

Outcomes of outsourcing social grants payment services
in the South African Social Security Agency's Ngaka
Modiri Molema District

Smanga Selemeni

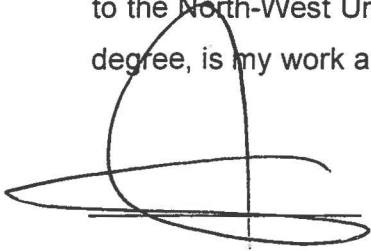
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Campus

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DECLARATION

I Smanga Selemeni declare herewith that the mini-dissertation which I herewith submit to the North-West University as partial completion of the requirements set for the MBA degree, is my work and has not already been submitted to this or any other university.

A stylized handwritten signature in black ink, consisting of a large loop and a horizontal stroke.

Signature

Date: 13/11/15

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Abstract

The report evaluates the effects of outsourcing of the South African Social Security Agency (SASSA)'s social grants payment system to a private service provider. It seeks to determine whether the activities of the service provider in Ngaka Modiri Molema district comply with SASSA's objectives for adopting a single service provider to administer payment of social grants.

The methods of analysis included SPSS 22 to help to quickly and easily find new insights into the data, chi square test of independence to compare observed data with data expected to be obtained according to the hypothesis and charts and tables for descriptive statistics purposes.

The results of the data analysed show that SASSA did achieve its outsourcing objectives in that the service provider was able to compile the uniform database for all social grants beneficiaries, handling costs were reduced and services were improved. However due to SASSA's lack of capacity to monitor and oversee the outsourcing contract, new challenges, such as illegal deductions, emerged and dented the image of SASSA.

As a result the study recommends, among others, the following;

- SASSA should write down a realistic contract / Service Level Agreement (SLA) with clear milestones and deliverables
- The new SLA must be drawn with the involvement or inputs from civil society or stakeholders to be impacted by it
- The SLA must have suitable penalty regimes
- SASSA must introduce new technology like it was done in the Brazilian system to deal with long queues and delays at pay points

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Chapter 1

1.1. Introduction

Since the dawn of democracy in South Africa, there have been arguments for and against outsourcing, as an economic practice in the South African economy. Those who argue for outsourcing hail it as an effective policy instrument that leads to reduce costs of doing business and maintain that it improves the business performance of entities that opt for it. Jensen and Stonewash (2004) argue that advocates of outsourcing claim that it is a powerful policy instruments for reducing public expenditure and improving the performance of government business enterprise because of high- powered incentives provided by the discipline of capital market.

However, Jensen and Stonewash (2004) continue to highlight that the critics of outsourcing claim that it has not constantly delivered on the promised high quality, low cost services. According to Congress of South African Trade Unions (COSATU) (2011) markets alone cannot be the sole determinants of how economic resources are distributed; rather there should be maximum involvement of the state in the provision of services to communities. COSATU (2011) further argues that practices such as outsourcing, privatisation and agencification are all aimed at profit maximisation of the owners to the detriment of the workers and service delivery. On the other hand, Flatworld solutions (2015) argues that any savings achieved by outsourcing will be transitory, that it adversely affects workers terms and conditions of employment and that it may lead to a reduction in the quality of service provision, as such, the benefits associated with outsourcing may be illusory.

1.2. Background to the study

Ngaka Modiri Molema District Municipality is one of the four district municipalities in the North West Province. It is situated centrally within the North West Province. It comprises of the five local municipalities of Mahikeng, Ratlou, Ramotshere Moiloa, Ditsobotla and Tswaing. It shares an international border with the Republic of Botswana (Local government, 2015).



Figure 1.1. Map of Ngaka Modiri Molema District Municipality (Local government, 2015)

The study was carried out in Ratlou, Mahikeng and Ramotshere Municipalities. Mahikeng Local Municipality has 66 pay points and 57 662 beneficiaries, while Ramotshere Moiloa Local Municipality has 45 pay points and 34 568 beneficiaries. Lastly, Ratlou Local Municipality has 32 pay points and 29 438 beneficiaries (SASSA, 2015)

The South African Social Security Agency (SASSA) was established in term of South African Social Security act (Act No. 09 of 2004). Among other things, Act No. 09 of 2004 mandates SASSA to:

- Administer social assistance and perform any function delegated to it under the Act
- Collect, collate, maintain and administer such information as is necessary for the payment of social security, as well as for the central reconciliation and management of payment of transfer of funds, in a national database of all applicants for and beneficiaries of social assistance
- Establish a compliance and fraud mechanism to ensure that the integrity of the social security system is maintained
- Promote and protect the human dignity of applicants for and beneficiaries of social security, and
- Protect confidential information held by the Agency as contemplated in section 16 (SASSA, 2015).

SASSA is an extension of government delivery arm that administers the delivery of social grants to the poorest of the poor in South Africa. In essence, the agency is mandated to tackle complex issues of ensuring effective and efficient delivery of services of high quality with regard to management and administration of social grants. The entire process and system, from application to receipt of social grants by beneficiaries is done in manner that is sensitive, caring and restore the dignity of beneficiaries as well as the integrity of the whole system. (SASSA, 2015).

Before 1996, the number of social grants recipients in South Africa was estimated at 4-million people (Bhorat & Aalia Cassim, 2014). However due to the lack of appropriate information it is difficult to apportion the share of the North West province and Ngaka Modiri Molema district in the above – mentioned overall number. This is acknowledged by the Department of Social Development (2014) which highlighted that prior to the establishment of SASSA the function of administration and payment of social grants was the responsibility of the nine provinces into which the country was divided since independence in 1994. This state of affairs resulted in fragmentation of services, rampant fraud within the system and an obvious lack of norms and standards in the administration and payment of social grants. (SASSA, 2015). This state of affairs could

also be attributed to a lack of proper records management, hence the difficulty in getting the total numbers of beneficiaries in Ngaka Modiri Molema district.

Subsequently, SASSA became fully functional in 2006 in all nine provinces of South Africa. This was in response to bureaucratic complexities, such as the Department of Social Development, responsible for administering grants then, had inadequate capacity (Overseas Development Institute, 2011). According to Overseas Development Institute (2011), in recognition of the above – mentioned challenges, the government attempted to simplify the process by establishing SASSA to administer the grants, while the Department of Social Development retained its responsibility of policy development. Payment of social grants was outsourced to various payment contractors in the nine provinces. The management of these contracts was ceded to SASSA when it came into operation in 2006 and the contracts were renewed on various occasions. SASSA continued to run a fragmented payment system (which it inherited) and which involved recipients being paid through multiple payment methods. Although attempts were made to integrate and standardise the services through negotiations with the payment providers, the social grants payment system remained largely fragmented (Department of Social development, 2014). For instance, in the North West the service provider was charging R34 per head for payment services costs, while in Mpumalanga it was R38 per head and Gauteng was R28 per head (SASSA, 2012)

The challenge which came as a result of this was the need to standardise operations, which led to a national tender being advertised in 2010 to contract a service provider that would disburse its social grants payments to all its social grants beneficiaries' country wide. This was acknowledged by the Department of Social Development (2014) when it indicated that in order to deal with the challenges in the payment system, SASSA accordingly took a decision to adopt a national approach that would instil uniformity and standardisation in the social grants payment system.

It is against this background that a service provider responsible for social grants payment services was contracted in 2012. The service provider's responsibilities would be to distribute pension and welfare payments to over nine million recipients across the entire country. It had experience in processing debit and credit card payment transactions on behalf of retailers within the formal retail sector in South Africa through

the EasyPay system. They also processed value-added services such as bill payments and prepaid airtime and electricity for the major bill issuers and local councils in South Africa, and provide mobile telephone top-up transactions for all of the South African mobile carriers (Net 1, 2015).

In terms of the Service Level Agreement between the service provider and SASSA, the service provider was expected to:

- Consolidate all the social grants beneficiaries into one common database.
- Issue social grants beneficiaries with bank cards.
- Ensure that the right person was paid the correct amount.
- Ensure that there were effective measures in place to detect, prevent and report fraud.
- Ensure that the social grants beneficiaries received only the amounts they were eligible for during payment cycle.
- Be directly liable for any costs associated with erroneous payments.

Hence the Department of Social Development (2013) highlighted that the purpose of this tender was to initiate the reform of the current payment model and to centralise the social assistance payment process which had prior to SASSA's establishment been managed provincially.

According to SASSA (2012) the objectives for SASSA to adopt a single service provider were to:

- Standardised SASSA operations across all provinces.
- Minimise handling costs.
- Create one uniform database of all social grants recipients in the country.
- Provide adequate security during payment cycles, including the transportation of money and protection of recipients and personnel at pay points.

