

# SUPPLY CHAIN STRATEGIES AND POLICIES AS PREDICTORS OF PERFORMANCE: THE CASE OF SELECTED STATE-OWNED ENTITIES IN GAUTENG PROVINCE, SOUTH AFRICA

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## ABSTRACT

This paper aims to assess the effects of supply chain strategies and policies on supply chain performance in state-owned entities (SOEs) in South Africa. There is a gap in the literature on the linkage between supply chain strategies and policies and their influence on supply chain performance in South African SOEs. Supply Chain Management (SCM) plays a significant role in SOEs delivering their services and contributing to their socio-economic objectives. Empirical data for this research was collected from 300 supply chain management practitioners in state-owned entities based in Gauteng Province in South Africa. To evaluate the hypothesised correlations, hierarchical regressions were employed to analyse the data. The results reveal that supply chain strategy, Broad Based Black Economic Empowerment, and the Constitution significantly and positively predicted supply chain performance. SCM professionals in SOEs may use this study's results to diagnose supply chain performance-related problems. These results validate the importance of implementing

SCM strategies and SCM policies and regulations in shaping supply chain performance in SOEs.

**Keywords:** Supply Chain Management, Strategies, Policies, State-Owned Entities, Performances.

## INTRODUCTION

State-owned enterprises (SOE) are independent bodies partially or wholly owned by the government. They perform specific functions and operate by a particular Act. In South Africa, state assets or agencies were incorporated into some sectors to promote more effective and efficient service (Bussin & Carlson, 2020). Increasing pressure is being placed on SOEs to enhance service performance (Guimarães & Garo 2018). The forces emanating from public complaints resulted in numerous service delivery protests, putting SOEs in the spotlight (Managa, 2012). SOEs, therefore, implement their service delivery programmes through a Supply Chain Management (SCM) system. SCM plays a significant role in service delivery in SOEs.

SCM is considered a tool to contribute to the country's socio-economic goals. There are also high expectations for SOEs to perform their mandatory duties and comply with the policies and regulations. The SCM policies and regulations have been implemented to govern acquiring goods and services an organisation needs to function efficiently (Wisegeeek, 2013). SCM policies and regulations are meant to provide transparency and uniformity in the procurement processes in Government (Gelderman, Ghijsen & Schoonen, 2010). National SCM policies and laws govern the SCM in SOEs. This is done to ensure the uniform application of the policies and regulations at all levels of Government (Glas, Schaupp & Essig, 2017). The SCM policies and regulations establish the procedures to be applied, advertising rules and time limits, the content of tender documents and technical specifications, tender evaluation and award criteria, guidelines for submission, receipt and opening of tenders, and the complaints system structure and sequence (Kirui & Nambuswa, 2017). The public sector SCM in South Africa is subjected to reforms, restructuring rules and regulations (Okong'o & Muturi, 2017; Koech & Namusonge, 2015). The intention of regulating the environment is to minimise discretion by those in the officialdom, corruption and political risks. The SCM policies of SOEs must be aligned with the SCM policies and regulations and the SCM strategies.

SOEs deliver their services through the public sector SCM system. Numerous poor service delivery issues, on the one hand, are reported in the public domain with a general perspective that corruption and adverse audit reports cite poor SCM policies and regulations compliance. Literature is replete with several SCM strategies that can be implemented in SOEs to

ensure adherence to the policies and regulations. These may include strategic sourcing, open tender, three quotation system, developing and maintaining good relationships with suppliers, developing suppliers, and adopting short to medium-term contracts to take advantage of competing offers (Mutua, 2015; Mauki, 2014; Khadija & Kibet, 2015). Thus, SOEs must implement suitable strategies for their business organisation in line with the SCM policies and regulations. On the other hand, it suffices to indicate that SCM plays a major role in addressing the socio-economic gaps in the country. Poor adherence to the SCM policies and regulations and misaligned SCM strategies will compromise the performance of SCM and consequently SOEs at large. This paper, therefore, aims to assess the effects of supply chain strategies and policies on supply chain performance in Gauteng State-Owned Entities (SOEs) in South Africa.

