including cost control, oversight; contract management; human rights or CSR and human Resources including communication and cooperation are needed (Monczka,

Handfield, & Giunipero, 2015).

In order to have a supply that is quality assured, there is need to ensure that all the participants in the processes of supply are committed to upholding a very strong integrity in the processes. This commitment should be undertaken at every stage and level of the supply until the goods and services are finally delivered. Quality service is achievable if there is proper monitoring of the supply chain management from the commencement to the final delivery. To this end, the skills and expertise of the supply chain professionals in the evaluation and control at each stage of the supply chain process from initial sourcing through post performance supplier evaluation are critically imperative in order to deliver quality products.

Therefore, there should be a firm commitment to ensure the ethical practices of the supply chain and procurement at all stages of the transactions and more importantly, there should be a strong commitment and wide effort to root out corruption at all stages whenever they are identified or suspected. No perpetrator should be allowed to cross the red line before necessary intervention is meted out. Over and above, the overall commitment of all the role players and stake holders in supply chain and procurement should be to entrench corruption prevention as the most potent aspects of management and control at all stages and undoubtedly with effective implementation of corruption prevention, quality would be assured, supply would conform to the tender and quality products and services would be delivered to the needy.

More importantly, proactive intervention is the key. Proactive intervention entails that crime is prevented from being committed by putting in place adequate and appropriate regulatory systems, plans, procedures and protocols to prevent perpetration of corruption. Crucially important, there should be a holistic approach to preventing corruption from occurring in the first place. This is more desirable and could be effective because prevention is always better than cure (Legodi, 2017). This is because if corruption is allowed and committed, the harm inflicted might not easily be undone considering that the perpetrators are emboldened by virtue of the success achieved in the first instance.

Over and above, very strong political will is required to drive anti-corruption activities in the supply chain and procurement. Considering that most of the political employees have been tasked with the tasks of delivering basic services to the needy and poor in the communities, it is the responsibility of the political parties and leaders to continue to monitor performance and delivery. Even before criminal responsibility and accountability kick in, the political party itself should have been seen to have taken steps to put erring corrupt employees through the disciplinary process for misconduct and engaging in corrupt activities. More importantly, the point should be made that most political employees rely solely on deployment for their livelihoods.

Threat of being charged and if found guilty and dismissed from the political party might be another form of control against official corruption.

Improvement in procurement processes along with shifts towards higher standards of ethical behavior among public sector employees at all levels is required, particularly at the local sphere of government where the officials are mandated to deliver basic services to the poor who reside in the areas and communities. The political parties know all their members especially those deployed to serve, therefore, there should be a water-tight cooperation and collaboration to adopt a more proactive stance against corruption, and be more engaged with detecting and reporting it prior, during and after the processes of supply chain and procurement.

6. Synthesis

There should be constant initiatives taken to root-out corruption and as such in a bid to do this, the local authority must be able to implement and enforce publicly-available anti-corruption laws and policies including a zero-tolerance anti-corruption policy and law (Basopu, 2010). Also employers should provide specific examples of consequences for corruption through anti-corruption handbook with graphics of the consequences displayed in the book.

More importantly, the culture of party patronage and loyalty which usually enabled the deployment of unqualified members to sensitive offices should be prohibited. To this end, the local authority should recruit those who are competent and have capacity to deliver. Similarly, there should be promotion and rewards for employees whose ethical values are consistent with the local authority. More importantly, there should be intensive screening for employees with higher corruption-risk exposure to procurement, sales, meeting planners and so on. It is imperative that the processes of reporting mechanisms which should not result to the victimization of person who report corruption should be established. This will encourage the reporting of suspected bribery and other unethical supply chain and procurement practices by the local authority and its suppliers and other business partners (Patterson & Goodwin, 2018). Similarly, there is need to create an environment where employees feel safe to speak up without fear of retaliation (Milliken, Morrison, & Hewlin, 2003). This will promote freedom of expression in a positive way and the employer would be able to know those that are involved or complicit in corrupt activities. Crucially, there should be consistent training of all relevant personnel on anti-corruption laws and policies, and consequences of bribery and corruption. The employees also need to be well remunerated in order to reduce the risk to demand or accept kickbacks and engage in corruption.

Probably most of these officials engage in corruption and kickbacks mainly because the monthly wages being paid to

them are not sufficient to take care of their needs hence they result to corrupt activities. This inadequate wage is commonly referred to a capitulation wage which Besley and McLaren (1993) described as a "situation where the government "capitulates" because corruption is endemic and monitoring does not function. Thus, it makes no sense to revise salaries and the government pays very low wages, aware of the bureaucrats' ability to manage on bribes and stealing."