The new system, with a focus on banking for the poor, was intended to minimise the vulnerability of social grants beneficiaries from the greed of money lenders who charge exorbitant interest rates. However, the introduction of the SASSA payment card into the open loop banking system provided for a new frontier of exploitation of the most

vulnerable members of society. Complaints such as illegal and unauthorised deductions on beneficiaries' accounts and money lending to social grants recipients at pay points have been raised by social grants beneficiaries (Department of Social Development, 2014).

The unauthorised deductions from the beneficiaries' accounts are in breach of the Social Assistance Act 13 of 2004, which provides circumstances under which deductions may be made directly from social assistance grants. According to this regulation:

- SASSA may allow deductions for a funeral insurance or scheme to be made directly from a social grant where the beneficiary of the social grant request such deduction in writing from SASSA.
- Subject to the provisions of sub regulation (1), the Agency may only allow deductions to be made directly from a social grant where the insurance company requiring such deduction or to whom the money resulting from the deduction is paid, is a financial services provider as defined in section 1 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) and authorised to act as a financial services provider in terms of section 7 of that Act.
- Notwithstanding the provisions of sub-regulation (1), the Agency may only authorise one deduction for a funeral insurance or for a funeral scheme not exceeding ten percent (10%) of the value of the beneficiary's social grant (Social Assistance Act, 13 of 2004 regulation 26A 2 notice R591 of 2009).

Therefore, it is evident that outsourcing did not only result in benefits for SASSA but it brought about challenges, as well, which had not been anticipated. As a result the image of SASSA has been negatively affected by its clients

1.3. Statement of the problem

The outsourcing of SASSA payment services has resulted in unscrupulous practices of unauthorised deductions from the beneficiaries' accounts and loan sharks at pay points in some parts of the country. It is therefore necessary to conduct a study and evaluate the outcomes of outsourcing of social grants payment services in Ngaka Modiri Molema District

1.4. The purpose of the study

The study sought to determine whether the activities of the service provider in Ngaka Modiri Molema District comply with SASSA's objectives for adopting a single service provider to administer payment of social grants

1.5. Main research questions and sub-questions

The main research question was: Have the activities of the service provider in Ngaka Modiri Molema District resulted in improvements in the quality of service rendered to SASSA and its clients?

The following secondary questions were addressed:

- How have the activities of the service provider affected costs for SASSA Ngaka Modiri Molema District Office?
- How have the activities of the service provider affected SASSA's relationship with its clients in Ngaka Modiri Molema District?
- Has SASSA achieved its objectives for outsourcing in Ngaka Modiri Molema District?

1.6. Objectives of the study

The following objectives were adopted:

- Assess whether the activities of the service provider have resulted in improvement in the quality of services to SASSA and its clients in Ngaka Modiri Molema District.
- Determine whether the activities of the service provider have resulted in cost reduction at the Ngaka Modiri Molema District office.
- Establish whether the objectives for contracting the service provider were achieved.
- Recommend measures to be taken to address the experienced challenges.

1.7. Delimitation of the Study

The study was conducted in the Ngaka Modiri Molema District of the North West Province. The participants for this study included the social grants beneficiaries in the

Ngaka Modiri Molema District and SASSA employee at the Ngaka Modiri Molema district office. The contents of the study were confined to matters related to the payment of social grants in the Ngaka Modiri Molema district.

Lastly, the study is limited up to the year 2014. This means that all the numbers referred to and information relied on looks at the period from the establishment of SASSA in 2006 until the end of 2014.

1.8. Ethical considerations

In this study, the participants were assured of confidentiality on any information provided and further assured that the information gathered would be used strictly for research purpose. The researcher protected the anonymity of the research participants by keeping the collected research data confidential. The researcher firstly obtained consent before accessing the institutions and research population. Furthermore, the researcher sought permission before embarking on any task and at all times presented the researcher's credentials.

The researcher also did not conceal the true purpose and conditions of the study or misinform the participants or expose them to unduly painful, stressful and embarrassing experiences, without the participants having knowledge of what was going to happen. These things were done by ensuring that the letter requesting authorization informed participants about what the research is all about, how it affected them as well as the risks and benefits of participation. Participants were also informed of their right not to participate in the study if they so choose.

1.9. Issues of credibility, transferability, dependability and confirmability

In order to ensure that this quantitative study was systematic and principled, the researcher looked at issues of credibility, transferability, dependability and confirmability. According to Brown (2004), in general terms, good quantitative research (at one end of the qual-quant continuum) will be judged in terms of its reliability, validity, replicability, and generalisability, while sound qualitative research (at the other end of the continuum) will be judged in term of its dependability, credibility, confirmability, and transferability.

Dependability involves accounting for all the changing conditions in whatever is being studied as well as any changes in the design of the study that were needed to get a better understanding of the context, credibility requires demonstrating, in one or more ways, that the research was designed to maximize the accuracy of identifying and describing whatever is being studied, especially as judged by the groups of people being studied, confirmability entails full revelation of the data upon which all interpretations are based, or at least the availability of the data for inspection. In other words, the reader of the research report should be able to examine the data to confirm the results/interpretations, and transferability involves demonstrating the applicability of the results of the study in one context to other contexts.

1.10. Summary

The chapter dealt with the background to the study, which focused on what SASSA is, its mandate and what informed its decision to outsource its social grants payment services. It further dealt with the statement of the problem, and what the study intended to achieve, which is to determine whether or not the activities of the service provider in SASSA Ngaka Modiri Molema district complied with SASSA objectives of outsourcing. In order to determine this, the chapter considered both primary and secondary questions to be explored. Lastly the chapter looked at the delimitation of the study and the ethical considerations

Chapter 2 – Literature review and theoretical foundation

2.1. Introduction

The chapter looks at the theoretical foundation and literature review on outsourcing. It reviews the different theories that explain why management makes decision, with a focus on Contingency and Quality viewpoints. Thereafter the chapter looks at the definition of outsourcing, types of outsourcing, rationale for outsourcing and lessons that can be learned from other countries on how they conduct their social security / welfare system.

2.2. Theoretical foundation

According to Hellriegel, Jackson, Slocum, Staude, Amos, Kloppe, Louw and Oosthuizen (2009) there are several viewpoints that explain why management makes decision, such as Scientific Management Theory, Bureaucratic Management Theory, Human Relations Movement, Traits Theory, Contingency Theory and Quality Theory. This study will focus on two viewpoints, namely, contingency and quality viewpoints.

2.2.1. Contingency viewpoint

According to Hellriegel *et al* (2009) Joan Woodward is one of the pioneers in developing Contingency viewpoint of management. He did a study in the 1960's and concluded that a firm choosing a managerial viewpoint that complements its technology is more likely to succeed than a firm choosing a design that does not fit its technology.

It is against this background that the proponents of the contingency viewpoint contend that different situations require different practices. However it does not give managers free rein to indulge their personal biases and whims. Rather managers are expected to determine which methods are likely to be more effective than others in a given situation. Therefore the contingency viewpoint's essence is that management practices should be consistent with the requirements of the external environment, technology and capabilities of the people involved. This means that managers must be able to diagnose and understand a situation thoroughly to determine which approach is most likely to succeed, before making a decision (Hellriegel *et al*, 2009)

2.2.2. Quality viewpoint

On the other hand, the quality viewpoint, of which the godfather was W. Edwards Deming, proclaims that due to the dynamism of contemporary organisations, there is pressure from customers and competitors to deliver high quality products / services on time, reward ethical behaviour of employees and develop plans to manage highly diverse workforce effectively. Quality is defined as how well a product does what it is supposed to do, how closely and reliably it satisfies the specifications to which it is built. Therefore quality viewpoint emphasizes achieving customer satisfaction through the provision of high quality goods and services. Thus its focus is the customer, who ultimately defines quality in the workplace (Hellriegel *et al*, 2009)

Therefore these viewpoints are relevant for this study because the management decision to whether or not to outsource is informed by the requirements of the external environment, technology and capabilities of the people involved, as argued by the contingency viewpoint and the need to provide quality services to the social grants beneficiaries in order to achieve customer satisfaction, as contended by the quality viewpoint proponents.

2.3. Literature review

The economic recession of 2008 has made the calls for cost savings in public spending even more urgent than before. All means to cut people's tax expenses are being considered and outsourcing appears to be a very viable solution to this demand. In addition, more government agencies are looking at outsourcing as a means to gain specific value – added benefits, such as cost – savings and effective and efficient service provision that public agencies are delivering to the people (Mutiangpili, 2010).