Apart from this introduction, this paper is structured as follows; in the next section, a literature overview is presented followed by a discussion on the research methodology and concludes with the results and discussion of the findings.

## **LITERATURE REVIEW**

This section of the paper reviews literature relevant to the study. It begins with a theoretical review followed by supply chain policies and regulations, supply chain strategies, and supply chain performance in SOEs.

### **Theoretical Review: Market-Based Theory**

The market-based theory (MBT) is grounded on economic principles, assuming that the

external environment positively influences a firm's performance (Hitt, Hoskisson & Ireland, 2009). Hitt, Hoskisson & Ireland (2009) further emphasise that the "firm's performance is determined by industry properties, economies of scale, barriers to market entry and product differentiation". The MBT also called the profit-maximising, and competition-based theory was centred around the idea that the main objective of an organisation is to maximise long-term profit and develop a sustainable competitive advantage over competitive rivals in the external marketplace. Given the significance of the value chain in SCM, Michael Porter created a strategic management tool for examining an organisation's value chain (Eby, 2018). Five major activities comprise Porter's value chain: incoming logistics, operations, outbound logistics, marketing and sales, and service (Baxter, 2019). Before designing its business-level strategy, a company must have a thorough grasp of the variables that drive earnings in its industry of competition. Porter's Five Forces Model is one of the tools available for undertaking this crucial examination. Industrial organisation (IO) economics provide the basis of Porter's Five Forces Model (Barutçu & Tunca, 2012). Porter introduced purchasing, specifically supplier management, as an essential driver of competitive advantage.

Porter's model can identify an organisation's competitive advantage and improve the understanding of the industry context in which the business operates (Bailey, Farmer, Jessop & Jones, 2015). SCM's role is to reactively implement the chosen business strategy. It also plays an essential role in implementing the cost-leadership strategy. SCM's responsibility is to ensure that goods

and services are high quality and reasonably priced. SCM, therefore, drives the strategic sourcing process through industry analysis, selecting suitable suppliers, and negotiating costs, as a rand saved is a rand earned.

Therefore, MBT applies to the effort to build and maintain organisational relationships with suppliers, the cost of monitoring the performance of suppliers and resolving the problems that arise in the business relationships, and helps instilling opportunistic behaviour when the organisation is engaging with relevant suppliers. For purposes of this paper the theory informs the following objectives: (i) to assess key SCM performance indicators in SOEs; and (ii) to determine the impact of the relationship between supply chain strategy, SCM policies and regulations, and SCM practices on SCM performance in SOEs in South Africa.

### **Supply Chain Management Policies and Regulations**

Public Sector SCM in South Africa is highly regulated (Hanks, Davis & Perera, 2008), as quoted in Zitha, Sebola & Mamabolo, 2016). Most SOEs currently employ e-procurement to create an inclusive system, favourable to National Treasury. According to Zitha, Mukonza and Mpehle (2021), electronic systems have the potential to significantly improve the efficacy and efficiency of government expenditure. The principles of SCM are embedded in the Constitution of South Africa, 1996. This is due to the historical background of SA; the primary goal of policies and regulations is to address the socio-economic gaps created by the apartheid regime. Therefore, more than 80 policies and rules govern SCM in South Africa (National Treasury, 2016).

Sound policies and regulations are among the essential elements of good governance in SCM (Glas, Schaupp & Essig, 2017). The national SCM policies and laws govern the SCM in SOEs. This was done to ensure the uniform application of the policies and regulations at all levels of Government (Glas, Schaupp & Essig, 2017).

In addition to the above, the justification for South Africa's rigorous SCM regulatory framework is the intention to promote transparency, accountability, and efficiency in the use of public funds (Owuoth & Mwangangi, 2015). In such a scenario, compliance is crucial since it strengthens control mechanisms and minimises corruption and inefficiency. In South Africa, it is known that more than 80 provisions of legislation influence SCM (National Treasury, 2015). SCM in South Africa, anchored in section 217 of the Constitution (1996) has evolved to be fair, equitable, transparent, competitive and cost-effective. This Constitutional requirement reverberates in section 51(1)(a) of the PFMA, which states that an accounting authority for, among others, a national or provincial department or public entity must ensure that the department or entity has and maintains an appropriate procurement and provisioning system, which is fair, equitable, transparent, competitive and cost-effective.