The point must be made that there could be no reason for justification of corruption considering that the official conceded to the contract of employment at the time of hiring and all the conditions are clearly stated including how salary and wages would be increased. The concern is that even where the corrupt official has benefitted so much from corruption and his economic needs have substantially improved by the help of bribes and kickbacks received this does not mean that the official will stop collecting bribes and kickbacks even when he had reached an acceptable standard of living (Soreide, 2002). Instead of stopping the act, the official still continues because aggressive greed and self-enrichment would continue to push him to engage in corrupt activities. Another reason why there is endemic corruption in the local government is the perception that everyone else is involved in corrupt activities. In South Africa, it has been generally acceptable that corruption is pervasive and it is a huge problem which is affecting all aspects of the society. Unfortunately, the poor are the hardest hit. Corruption in supply chain and procurement at the local government makes the officials or the politicians in charge buy goods or services from the best briber, instead of choosing the best price-quality combination. This is the practice in virtually all local governments in the country. Most of the politicians and government officials live lavish and flamboyant lifestyles due to the kickbacks they received from corrupt activities. These lifestyles have often attracted many brilliant youths to prefer jobs in the public sector particularly local government instead of more scientific professions where they would make remarkable contribution to the country. Many of them are attracted to the get-rich-quick syndrome prevalent in the public sector.

Most times corrupt activities and fraudulent acts involve notable politicians and public officials. The involvement of these individuals in corrupt acts, and the persistence of the acts over time with impunity are both disturbing and puzzling. The conducts of these individuals can be explained in part by the rationalization tactics used by individuals committing unethical or fraudulent acts (Anand et al., 2004). Rationalizations are mental strategies that allow employees and others around them to view their corrupt acts as justified (Zyglidopoulos, 2009). Often when suspected or caught in the acts, perpetrators may use rationalizations to neutralize any regrets or negative feelings that emanate from their participation in unethical acts (Anand et al., 2004). Perpetrators also frequently recruit newcomers into their fold

by inducing them to accept that ongoing unethical acts and their associated rationalizations are the norms rather than exemptions (Ashforth & Anand., 2003). Undoubtedly, these tactics had established enduring corruption in the local sphere of government and become institutionalized in seemingly innocuous processes.

Corrupt activities have pervasive impacts "on the poor since it reduces the funding available for social services and distorts public choices in favour of the wealthy and powerful, resulting in larger income differences between rich and poor" (Soreide, 2002). More importantly, establishing initiatives that promote culture of ethics and accountability in the workplace is a potent means of tackling and combating corruption by people in the positions of authority.

While implementation and enforcement of the policies and laws on supply chain and procurement are strong tools to root out corruption, soft strategies are also useful in ensuring that things are done properly and that corruption is contained at all stages of supply chain and procurement and as such the following strategies are suggested (Luo, 2005): The local government must ensure that there is an independent procurement manned by professional officials and not necessarily by party members or politically connected individuals (Philp, 2001). It is critically important that there is constant rotation of public officials and responsible for procurement in order to curtail corruption especially in the local sphere of government where there is high levels of corruption (Rothstein, 2011). Usually, there used to be many centers of decision-making in the local government, in order to curb corruption, this should be reduced for efficiency and oversight. The rules governing supply and procurement should be made clear, simple and available to the public so that there is transparency in all the processes as this will show what an honest system is supposed to be. To this end, there must be ample access to information in the supply chain and procurement procedures.

Crucially, those who intend to do business with the government should have insurance coverage and be able to make payments of deposits in order to reduce the threat of various forms of corrupt activities and problems that may arise after contract assignment (Soreide, 2002). For this to be effectively done, the rules and routines for communication during the tender should be carefully respected by all parties. Undue delays usually lead to suspicion hence the request should be announced as early as possible and invitation for tender published in due time in major newspapers and local newspapers.

More importantly, the losers should be availed opportunity to know why their bidding as unsuccessful and as such, should be provided with an explanation of the rejection and relevant information about the tender. There should be a board of appeal to adjudicate all concerns. For example, when the project is awarded and during the course of execution there is any major problem, a committee should

respond, not just one official. All these activities should be recorded as record keeping is essential to enable inspection.

The supply chain and procurement processes and procedures must include rules of disqualification concerning public officials responsible for the acquisition. Even though there is a high number of tender participants, the processes can still be manipulated whereby one person is tendering but using different company names. To this end, competition is not assured because the whole processes would have been manipulated to produce a certain outcome. This is tantamount to corruption of collusion to fix price. In order to tackle this, benchmark prices should be referred to in negotiations. It is important that public officials involved in supply and procurement have the requisite technical skill to enable internal evaluations of consultancies.