However the question is whether or not it is a solution to all problems experienced by business organisations, especially the public sector organisations? With such a question, it is always difficult for managers of organisations to make decisions. It is against this context that in this section, the study will look at theoretical views on outsourcing, look at different viewpoints on what informs management decisions and further do a comparative analysis of how other countries experienced outsourcing or privatisation of social security.

According to Jha and Bhattacharyya (2010) a social security system is one whereby the state provides various benefits to those who are unable to provide the same for themselves. Such a system is generally meant to serve the socially deprived, such as the poor, senior citizens, the disabled and the unemployed. This is also supported by da Silva (2015) who argues that one of social security's fundamental principles is that supportive social security should ensure the maintenance of workers and their families when they cannot sustain themselves, whether because of illness, accident, pregnancy, prison or old age.

Outsourcing refers to the practice of transferring activities traditionally done within the firm, to a third party provider within the country or off – shore (Iqbal & Dad, 2013). This is also confirmed by Schialfino and Berkowitz (2015) who argue that outsourcing is defined as the work that is performed by a contractor, with workers who are under its control, in favour of a contracting party, individual or company, which establishes the contractor's responsibilities and supervises the development of the services or the execution of the work.

In the public sector it refers to the transfer of service provision from the public sector organisation to the private sector. It therefore means that outsourcing is the relinquishing of the parent firm's responsibility to physically render a particular service, by a private service provider under the supervision of the parent company. Outsourcing does not mean abdication of responsibilities by the parent company to a private service provider (Jensen & Stonewash, 2004). Therefore, the state should maintain a supervisory and / or oversight role over the private service provider

2.4. Types of outsourcing

According to Bhagattjee and Hofmeyer (2009), there are different types of outsourcing, namely, professional, manufacturing, process-specific and operational. Professional outsourcing services include accounting, legal, purchasing, information technology support and other specialised services. This is the most common area for these types of services, because of the potential cost savings associated with this type of arrangement. The business has access to high quality resources while paying only for services actually provided. This substantially reduces the organization's overhead costs.

Manufacturer outsourcing services usually are quite industry-specific. For example, an automobile manufacturer can have an outsourcing arrangement for the creation and installation of windows in all of their models. This arrangement will have huge implications on the operations but can result in significant cost savings and reduced assembly time. The primary risks with this type of arrangement are related to interruption of the production line and quality issues.

Other outsourcing services can be specific to a unique process or internal procedure. In many cases, it is more cost-effective to have different parts or components manufactured by other companies. This simplifies the assembly process, reducing costs and the total amount of time required to create a complete unit.

Outsourcing services for operational activities are more common in the manufacturing sector than in other industries. The nature of manufacturing creates opportunities for very specific operational activities to be delegated to outside companies. Machine maintenance and equipment repair can be obtained from outsourcing services that specialize in the specific equipment. Other types of operational activities include cleaning, landscaping, facilities maintenance and property management.

Lastly, the single supplier outsourcing refers to when the entire service requirement is outsourced to one supplier with whom a comprehensive outsourcing agreement is concluded. If there is a need for services of a third party other than the supplier, it is the supplier's responsibility to subcontract such services to the third party, usually with the customer's prior written consent. Despite any such subcontracting, the supplier continues to retain full responsibility for the service provision to the customer. Therefore, the supplier is responsible for meeting the full set of service levels which are imposed on it by the customer in terms of the agreement. According to Jensen and Stonewash (2004) in the single supplier outsourcing companies outsource non – core and non – strategic operations to an outside provider, contracted for a specific period.

The study compares each of the above – mentioned types of outsourcing with the current practices at SASSA in order to make recommendations.

2.5. Reasons for outsourcing

The rationale for outsourcing ranges from cost saving to improvement of quality of services such that the parent companies can focus on core business (Iqbal & Dad, 2013). Furthermore, Cook (2014) indicates that one other reason for outsourcing is to bring in efficiency for clients. In addition, it leads to cost reduction through reduced labour costs and increased efficiency resulting when tasks are outsourced to industry experts (Kingpin, 2015). This is supported by Iqbal and Dad (2013) who highlight that along with many other motives, cost factors cause major influence in outsourcing decisions.

However, for outsourcing to be successful the parent company must define the product, map out its product to a modular design, decide what stays in-house and what can be outsourced, find reputable outsourcers and write down a statement of work or a comprehensive and realistic contract with clear milestones and deliverables. Therefore it works best where the required services can be easily specified and monitored (Wiesul, 2015).

Despite outsourcing being a useful tool to juggle limited resources, it does not provide a solution to every resource shortage a company faces. There are several situations where it is not a good idea (Kingpin, 2015). This may include a situation where the cost of outsourcing to a highly specialized expert exceeds the budget for the project. Fees for individuals with highly specialized degrees or areas of expertise are often quite expensive. Another possible situation is one where finding an individual qualified to complete specialized tasks would be too expensive in terms of their processes.

Another example is when outsourcing causes one to lose control. Whenever an individual or company wants to deny the company access to project files or documents, outsourcing is a bad idea. The company who has the vested interest in the outcome of the project should never be excluded from participating in making decisions regarding the project.

Lastly, outsourcing is not a good idea when is not contractually permitted. Sometimes outsourcing is not a good idea simply because it is not permitted by contract requirements. Some project contracts may have stipulations stating the work cannot be

outsourced to an individual or to another company. Inserting such a clause into a contract document is well within the rights of the clients. When they hire a particular company to complete a project or task, they expect all work related to the project or task to be completed by members of that company unless they specified otherwise when negotiating the contract.

This is also confirmed by Iqbal and Dad (2013) who highlight that a number of surveys have shown that it is more expensive to manage the outsourced activities than originally expected and that more often service levels are not as good as expected. Some of the findings reflected operational risks, strategic risks and loss of privacy and control, security and protection of the intellectual assets, which become harder when they are outsourced to another vendor. For example, Bloomberg (2006) notes that outsourced businesses place their intellectual property and core competencies at great risk potentially compromise their long term competitiveness and unnecessarily expose themselves to significant macroeconomic risks. Even more significant, these companies have done so based on claims of cost savings and other advantages from service outsourcing that have not been adequately scrutinised and may prove deceptive.

Another disadvantage for outsourcing is that the parent company is subject to vendor's abilities to deliver the products on time and safely. In case of a failure to deliver the product and services on time, the company would lose customers and a bad word of mouth can spoil the company's reputation (Iqbal & Dad, 2013).

For example, Denning (2013) argues that Boeing embraced outsourcing as a way of lowering costs and accelerating development. This Boeing did by outsourcing the innovation of a new aircraft by creating value for customers. First, Boeing aimed to improve their travel experience for the passengers. As compared to the traditional material (aluminum) used in airplane manufacturing, the composite material to be used in the 787 (carbon fibere, aluminum and titanium) would allow for increased humidity and pressure to be maintained in the passenger cabin, offering substantial improvement to the flying experience. The lightweight composite materials would enable the 787 to fly nonstop between any pair of cities without layovers.

Second, Boeing aimed to improve value for its immediate customers (the airlines) by improved efficiency by using composite materials and an electrical system using lithium-ion batteries. This would result in 20 percent less fuel for comparable flights and cost-per-seat mile ten (10) percent lower than for any other aircraft. Moreover, unlike the traditional aluminum fuselages that tend to fatigue, the 787's fuselages based on composite materials would reduce airlines' maintenance and replacement costs.

However the result was that the cost cutting way that Boeing went about outsourcing did not include steps to mitigate or eliminate the predicted costs and risks that materialised. Ultimately, Boeing had to redesign the entire aircraft sub – assembly process at huge additional expenses that should have been planned for and included in the project's costs from the outset. As a result, outsourcing resulted in increased costs and losses for the mother company

Although the above – mentioned example happened to a private business organisation, it is equally applicable in most public sector organisations, because government organisations are not too different from corporate firms in that they both have cost savings and operational efficiency as core objectives in carrying out their functions and mandates (Mutiangpili, 2010). Mutiangpili (2010) further argues that outsourcing is not an entirely new concept for public managers. Governments have long been applying this practice to its various operational needs in order to improve efficiency in performance. This is confirmed by OECD (2011) which argues that governments have turned to outsourcing as a way of accessing external expertise and delivering services more cost – efficiently. But contrary to the concerns of private firms which resort to outsourcing, government agencies are also apprehensive about its risks. Therefore while outsourcing can largely improve efficiency, it also increases vulnerabilities. This is compounded by the fact that the governments, in contracting specific services, often relinquish a certain degree of their control to the contracted firms.