As public procurement constitutes a significant economic activity for all SOEs, regulations are a sensitive component of a country's legal framework and an essential supplement to public finance legislation. In addition to the legislative framework for Government SCM, the National Treasury released SCM guidelines for accounting officers and, from time to time, issues practice

notes and circulars that guide the implementation of SCM in all spheres of Government. Ambe and Badenhorst-Weiss (2012) assert that "National Treasury regulations reinforce the provisions of the PFMA, finalise the decentralisation of the SCM function to the accounting officer, and formalise the integration of various functions into a single SCM function".

The authors emphasise the remarks in the Auditor-General's (AG) SCM reports from 2017 to 2021. During the 2016-2017 audit, the AG highlighted that one of the Public Finance Management Act (PFMA) requirements is that SOEs have policies and procedures to safeguard that their procurement processes are fair, equal, transparent, and competitive (AGSA, 2017). Although SCM regulations existed, the AG determined that officials need a greater understanding of the policies and the procurement procedures they should adhere to; in some instances, they disregarded them (AGSA, 2017). In addition, the AG discovered evidence of arbitrary contract granting to select vendors. The AG, during the 2017-2018 period, highlighted that a total of R1.824 million (98%) of the irregular expenditure was attributable to noncompliance with SCM legislation: 61% associated with failing to comply with procurement process requirements, 21% to noncompliance with competitive bidding or quotation processes, and 18% to noncompliance with contract management legislation (AGSA, 2018). The AG also stated that a prevalent underlying cause of SCM deficiencies in the current year was a lack of execution of sanctions for violations by officials, and a lethargic reaction to implementing pledges made in the prior year to adhere to SCM rules (AGSA, 2018).

This reaction was sluggish partly because important leadership positions were unstable (AGSA, 2018).

In comparing the 2018-2019 audit to the preceding year, the overall audit results of SOEs had declined dramatically during the last five years. Similarly, confidence in the SEOs' capacity to handle the affairs of SOEs has declined in recent years (AGSA, 2019). As a result of executive and managerial volatility, it is hard to hold those responsible accountable for the ineffectiveness of the almost yearly implementation of turnaround programmes (AGSA, 2018). The AG noted with concern that supervision of essential controls could have been much better at most SOEs (AGSA, 2019). The AG's report concluded that the results of the overall audits of the SOEs were the worst they have ever been (AGSA, 2019). With the appointment of new accounting authorities at most SOEs, further attempts to reverse the catastrophic state of affairs have started (AGSA, 2019). There was a large rise in irregular expenditures at these SOEs due to efforts to eliminate earlier irregularities.

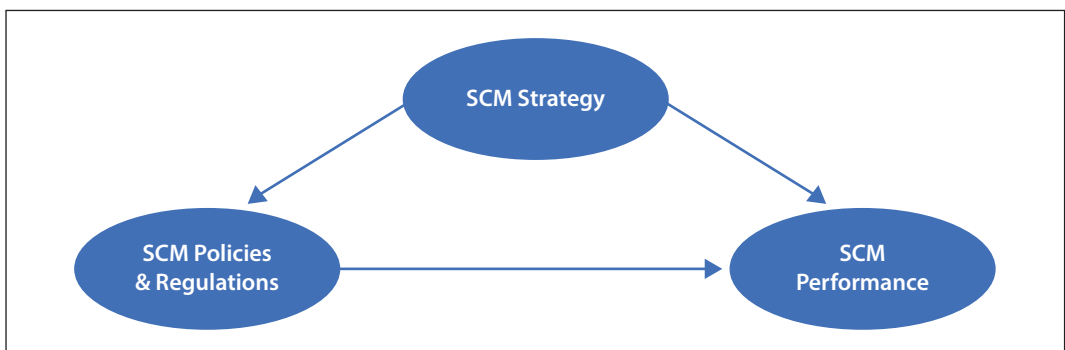
The following policies and regulations were considered for this study: the Constitution, Public Finance Management Act (PFMA), Preferential Procurement Policy Framework Act (PPPFA), Construction Industry Development Board (CIDB) and Broad-based Black Economic Empowerment Act (BBBEEA). These laws are the crucial drivers of SCM practices in SOEs, as summarised in Table 1 on the next page.