Modern technology should play a significant role in reducing supply chain and procurement corruption in the local sphere of government by using information technology but this should be included in the supply chain and procurement rules (Chaffey, 2007). While the use of information technology is welcome, the use should be restricted to the pre-qualification phase. All companies doing business with the local government should be encouraged to certify that they comply with all anti-bribery laws. The companies selected for contract awards should be required to make anti-corruption commitments. Anyone who has bribed or tried to bribe public officials in order to be awarded contract or tender should be excluded from future tenders and be handed over to law enforcement agents for prosecution. Over and above, the tender contracts should include provisions making it possible for the state to hold back payments to be forfeited if bribery is detected.

7. Conclusion

Political office holders and government officials have the responsibility to deliver quality services to the people in their community, especially the poor and the vulnerable. However, oftentimes in the processes of carrying out this responsibility, corruption and fraud are committed such as stealing from the poor who are supposed to be benefiting from basic services. Mostly, corruption is usually perpetrated by individuals in the course of supply chain and procurement of quality services and products. Allowing the service delivery processes to be corrupted by political office holders and government officials show disdain and lack of care to the poor who are mostly vulnerable. This article has demonstrated that corrupt government officials and suppliers should be held accountable and there should be consequences and sanctioned for such unethical misbehavior

References

- AGSA(2018). Auditor General South Africa, Auditor-general laments lack of accountability as he releases declining local government audit results. Retrieved July 14, 2018 from www.agsa.co.za/Reporting.
- Ambe, I. M., & Badenhorst-Weiss, J. A.(2012). Procurement challenges in the South African public sector. *Journal of Transport and Supply Chain Management*, 6(1), 242-261.
- Anand, V., Ashforth, B.E., & Joshi, M.(2004). Business as usual: The acceptance and perpetuation of corruption in organizations. *Academy of Management Perspectives*. Briarcliff Manor, USA.
- Anderson, R.D., & Kovacic, W.E.(2011). Ensuring integrity and competition in public procurement markets: A dual challenge for good governance. Anna Caroline Müller World Trade Organization. Cambridge University Press.
- Ashforth, B.E. & Anand, V.(2003). The normalization of corruption in organizations. *Research in Organizational Behavior*, 25(3), 1-52.
- Basopu P.M.(2010). Assessing challenges of corruption in the Eastern Cape Department of Education. University of Fort Hare, Eastern Cape, South Africa.
- Beachler, D.W., & Shevory, T.(2014) When Good Companies Go Bad: 100 Corporate Miscalculations and Misdeeds: 100 Corporate Miscalculations and Misdeeds. US/Data/Biographies-Memoirs.
- Beall, J., Gelb, S., & Hassim, S.(2005). Fragile stability: State and society in democratic South Africa. *Journal of Southern African Studies*, 31(4), 681-700.
- Bhre, E., Elyachar, J., Ikuenobe, P., & Jeffrey, C.(2005). How to ignore corruption: Reporting the shortcomings of development in South Africa. University of Chicago Press, USA.
- Bloom, B.(2013). Criminalizing Kleptocracy: The ICC as a Viable Tool in the Fight against Grand Corruption. *American Journal of International Law Review*, 29, 627-639.
- Bowen, P.A., Edwards, P.J., & Cattell, K.(2012). Corruption in the South African construction industry: A thematic analysis of verbatim comments from survey participants. *Construction Management and Economics*, 30(10), 885-901.
- Butler, A.(2017). *Contemporary South Africa* Palgrave. London, UK. : Macmillan.
- Chaffey, D.(2007). *E-business and E-commerce Management: Strategy, Implementation and Practice*. Essex, England: Pearson Education Ltd.
- Chakraborty, A., & Mandal, P.(2014). Understanding challenges of supply chain sustainability in Asia. *International Journal of Process*, 4(1), 1-11.
- Edler, J., & Georghiou, L.(2007). Public procurement and innovation — Resurrecting the demand side. *Research policy*, 36(7), 949-963.
- Fisher, F., Vasilache, A., & Rata, N.(2006). Restore the health of your organization: a practical guide to curing and preventing corruption in local governments and communities. United Nations Human Settlement Habitat, Nairobi, Kenya.
- Goetz, A., & Jenkins, R.(2004). *Reinventing accountability: Making democracy work for human development*. New York, USA. : Palgrave, Macmillan.
- Graycar, A., & Prenzler, T.(2013). *Understanding and preventing corruption*. London, UK.: Palgrave Macmillan Publisher.
- Greve, H.R., Palmer, D., & Pozner, J.E.(2010). Organizations gone wild: The causes, processes, and consequences of organizational misconduct. *The Academy of Management Annals*, 4(1), 53-107.
- Gunasekaran, A., Patel, C., & McGaughey, R.E.(2004).A framework for supply chain performance measurement. *International Journal of Production Economics*, 87(3), 333-347.
- Gutterman, E.(2016). Corruption in the global economy. *International Political Economy*,(Oxford University Press Canada.
- Habtemichael, F., & Cloete, F.(2010). Complexity thinking in the fight against corruption: some perspectives from South Africa. *Politikon South African Journal of Political Studies*, 37(1), 85-105.
- Hersh, M.A.(2002). Whistleblowers—heroes or traitors?: Individual and collective responsibility for ethical behaviour. *Annual Reviews in Control*, 26(2), 243-262.
- Hood, C., Lodge, M.(2006). The politics of public service bargains: Reward, competency, loyalty-and blame. Oxford University Press, Oxford, UK.
- Huisman, W., & Vande Walle, G.(2010). The criminology of corruption. In G. de Graaf, P. von Maravic, & P. Wagenaar(Eds.), *The Good Cause: Theoretical* (pp.115-145). Leverkusen: Barbara Budrich Publishing.
- Jamali, D., Safieddine, A.M., & Rabbath, M.(2008). Corporate governance and corporate social responsibility synergies and interrelationships, 16(5), 443-459.
- Johnson, R.A., & Sharma, S.(2012). About Corruption—The Struggle Against Corruption: A Comparative Study. *Perspectives in Comparative Politics*, 1-19.
- Kalombo, G.(2005). Understanding political corruption in post-apartheid South Africa: The Gauteng experience. University of the Witwatersrand, South Africa.
- Langseth, P.(2016). *Measuring corruption*. Taylor & Francis Group, 1-38.
- Legodi, L.F.(2007). Governance Challenges in Combating Supply Chain Management Corruption in Ekurhuleni Metropolitan Municipality. University of Witwatersrand, South Africa.