For example, in August 2002 the Eastern Cape provincial Department of Social Development outsourced the distribution of social grant payment in the province. Like in the private companies, outsourcing was intended to provide increased efficiency and security in the delivery of social grants in the Eastern Cape but the whole exercise was

a disaster. According to Olivery and Zuma (2004), Service Level Agreements (SLA's) were drawn up in the absence of any input from civil society, interest groups, with the result that recipients of social grants were not informed about the service standards they were entitled to. SLA's were effectively unenforceable and were not drawn up in the best interests of the public. They lacked adequate mandatory service standards and suitable penalty regimes for enforcing them. There were no monitoring mechanism in place to provide effective oversight of the service provider, and lastly, there were no improvement of services as envisaged and costs remained high. Therefore, Olivery and Zuma (2004) argue that given the manifest problems that persist in the payment of social grants, questions as to whether the outsourcing arrangements themselves do, in reality, actually represent value for money.

It is against this background that this study interrogated the type of Service Level Agreement SASSA in Ngaka Modiri Molema had with the service provider. It further interrogated the monitoring mechanisms in place and the penalty regime in place in case of non - performance

Lastly, what makes the South African business context much more risky is that national law does not specifically regulate outsourcing transactions. Instead any public sector outsourcing or procurement tender process requires careful considerations of the various legislative constraints under which it is conducted. For example, statutes regulating these activities include, the Public Finance Management Act, Municipal Systems Act, Municipal Finance Management Act, Broad Based Black Economic Empowerment Act and Public Administrative Justice Act (Bhagattjee & Hofmeyer, 2009)

Therefore there are risks and benefits to outsourcing that must be considered when looking at different types of outsourcing services. The greatest benefit typically is cost reduction, because the company saves in both equipment and labour costs. The largest risks are related to quality and control. The study seeks to determine whether or not these benefits were realised in SASSA

2.6. Lessons from other countries

According to da Silva (2015), the Brazilian social security system caters for more than 28 million Brazilians who receive monthly benefits distributed among retirement

benefits, pensions, health care and welfare assistance. Before 2003 the Brazilian social security system was outsourced and there were infamous queues in which older citizens in search of assistance spent whole nights in front of agencies. The role of attendants was to create an interface with the citizenry, to clarify doubts, schedule appointments and medical inspections. As a result the poor quality of services undermined the coverage of Brazilian social security (da Silva, 2015).

In response to these poor service provisioning, Brazil put an end to the outsourcing of attendants and implemented electronic scheduling centres, which eliminated the queues experienced while the services were still outsourced (da Silva, 2015). The role of the scheduling centres was to establish a humanisation of services by the elimination of queues and allocation of civil servants with the suitable profile and technical proficiency to each type of appointment, reduction of waiting time between the date when the appointment was requested until the date when the actual service was provided, reduction of the time the person needs to be present in the branch, reduction of the duration of the analysis of benefit's claims, reduction of the backlog of benefit's claims and the reformulation of the model of service to the population with the broadening accessibility to the social security services (Baroni & Montagner, 2015)

According to da Silva (2015), the Brazilian government, went further, by investing in renovating the agencies that distribute the benefits and approved a program of network expansion that created 720 new service centres. Therefore, instead of outsourcing which was hailed as a solution to the Brazilian social security system, the government's use of technology, the reorganisation of the databases and improvement in services enabled a true conceptual turnaround in the treatment of citizens.

Therefore what can be learned from the Brazilian social security system is that use of technology and not outsourcing brought about efficiency and effectiveness in the administration of the system. The study will seek to establish how SASSA in the Ngaka Modiri Molema district uses technology in their system and the results thereof.

According to Jha and Bhattacharyya (2010), the Indian social security system has not been able to provide social security benefits to all. It covers only 5.7% of the population in the age group of 15 – 65 years. This is because India has a huge workforce in the

informal sector. For instance, in India, the World Bank's three pillar approach of pension system is partially followed as there is no minimum guaranteed pension for the participants. There are various employment linked pension schemes existing but they are limited only to the organised segment of the workforce.

In 2015 the government announced a universal social security system for all, especially the poor and the underprivileged. However, the government opposed the privatisation of this function. Instead, the Indian government planned to use technology to the extent possible to reach out to the beneficiaries, thereby plugging the leakages in the system. The government plans to use technology to the extent possible to reach out to the beneficiaries, thereby plugging leakages in the system. The JAM (Jan Dhan Yojana, Aadhaar and mobile) number trinity will allow government to transfer benefits in a leakage-proof, well-targeted and cashless manner (Jha & Bhattacharyya, 2010).

According to Gangopadhyay and Jensarma (2015), it is widely accepted that India's welfare system is riddled with leakages. Broadly, there are two types of leakages. Rampant corruption means that the benefits intended for the poor often get siphoned off by middlemen and corrupt officials. Secondly, the system's inefficacy is itself a fiscal leakage. Neither does the system cover a significant proportion of the population, nor does it support the recipients with adequate benefits. Those segments of population that it protects are often the undeserving ones and very little is actually spent on the really needy families.

That a plethora of welfare policies over the last 60 years failed to end the miseries of the bottom segments of the population bears testimony to our long-established welfare system's inefficiency. The current government's solution to this issue is the JAM number trinity which would help the government to identify the intended beneficiaries of a welfare scheme and directly send them the cash without the need to involve any middle persons for administering the benefit (Gangopadhyay & Jensarma, 2015)

The JAM number trinity refers to Jan Dhan Yojana bank account number, Aadhaar number (a unique number to identify every resident with biometric details) and Mobile phone number, respectively. The application process for a bank account under the Jan Dhan Yojana places priority on the Aadhaar number as identity proof.

Aadhaar enrolment requires the applicant to produce his/ her mobile number. In this way the trinity is getting linked. Once the linking is complete, every poor person can be uniquely identified by his/ her Aadhaar number, the cash can be sent to the linked bank account and the account holder can either withdraw the money from the bank or use his/ her mobile phone to collect the cash from designated agents such as village retail shops (Gangopadhyay & Jensarma, 2015). Besides, the government will utilise the vast postal network with nearly 154,000 points of presence spread across the villages of the country to reach out to the intended beneficiaries (Agarwal, 2015)

According to Surgey and Lorenzo (2013), the reason for the rejection of outsourcing / privatisation of Indian social services is that in the past privatisation of social services resulted in some spectacular failures. For example, there were complaints of patterns of abuse and the state also paid three times as much to place a child in private foster care as it did in homes that were supervised by the state. Therefore contrary to the belief that outsourcing leads to efficiency and effectiveness, the opposite was true in terms of the Indian experience

The lessons to be learned from the Indian social security system is the use of the banks, mobile phone numbers (technology) and use of retail shops and postal network to increase access to the system and eliminate corruption. The study seeks to establish whether or not the above – mentioned options were explored by SASSA in the Ngaka Modiri Molema District.

Furthermore the experiences of the above – mentioned countries indicate that the provision of benefits and social services to the poor or otherwise needy have traditionally been carried out almost exclusively by government. Numerous state and local government entities are finding that turning over these programmes to private contractors not only fail to achieve projected cost savings but also decreases access to these important services, hurting many vulnerable families. For example before Indiana privatised these services, it had one of the lowest rates in the country for incorrectly denying and ending access for food stamps, but in 2008, under for – profit outsourcing, that error rate jumped 13% resulting in kids going hungry and grandma's losing their Medicaid coverage (Surgey & Lorenzo, 2013). This is because with the introduction of

market principles and / or private actors, social security becomes susceptible to profit logic that underpins market principles (Edmiston, 2014). The study will further seek to determine how market principles impacted on the quality of service in SASSA Ngaka Modiri Molema District

2.7. Safeguards to be considered

Therefore, there is evidence to support the argument that, where outsourcing is used, it should be undertaken within a comprehensive and thoughtfully devised framework of safeguards. According to Bowden – Hall (2012), the safeguards are:

- Establish governance structures, with a clear schedule of meeting and programme of action, to oversee the work of the service provider.
- Develop clear key performance indicators for the service provider, which are suitably incentivised and short term so that everyone's focus is on early success.
- Ensure timely quality reviews of service provider's performance to avoid unnecessary delays which more often than not lead to unacceptable cost escalations.
- Check invoices against the contract and schedules of charges to ensure that you pay for job performed at agreed to rates.
- Ensure that change brought about by the outsourced service is well managed and supported by all stakeholders involved.
- The service provider must listen and pay attention to the concerns and needs of the other party.
- Attend to problems and challenges timeously.

In addition, the following factors can be critical to making and implementing a successful outsourcing decision:

- Make sure that your goals for outsourcing are clear from the outset.
- Look at outsourcing over the short-and long-term.
- Consider who will control the outsourcing decision and why.
- Consider how well your company's culture will support an outsourcing decision.