The notion of SCM performance was broadened to encompass policy and regulatory compliance, risk management, cost, time, and quality. The following conceptual model was created based on a review of the literature. See Figure 1 below.

### **Supply Chain Management Strategy**

Schnetzler, Sennheiser and Weideman (2004) describe a supply chain strategy as a balanced set of appropriate measures to develop and exploit competitive logistic capabilities. Furthermore, the authors posit that it contains the improvement potentials of applying SCM to achieve logistics and

**FIGURE 1: Conceptual Model**



Source: Research data (2018)

**TABLE 1: Policies and Regulations Impacting Public Sector SCM in South Africa**

Regulation/Statute	Applicability	What it Does in Respect of Procurement
Constitution of the Republic of South Africa, 1996	All organs of state	Provides procurement objectives and establishes Government's policy for preferencing. Establishes requirements for the award of contracts to be lawful, reasonable and procedurally fair
The Promotion of Equality and the Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000)	The state and all individuals (natural or juristic person)	Prohibits the state or any person from discriminating unfairly against any person on the grounds of race or gender through the denial of access to contractual opportunities for rendering services or failing to take steps to accommodate the needs of such persons reasonably
Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000)	All organs of state (state-owned enterprises)	Establishes the way preferential procurement policies are to be implemented
Construction Industry Development Board Act 2000 (Act 38 of 2000)	All organs of state involved in procurement relating to the construction industry	Establishes how the Board can promote and implement policies, programmes and projects, including those aimed at procurement reform, standardisation and uniformity in procurement documentation, practices and procedures within the framework of the procurement policy of Government, through the establishment of the following: a national register of contractors (and if required, consultants and suppliers) to manage public sector procurement risk and facilitate public procurement; register of projects above a financial value with data relating to contracts awarded and completed and a best practice project assessment scheme; establishes a code of conduct for the parties engaged in construction procurement
Broad-Based Black Economic Empowerment	Procurement provisions apply to all organs of state	Establishes a code of good practice to inform the: development of qualification criteria for the issuing of licences or concessions, the sale of state-owned enterprises and for entering partnerships with the private sector; and development and implementation of a preferential procurement policy
Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)	Public and Private Sector	Makes corruption and related activities an offence. Establishes a register to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts; and places a duty on specific individuals holding a position of authority to report certain corrupt transactions

Source: Watermeyer (2011), CIDB (2010)

supply chain objectives. However, supply chain strategies vary from one business organisation to another, depending on the organisation's strategic goals. The right supply chain strategy requires integrating

several supply networks linked through the organisational structure, for example, a common back-office infrastructure and common ways of working (Implementing the appropriate supply chain strategy is

widely believed to improve SCM performance (Sun-Yuan, Hsu & Hwang, 2009). Strategic supply chain management is an organisation's articulation and executing strategy (de Villiers, Nieman & Niemann, 2017). Once a new strategy has been defined, the company is re-aligned to ensure it can achieve its new strategic objectives. To maintain their competitive position in the market, they need to conduct periodic reviews of their strategies, and then initiate the necessary changes to the strategy. Chopra and Meindl (2013) define a supply chain strategy as "relative to its competitors, [as] the set of customer needs that it seeks to satisfy through its products and services". The supply chain strategies in SOE are influenced by the policies and regulations governing SCM. An SCM strategy not aligned with the policies and rules will not achieve its intended purposes. Strategic SCM focuses on aligning SCM strategies with the SOE mandate and corporate strategy and objectives while ensuring that every activity in SCM contributes to achieving the objectives of the SOEs and Government imperatives. Therefore, the corporate goals in SOEs should be understood within the SOE mandate. In contrast, the SCM objectives and strategies should be understood in fulfilling the socio-economic dreams. Supply chain strategies are not a "one-size-fits-all" but vary from one business environment to another (Ambe, 2012).