- Locatelli, G., Mariani, G., Sainati, T., & Greco, M.(2017). Corruption in public projects and megaprojects: There is an elephant in the room! *International Journal of Project Management*, 35(3), 252-268.
- Mentzer, J.T., DeWitt, W., Keebler, J.S., & Min, S.(2001). Defining supply chain management. *Journal of Business Logistics*, 22(2), 1-25.
- Milliken, F.J., Morrison, E.W., & Hewlin, P.F.(2003). An exploratory study of employee silence: Issues that employees don't communicate upward and why. *Journal of management Studies*, 40(6), 1453-1476.
- Monczka, R.M., Handfield, R.B., & Giunipero, L.C.(2015). *Purchasing and supply chain management*. Boston, USA : Cengage Learning.
- Naidoo, G.(2012). The critical need for ethical leadership to curb corruption and promote good governance in the South African public sector. *Journal of Public Administration*, 47(3), 656- 683.
- Obanda, W.P.(2010). *Fighting corruption in tactical procurement*. Neitherslands : University of Twente.
- Patterson, J.L., & Goodwin, K.N.(2008). Understanding and Mitigating Supply Chain Fraud. *Journal of Marketing Development and Competitiveness*, 12(1), 70-83
- Philp, M.(2001). Access, accountability and authority: Corruption and the democratic process. *Crime, Law and Social Change*, 36(4), 357-377.
- Rodina, L.(2016). Human right to water in Khayelitsha, South Africa–Lessons from a 'lived experiences' perspective. *Geoforum*, 72, 58-66.
- Rothstein, B.(2011). *The quality of government: Corruption, social trust, and inequality in international perspective*. Chicago, USA: The University of Chicago Press.
- Rushton, A., Croucher, P., & Baker, P.(2014). *The handbook of logistics and distribution management: Understanding the supply chain*. The Chartered Institute of Logistics and Transport, London, UK.
- Shah, A.(2006). *Corruption and decentralized public governance*. Elibrary, World Bank Group.
- Soreide T.(2002). *Corruption in public procurement. Causes, consequences and cures*. Chr. Michelsen Intitute.
- Tunley, M., Button, M., Shepherd, D., & Blackburn, D. (2016). Preventing occupational corruption: Utilising situational crime prevention techniques and theory to enhance organisational resilience. *Security Journal*, 31(1), 21-52.
- UNG Compact(2016). United Nations Global Compact. *Fighting Corruption in the Supply Chain: A guide for customers and suppliers*. United Nations Global Compact, 2016. United Nations Global Compact, New York.
- Vargas-Hernández, J.H.(2013). The multiple faces of corruption: Typology, forms and levels. *Organizational immunity to corruption*, Information Age Publishing Incorporation, Charlotte, USA.
- Zahra, S.A., Priem, R.L., & Rasheed, A.A.(2005). The antecedents and consequences of top management fraud. *Journal of Management*, 31(6), 803-828.