- Decide whether it's better for your operation to be centralized or decentralized before outsourcing. (successful outsourcing depends on critical factors (Koch, 1993).

Furthermore, FFIEC (2015) advises organisations to guard their businesses information against the outsourced contractor. For instance, in choosing service providers, management should exercise appropriate due diligence to ensure the protection of both financial institution and customer assets. Before entering into outsourcing contracts, and throughout the life of the relationship, institutions should ensure the service provider's physical and data security standards meet or exceed standards required by the institution. Institutions should also implement adequate protections to ensure service providers and vendors are only given access to the information and systems that they need to perform their function. Management should restrict their access to financial institution systems, and appropriate access controls and monitoring should be in place between service provider's systems and the institution.

Therefore, though outsourcing has benefits such as cost saving and improvement of quality of services, it has risks, which in the public sector, can have far reaching negative implications that far outweigh the benefits. Hence, Franscisco (2001) concludes that while outsourcing serves as a useful tool to juggle limited resources, it does not provide a solution to every resource shortage an institution may face.

2.8. Summary

The chapter looked the theoretical foundations of how and why managers take decisions. In doing so, it explored the contingency and quality viewpoints. Contingency viewpoint argues that different situations require different practices, thus managers are expected to determine which methods best suit a particular situation. On the other hand, quality viewpoint argues that in taking any decision, managers must consider customers' needs and provide such to their satisfaction. Therefore the two viewpoints become critical in understanding how and why SASSA management arrived at a decision to outsource SASSA's social grant payment services.

Lastly, the chapter looked at the literature on outsourcing. It looked at different types of outsourcing, reason for outsourcing, lessons to be learned from other countries and safeguards to be considered when outsourcing.

Chapter 3 Research method and data analysis

3.1. Introduction

This chapter looks at research methods and data analysis. Research methodology is a way to systematically solve the research problem or studying research problem along with the logic behind it. It may be understood as the science of studying how research is done scientifically by studying various steps that are generally adopted by a researcher (Kumar, 2008). It further includes data - collection methods, population of the study, sample selection and data - analysis method.

3.2. Research design

According to de Vaus (2001) research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data. As a result, there are different types of research designs, ranging from action research design, case study, causal design, cohort design, cross sectional design etc. The term design in this context refers to the researcher's way of arranging the environment in which it takes place; the environment consists of the individuals or groups of people, places, activities, or objects that are to be surveyed (Fink, 2002).

For the purpose of this study, the researcher used descriptive research design. According Polit and Hungler (1999) descriptive research involves the collection of data that will provide an account or description of individuals, groups or situations. It can provide a knowledge base which can act as a springboard for other types of quantitative research methods.

3.3. Population of the study

According to Martin (2005) population of the study refers to the number of persons or objects covered by the study or with which the study is concerned. In other words, it is a set of people or items under consideration in a study. In this research, the population of the study were all social grants recipients in Ngaka Modiri Molema District and SASSA employees in the Ngaka Modiri Molema District. According statistics released

at the end of July 2015, Ngaka Modiri Molema District had 334 744 social grants beneficiaries and 215 employees (SASSA, 2015)

3.4. Sample selection

Sampling is the process of selecting elements from the total population in such a way that the sample elements selected represent the total population. Thus in research the sample should be a representation of the total population such that as much as possible, most characteristics of the population should be represented in the sample selected. There are different types of sampling methods, ranging from snowball sampling, random sampling and purposive sampling (Martin, 2005).

For the purpose of this study, the researcher used two different samples according to the required data related to the objectives of the study. On one hand, the researcher purposively chose one manager in SASSA Ngaka Modiri Molema District office for interview in order to collect information related to the SASSA operations. Purposive sampling is when a researcher chooses specific people within the population to use for a particular study or research project. Unlike random studies, which deliberately include a diverse cross section of ages, backgrounds and cultures, the idea behind purposive sampling is to concentrate on people with particular characteristics who will better be able to assist with the relevant research (EnkiVillage, 2015).

The reason the researcher chose this method of sampling was to be able to gather information about SASSA from somebody in senior management of the institution, who will comment and express views from an informed position. This is supported by Business Analytics (2015) where it is argued that in purposive sampling subjects are chosen because of certain characteristics

To select sample of social grants beneficiaries, the researcher used Raosoft sample size calculator (2014) to select the number of subjects of the sample. According to Raosoft sample size calculator (2014) for a population size of 334 744, with a 5% margin of error, 95% confidence level and 50% response distribution, the recommended sample size is 384.

The researcher used simple random sampling to select participants to the study. This method involves selecting at random from a list of the population (a sampling frame) the required number of subjects for the sample (Martin, 2005). However, for the purpose of this study, there was no list. Rather the research assistants randomly approached social grants beneficiaries at pay points and requested them to participate in the study.

3.5. Data - collection method

The data collection, for both social grants beneficiaries and SASSA official, was through interviews, with closed questions, using an interview guide. This is in line with descriptive research design, which according to Polit and Hungler 1999, uses instruments such as questionnaires, interviews with closed questions and observations.

The researcher used four research assistants to collect data from respondents. Before embarking on the data gathering exercise, the research assistants were trained on the interview guide, what each question sought to achieve, translation of questions from English to Setswana and the etiquettes of approaching would – be - participants in the study. Their role of was to do fieldwork, conduct interviews, and build rapport with respondents. This is also confirmed by Center for Global Development (2012) which highlights that research assistants translates questionnaires in the languages of the respondents and responses in English and assistant conducts interviews. This is because most of the research participants' level of education ranged from semi – literate to illiterate, as such they would not have been able to appropriately complete a self – administered questionnaire

The interviews were conducted in Setswana and recorded in English. The research assistants assured the participants of confidentiality on any information provided and further assured that the questionnaire would be used strictly for research purposes. The cover letter obtained from the Graduate School was used to inform participants about what the research was all about, how it would affect them as well as the risks and benefits of participation. Participants were also informed of their right not to participate in the study if they so choose. As a result, this made it possible for the researcher to give explanations where necessary. This is confirmed by Rajasekar, Philominath, Chinnathambi, (2013) who argue that semi- structured interviews are better used where the research population has a low level of literacy or might be less co-operative.

According to Fluidsurvey Team (2013), the methods people use to observe, measure, and record data might influence the results, and give an incorrect reading. Therefore, in order to avoid or minimise Research Assistants possible biases the Researcher train them on how to administer the questionnaires, interpretation of questions and how to record responses. As a result, the continuous practice and role playing led to continuous improvement of Research Assistants, which minimise possible biases.

The four research assistants were employees of SASSA. They had easy access to all the pay points they visited, which made it easier for them to randomly approach the social grants recipients. The researcher then conducted interviews with the SASSA official responsible for the management of SASSA operations in the Ngaka Modiri Molema District

3.6. Data analysis

According to Faculty Development and Instructional Design Centre (2005) data analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data. It refers to reducing large amount of collected data to make sense of them through organising collected data and reducing it through summarisation and categorisation and then identifying and linking patterns and themes.

For the purposes of this study, the researcher used IBM SPSS 22 to analyse data. The advantage of the SPSS 22 is that it has time – saving capabilities to help quickly and easily find new insights and the data (IBM, 2015). Chi square test of independence inferential statistics technique was also used. Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. The chi-square test is always testing what scientists call the null hypothesis, which states that there is no significant difference between the expected and observed result (Business Analytics, 2015). Lastly, the researcher used the frequency tables and charts (graphs) for descriptive statistics purpose. Tables and graphs are good for a quick, rough overview of a distribution and for comparisons of

distributions. They are especially useful to evaluate the shape of a distribution (Andrews.edu, 2001)

Furthermore, the Researcher used quantitative content analysis, especially when analysing data from SASSA official. According to Boettger and Palmer (2010) quantitative content analysis a research technique for making replicable and valid inferences from texts (and other meaningful matter) in the contexts of their use. Texts can be broadly classified to include printed matter, images, maps, art, sounds, signs, or symbols. It can enrich research in technical communication by identifying the frequency of thematic or rhetorical patterns and then exploring their relationship through inferential statistics.

3.7. Summary

The chapter dealt with the study's design and methods used to gather the data. It dealt with the population of the study, how the study's sample was selected, and data collection method, how data was analysed and ethical issues considered.

Chapter 4 – Presentation of results

1.1. Introduction

The chapter deals with the presentation of results. It firstly deals with the results as gathered from the social grants beneficiaries (Section A) and thereafter looks at the results of the interviews with the SASSA Ngaka Modiri Molema official (Section B). The presentations of the results follow the sequence of the interview guides.