### **Supply Chain Performance**

Due to the high budget allocation and SCM's critical role in delivering the service delivery programmes, SCM performance in SOEs is closely monitored. According to Kumar, Nair and Piecha (2015), SCM performance involves getting the best value for money.

However, receiving good value from SCM in SOEs is about the price and involves the costs involved during the SCM process. Burger and Hawkesworth (2011) further describe value for money as "what government judges as an optimal combination of quantity, quality, features and costs". The study went beyond this definition to consider price performance, cost-effectiveness, time, risk management, benchmarking and compliance). The SCM performance measurement and management system should directly support corporate goals and objectives to yield maximum benefits for SOEs. Supply chain performance is optimised only when an inter-functional approach is adopted. Measuring SC performance can facilitate a greater understanding of the SC and improve its performance (Taghipour, Bagheri, Khodarezaei & Farid, 2015). A complicated supply chain puts additional pressure on supply chain managers to make reasonable judgments; complexity makes these decisions more challenging and increases the uncertainty associated with their outcomes (Ateş, Suurmond, Luzzini & Krause, 2021). Furthermore, a more complicated supply chain produces a more unpredictable atmosphere.

### **RESEARCH METHODOLOGY**

The research approach for this study was quantitative research. Quantitative research is a distinctive research approach that entails collecting numerical data, regards the relationship between theory and research as deductive, prefers a natural science approach, and adopts an objectivist conception of social reality (Zikmund, Babin, Carr & Griffin, 2012). The quantitative design also clearly illustrates the structure of the object under study, spells out its manifest behaviour and

scalable consumer attitude to pre-arranged things (Aluko, 2006). Quantitative methods were ideal for measuring overt behaviour and effectively measuring defining aspects. Moreover, they allow for effective comparison and replication and objective assessment of reliability and validity while providing statistical evidence. Although quantitative methods fail to determine deeper underlying explanations and meanings of a social phenomenon, they adequately measure the variables under study and their pertinence through a thorough explanation (Aluko, 2006). Therefore, the research question is as follows: To what extent do supply chain strategy and SCM policies and regulations predict SCM performance?

To answer this research question, the following hypotheses were formulated:

**H1:** Supply chain strategy and SCM policies and regulations positively and significantly predict SCM performance in SOEs.

**H2:** Supply chain strategy and supply chain management policies and regulations positively and significantly predict supply chain performance in state-owned entities.

The study used probability sampling, specifically the technique of simple random sampling. Random sampling provides better accuracy in choosing a small sample size without introducing bias into the research and generalising about the wider population. A random sampling technique was employed to choose 300 respondents from the total population of 1 050 individuals. This was done so that generalisations could be made about the wider group based on a random selection of supply chain practitioners from

the various categorised areas or industries in the State Owned Entities Procurement Forum (SOEPF) database. A component of the proposed questionnaire solicited demographic information from respondents. The questions in this part were designed to collect biographical and general information about the respondents and the entities. Due to ethical considerations, the identities of the organisations that participated in the study were not made public.

A structured questionnaire was developed primarily based on instruments used in other studies (operationalisation and item measurement section). Thus, most of the questions contained in the questionnaire were presented in 5-point Likert scale with 1 (strongly agree) to 5 (strongly disagree). The scale was based on the assumption that each statement on the scale has equal attitudinal value, importance, or weight concerning attitudes towards the questions (McDaniels & Gates, 2010). The questionnaires were converted into monkey internet-based surveys to reduce costs, and telephonic follow-ups and emails were made to yield a higher response rate. The collected questionnaires were entered into a computer and analysed using Statistical Package for Social Sciences (SPSS Version 21.0). The software packages enabled the researcher to analyse the data into percentages, means and standard deviations. The results were interpreted and integrated with the literature review.