Section A:

1.2. Demographic data

1. Gender of participants

The results displayed below deal with the percentage of people, by gender, who participated in the study

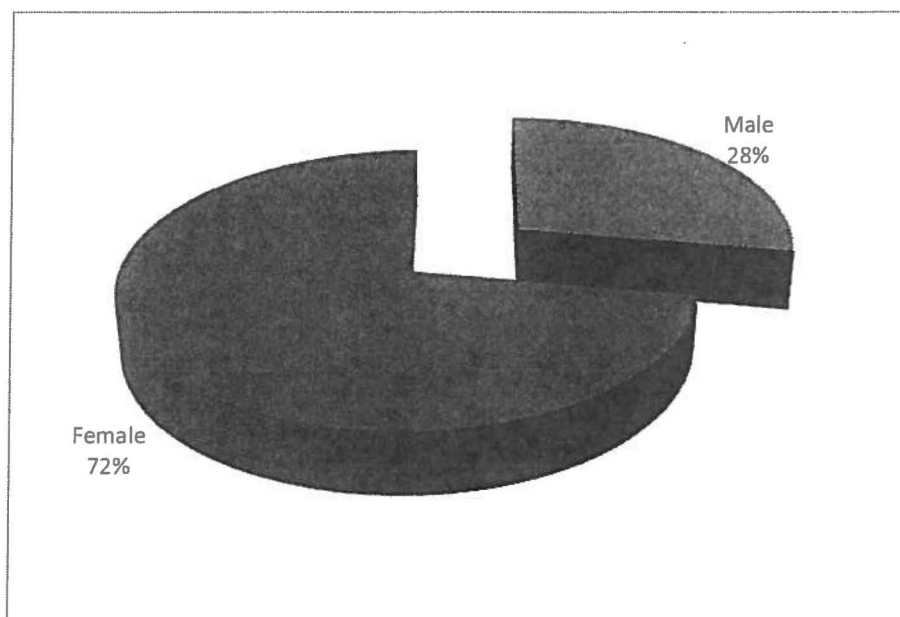


Figure 4.1: Gender of participants

2. Age category

The results below show the age category of the participants of the study. The age categories were grouped into four, ranging from less than 20 years of age to 51 years and above

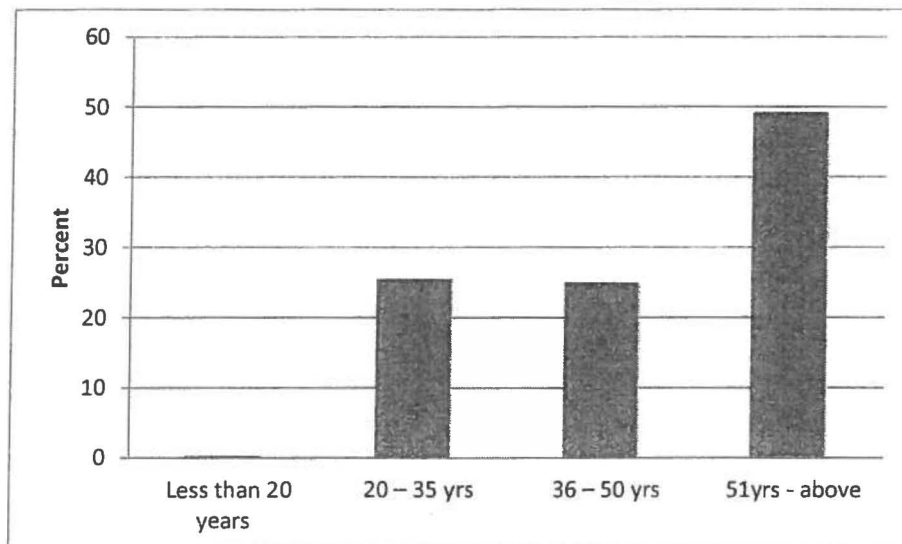
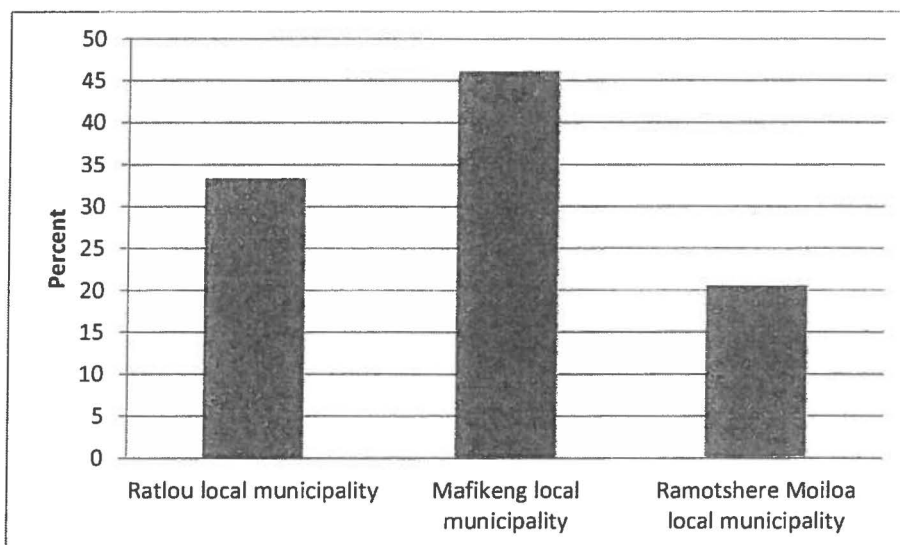


Figure 4.2: Age category

3. Participants' municipality of residence

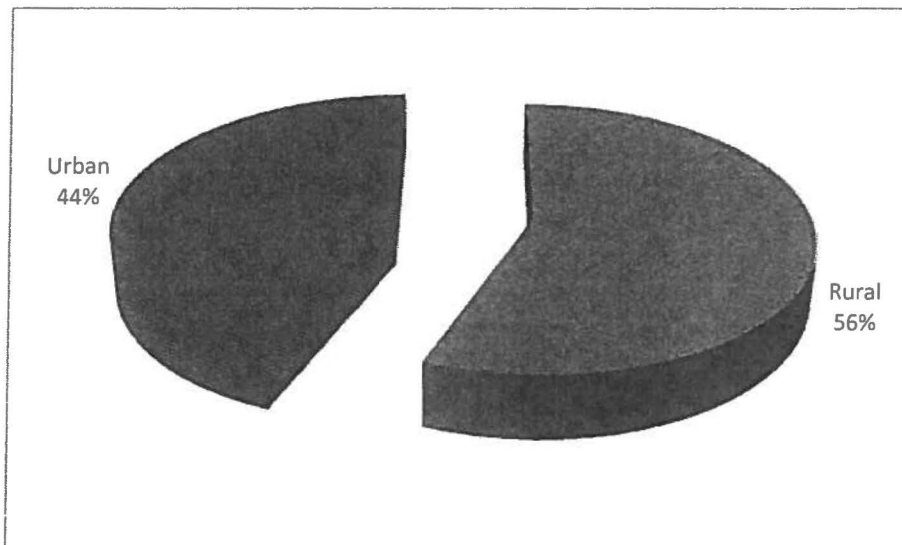
The results below indicate the participants of the study's areas of residence by municipality



4. Figure 4.3: Participants' municipality of residence

5. Participants' area of residence

The results below deals with the participants type of residence. The type of residence is divided into rural and urban areas



6. Figure 4.4: Participants' area of residence

7. Time (in minutes) taken to access pay point

The section deals with time (in minutes) that participants of the study take to travel from home to access the nearest SASSA pay point when collecting their monthly social grants.

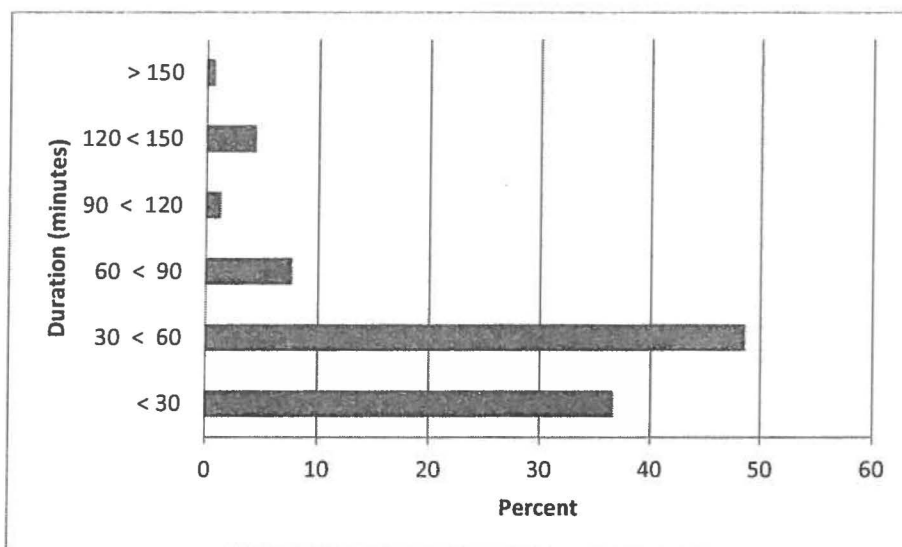


Figure 4.5: Time (in minutes) taken to access pay point

8. Year first payment was received

The information below indicates that year on which the participants of the study first started receiving services from SASSA.