## **RESULTS AND DISCUSSION**

The collected data was analysed using a hierarchical multiple regression to examine the statistically significant relationship between the independent variables (SCM strategies



and SCM policies) (Tabachk & Fidel, 2007). Hierarchical multiple regression was applied, step by step, the independent contribution of each set of predictor variables on the criterion variable over and above the effect of the other independent variables entered first; each set of independent predicting variables is relevant for the model if they significantly increase the variance ( $\Delta R^2$ ). In the present study, a three-step model was adopted. A multiple regression analysis was conducted to determine whether supply chain strategy and SCM policies and regulations predicted SCM performance. The regression analysis was conducted in two stages. In the first stage, the performance of the supply chain strategy alone was observed. In stage two, the five policies and regulations were added to determine whether the combination of SCM policies and rules with supply chain strategy significantly predicted the performance of SCM in SOEs.

### **Supply Chain Strategy and SCM Policies and Regulations as Predictors of Supply Chain Performance**

The hierarchical regression revealed that at Step 1, supply chain strategy contributed significantly to the regression model,  $F(5.210) = 81.055$   $p < .05$ , and accounted for 3.12% of the variation in *supply chain performance*. Step 2, introducing the Constitution (1996), Public Finance Management Act (PFMA), Preferential Procurement Policy Framework Act (PPPFA), Construction Industry Development Board Act (CIDB) and Broad-Based Black Economic Empowerment Act (BBBEEA) variables explained an additional 6.63% of the variation in supply chain performance. This change in  $R^2$  was significant,  $F(9, 201) = 51.942$ ,  $p < .001$ . When all

six independent variables were included in Step 2 of the regression model, preferential procurement policy was not a significant predictor of supply chain performance. The most significant predictor of supply chain performance was BBBEEA and the Constitution, which uniquely explained 3.2% and 3.0% of the variation in supply chain performance, respectively. Together, the six independent variables accounted for 65.4% of the variance in supply chain performance. Table 2 on the following page contains the regression results of supply chain strategy and SCM policies and regulations as predictors of SCM performance.

The results reveal that supply chain strategy, BBBEEA, and the Constitution significantly and positively predicted supply chain performance. This implies that high levels of supply chain strategy, BBBEEA and the Constitution are associated with high-level supply chain performance. The market-based perspective contends that an organisation's performance is not defined by its internal features, but rather by its operating environment. The market-based perspective presupposes that resources are homogenous and completely flexible. These findings corroborate those of previous studies by Fourie (2014), who confirmed that the role of SOEs is crucial to achieving the Government's developmental objectives.

### **Reliability Tests of the Constructs**

The reliability tests were performed using the following three) procedures, Cronbach's Alpha test, composite reliability (CR) and average variance extracted (AVE) test. Table 3 on the next page assessed the reflective measurement models for reliability and validity.

**TABLE 2: Hierarchical Multiple Regressions Analysis – Supply Chain Strategy and SCM Policies and Regulations as Predictors of Supply Chain Performance**

Variables	B	$\beta$	t	Sr <sup>2</sup>	R	R <sup>2</sup>	$\Delta R^2$
Step 1	9.57		5.49***		.315	.312	.315
Supply chain strategy	.424	.56	9.92***	0.31			
Step 2	-1, 34		-.858		.663	.654	.348
Supply chain strategy	.084	.11	2.12*	0.02			
The Constitution	.366	.30	4.69***	0.10			
PFMA	.403	.16	2.61*	0.03			
PPPFA	.129	.08	1.27	0.00			
CIDBA	.159	.11	2.30*	0.03			
BBBEA	.668	.32	6.88***	0.18			

Note. N = 216; \*p <.05, \*\*p <.01, \*\*\*p <.001, B = unstandardised regression coefficients,  $\beta$  = standardise regression coefficients, t = t-statistics, Sr<sup>2</sup> = partial correlations, R = R-square, R<sup>2</sup> = Adjusted R-square,  $\Delta R^2$  = R-square change

Source: Authors

**TABLE 3: Accuracy Analysis Statistics**

Constructs/Dimensions		R <sup>2</sup> Value	$\alpha$ Value	CR Value	AVE Value	Factor Loading
Supply chain strategy	SCMS 1	0.363	0.897	0.917	0.583	0.831
	SCMS 2					0.879
	SCMS3					0.847
	SCMS4					0.835
	SCMS5					0.786
	SCMS6					0.869
	SCMS7					0.889
SCM policies and regulation	BBBEEA	0.527	0.829	0.881	0.599	0.652
	CONSTITUTION					0.851
	CIDB					0.723
	PPFA					0.837
	PFMA					0.813
SCM performance	SCP1	0.745	0.945	0.954	0.722	0.859
	SCP2					0.842
	SCP3					0.872
	SCP4					0.851
	SCP5					0.833
	SCP6					0.873

Notes: N = 216; CR = composite reliability; AVE = average variance extracted;  $\alpha$  value = Cronbach alpha value; R<sup>2</sup> value.

Source: Authors

All the indicators were retained as loadings above 0.70 except for the Constitution, ESD and IT indicators.

***Discriminant Validity Tests***

One of the techniques used to check on the discriminant validity of the research constructs was whether the correlations among latent constructs were less than or equal to 0.6. This study assessed the measurement model's discriminant validity using Fornell and Larcker's (1981) criterion.

As indicated in Table 4, all the inter-correlation values for all paired latent variables are less than 1.0. They all range between 0.5 and 0.8, thus confirming the existence of a discriminant variable. Table 4, based on the criterion of Fornell and Larcker (1981), shows that all the AVE values for the reflective constructs were lower than the squared inter-construct correlations, indicating discriminant validity.

It is necessary to note, based on the preceding research, that supply chain rules and regulations, when adhered to by the company, may increase performance and provide adequate time for the introduction of new strategies. This may imply that SOEs are more compliant with fewer significant audit findings.

**CONCLUSION**

Service delivery failures in SA have sparked a debate regarding the effectiveness of SCM in Government, compliance with policies and regulations, value for money and corruption. This paper aimed to assess the effect of supply chain strategies and policies on supply chain performance in SOEs in South Africa. The surveyed data was analysed using the hierarchical multiple regression methods, and the reliability was tested using the Cronbach's Alpha test for reliability purposes. Supply chain strategy and the implementation of BBBEE and the Constitution positively impact SCM performance in SOEs. The higher implementation of supply chain strategy, BBBEEA and the Constitution will increase the performance of SCM in SOEs. Lack of alignment of the supply chain strategy, BBBEEA and Constitution will hugely compromise the organisation's performance and be regarded as a violation of South African Law. Both legislations are at the heart of SCM.

SOEs are obliged to comply with all government policies and regulations governing SCM. Any supply chain strategy implemented in SOEs should be within the ambits of the law.

**TABLE 4: Discriminant Validity**

Research Constructs	SCM Policies and Regulations	SCM Performance	Supply Chain Strategy
SCM policies and regulations	0.744		
SCM performance	0.809	0.842	
Supply chain strategy	0.602	0.581	0.858
Note: n= 216, inter-correlation			

Source: Authors

Integrating the supply chain strategy with the SCM policies and regulations ensures that the SOEs contribute to socio-economic goals. Supply chain strategy in SOEs must be aligned with corporate strategies. SCM departments in SOEs must develop an annual supply chain strategy that articulates how the SCM department will deliver the organisational strategies and objectives. The supply chain strategy must be translated into the annual procurement plan and be included in the annual performance plan. The annual procurement plan must be appropriately funded. The supply chain strategy must be reviewed quarterly. The progress of implementing the annual procurement plan must also be reported to the National Treasury quarterly. The process of SCM should continuously improve value for money based on cost and quality and enhance suppliers'

competitiveness through developing world-class professional SCM practices.

On the basis of the results and the progress achieved by the South African government in terms of laws and regulations, more research will be conducted to fill the gap in the literature. Incorporating results from the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector Including Organs of State, often known as the Zondo Commission or State Capture Commission, would enhance the clarity and comprehension of the researchers. Future studies will have the opportunity to investigate how the attitude of SOEs has changed after pandemics and natural disasters and how they have adapted rapidly to the deployment of new strategies, policies, and procedures.

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