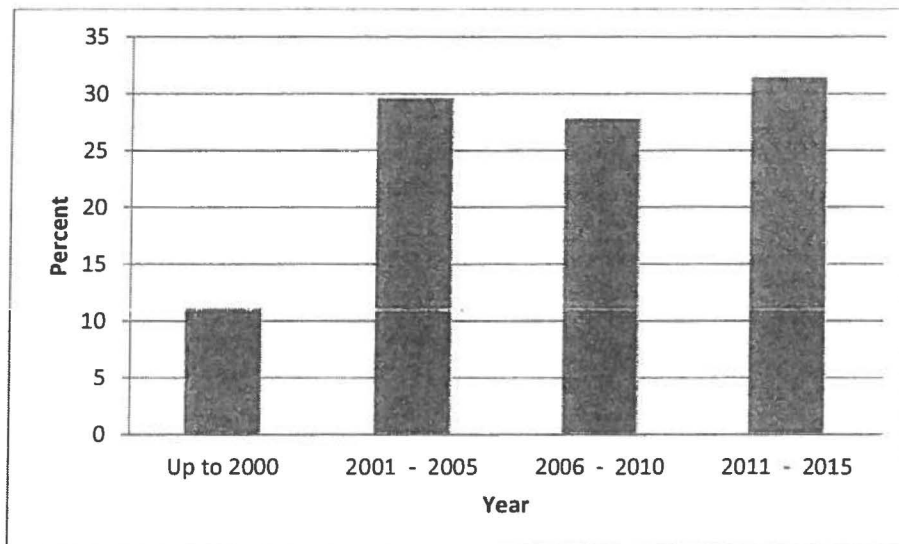


Figure 4.6: Year first payment was received

9. The duration it takes participants to process payment at pay points

The results below indicate the average amount of time it takes participants to receive their monthly social grants payments at pay points

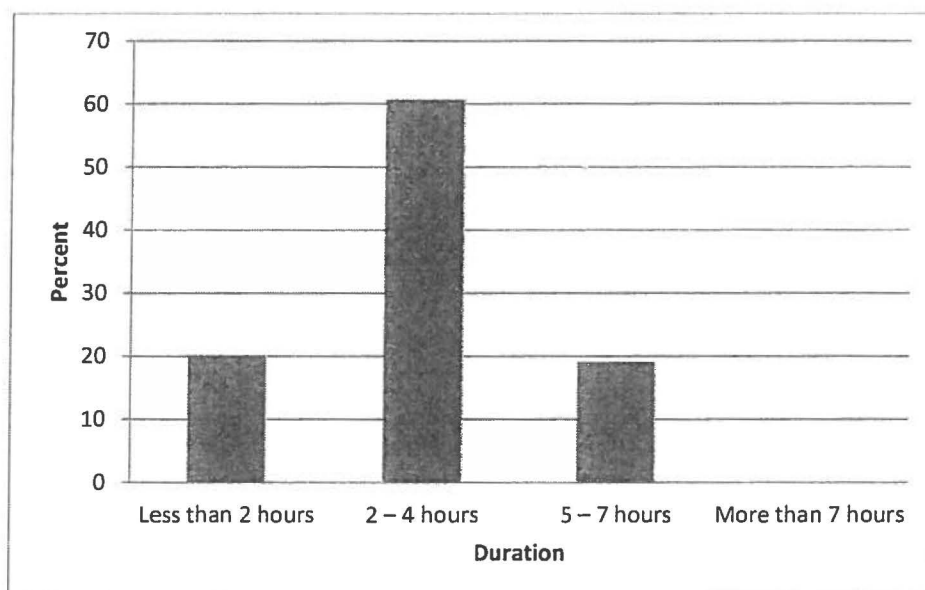


Figure 4.7: Time (in hours) taken to process payment of monthly grant

10. The means of transport used to access pay point

The results below indicate the different means of transport the participants used to access their nearest pay points

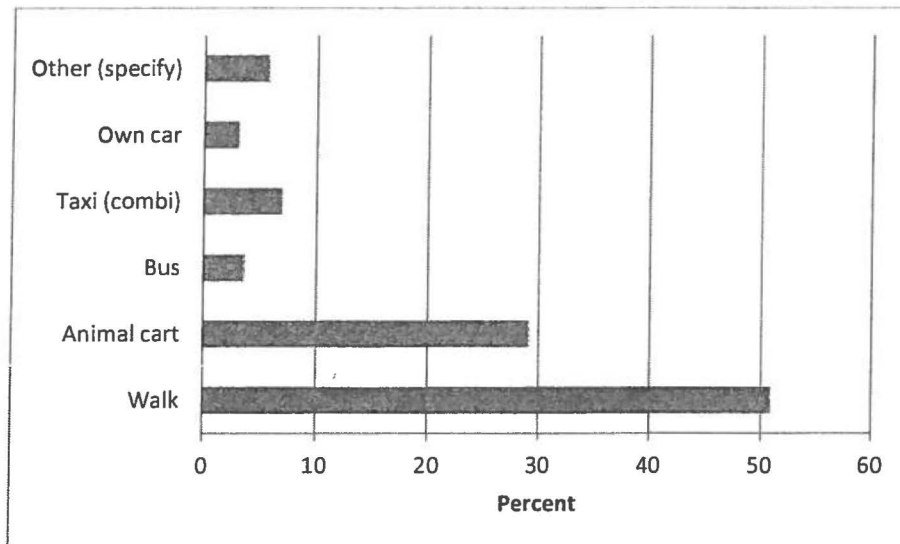


Figure 4.8: Means of transport used to access pay point

11. The Types of grants the participants receive from SASSA

The results below indicate the types of grants the participants receive from SASSA

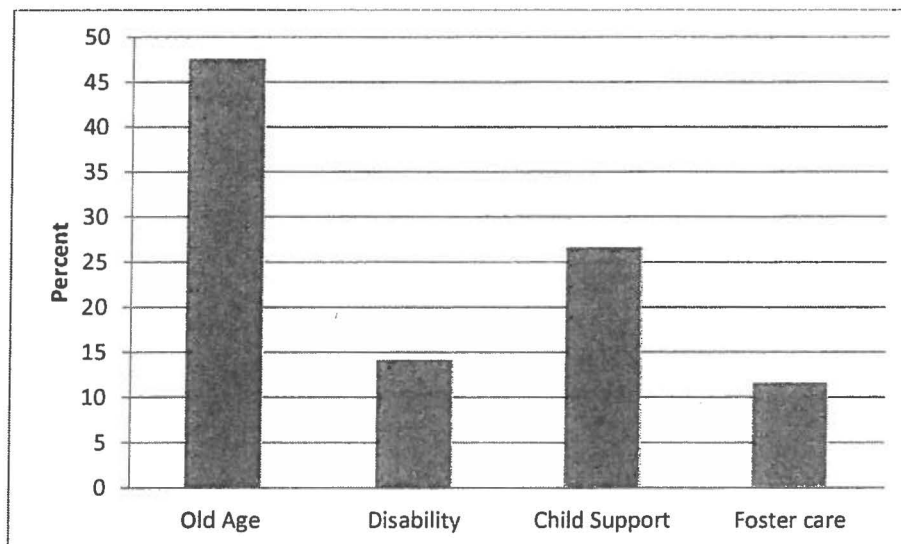


Figure 4.9: The Types of grants the participants receive from SASSA

12. The method used by participants to collect monthly payment

The results below show the method used by participants to collect their monthly social grants payments. The available methods are through the pay point, point of sale and Banks Automatic Teller Machine (ATM)

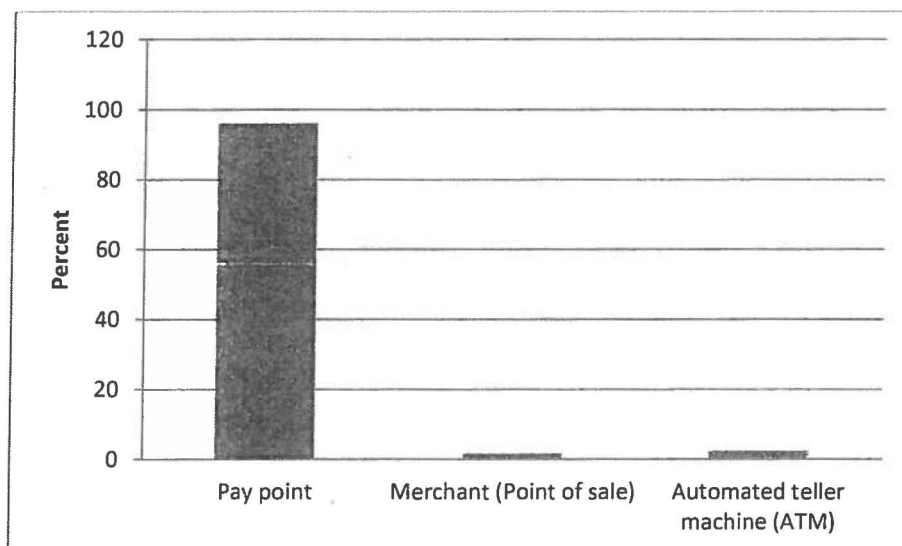


Figure 4.10: Method used to collect monthly payment

13. Do participants experience long delays when collecting monthly social grants payment?

The results below show whether or not the participants experience delays when collecting their monthly social grants payments. Although the total sample of the study is 384, only 367 participants responded to this question

Table 4.11: Do participants experience long delays when collecting monthly social grants payment?

Response	Frequency	%
Yes	332	90.5
No	35	9.5
Total	367	100

14. If participants answered yes above, what do they think causes the delay?

The results below indicate what the participants think are the causes of the delays they experience at pay points. Although the total sample of the study is 384, and only 332 participants answered yes on the above – mentioned question, 353 participants responded to this question, which number is more than those who responded 'yes'. The reason for this discrepancy is that even those who did not express an opinion on the previously asked question, the participants felt a need to respond because they felt that they had experienced such delays in the past.

Table 4.12: If you answered yes, what do you think causes the delay?

Response	Frequency	%
Too many grantees whereas there are few resources at pay-points	336	95.2
Too many grantees whereas there are few ATM's	13	3.7
Too many grantees allocated to merchant point of sale	2	0.7
Other	2	0.7
Total	353	100

15. Have you ever reported the problems that you observed to officials?

The results below indicate whether or not on experiencing the delays, the participants reported such to authorities. Once more, although the total sample of the study is 384, and only 332 participants answered yes to the above – mentioned question, 337 participants responded to this question, which number is more than those who responded 'yes'. The reason for this discrepancy is that even those who did not express an opinion on the previously asked question, the participants felt a need to respond because they felt that they had experienced such delays in the past

Table 4.13: Have you ever reported the problems that you observed to officials?

Response	Frequency	%
Yes	200	59.3
No	137	40.7
Total	337	100

16. I reported the matter to

This section deals with areas where the participants reported. Interestingly, the number of participants who responded to this question was significantly reduced to 172 participants. The reason for this discrepancy is other participants felt like they would be victimised and have their grants cut if they point to authorities they reported to.

Table 4.14: I reported the matter to:

Response	Frequency	%
SASSA	94	54.6
Department of Social Development	18	10.5
NGO	16	9.3
Public Protector	5	2.9
South African Human Rights Commission	1	0.6
Ward Councillor	38	22.1
Total	172	100

17. Were the participants complaints attended to?

The section deals with whether or not the participants' complaints were attended to after having reported, as per the previous question. Once more the number goes up to 219, as opposed to those (172) who said they reported. The reason for this discrepancy is that, in responding to this question, the participants felt that they are not spying on anyone, thus they will not be victimised

Table 4.15: Were your complaints attended to?

Response	Frequency	%
Yes	73	33.3
No	146	66.7
Total	219	100

18. Opinions

This section deals with participants' opinion on SASSA's customer services. Although the total sample of the study is 384, the number of those who responded ranges from 371 to less than that in some questions. The reason is still fear of victimisation

Table 4.16: Opinions

Opinion	Rating				
	Strongly disagree (%)	Disagree (%)	Not sure (%)	Agree (%)	Strongly agree (%)
The staff at my pay-point behave professionally (n = 371)	14.5	9.4	28.6	31.3	16.2
The staff at my pay-point conduct their work efficiently (n = 371)	4.9	16.4	32.6	27.2	18.9
I am aware of micro-lenders operating at my pay-point (n = 369)	3.2	7.6	15.7	35.8	37.7
I am aware of funeral scheme agents operating at my pay-point (n = 359)	1.9	5.6	9.8	39	43.7
I am aware of grantees who complain about unauthorised deduction from their SASSA accounts (n = 324)	1.5	15.4	21.9	30.6	30.6
SASSA conducts awareness campaigns to inform grantees of the existence of unscrupulous agents who target at benefiting from their grants. (n = 303)	6.3	23.1	40.6	18.5	11.5

Section C: Chi - square Test of Independence

This test of independence is concerned with the relationship between two different factors (or categories) in a population under study. There is a significant relationship between the two categories if the probability value (p-value) is less than 0.05 level of significance.

19. Perceptions (opinions) of beneficiaries about SASSA campaigns by gender.

This section deals with results of perceptions of beneficiaries, by gender, on SASSA's customer services and quality of services at pay points

Table 4.17: Cross-tabulation of perceptions (opinions) of beneficiaries about SASSA campaigns by gender.

	SASSA conducts awareness campaigns to inform grantees of the existence of unscrupulous agents who target at benefiting from their grants.					
Gender	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
Male	1	8	11	27	36	83
Female	4	42	60	72	62	240
Total	5	50	71	99	98	323

p-value = 0,012

chi-square statistic = 12,8

df = 4

SPSS 22 software package was used to perform a chi-square test of independence for the data in Table 4.17. The chi-square statistic and the p-value with 4 degrees of freedom in Table 4.17 are 12,8 and 0,012, respectively. Since the p-value is less than 0.05 level of significance, then the opinion of beneficiaries about SASSA awareness campaigns is significantly dependent on their gender. It means that 30% of female beneficiaries tend to agree that SASSA conducts awareness campaigns, whereas 43% of the male beneficiaries tend to strongly agree (see Table 4.17 above).

20. Perceptions (opinions) of beneficiaries about the conduct of staff at pay point by type of residence

The results below deals with participants' opinions about the conduct of staff at pay point by type of residence

Table 4.18: Cross-tabulation of perceptions (opinions) of beneficiaries about the conduct of staff at pay point by type of residence.

	The staff at my pay-point conduct their work efficiently					
Type of residence	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
Rural	9	42	54	53	45	203
Urban	9	18	65	43	23	158
Total	18	60	119	96	68	361

p-value = 0,010

chi-square statistic = 13,375

df = 4

The chi-square statistic and the p-value with 4 degrees of freedom in Table 4.18 are 13,375 and 0,010, respectively. Since the p-value is less than 0.05 level of significance, then the opinion of beneficiaries about the conduct of staff at pay point is significantly dependent on their area of residence. It means that 55% of the beneficiaries who are not sure about the conduct of staff at pay point are from the urban area, whereas the 55% of the beneficiaries tend to agree are from the rural area

21.Perceptions (opinions) of beneficiaries about micro-lenders operating at the pay points by type of residence.

The results below show participants' perceptions about micro – lenders operating at pay points by type of residence

Table 4.19: Cross-tabulation of perceptions (opinions) of beneficiaries about micro-lenders operating at the pay points by type of residence.

Type of residence	I am aware of micro-lenders operating at my pay-point					Total
	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	
Rural	6	20	33	58	86	203
Urban	6	8	24	71	47	156
Total	12	28	57	129	133	359

p-value = 0,010

chi-square statistic = 13,386

df = 4

The chi-square statistic and the p-value with 4 degrees of freedom in Table 4.19 are 13,386 and 0,010, respectively. Since the p-value is less than 0.05 level of significance, then the opinion of beneficiaries about the micro-lenders operating at the pay points is significantly dependent on their area of residence. It means that 55% of the beneficiaries who tend to agree are from the urban area, whereas 65% of the beneficiaries tend to strongly agree are from the rural area

22.Perceptions (opinions) of beneficiaries about SASSA campaigns by type of residence

The results below deal with participants' perception, by type of residence, about SASSA awareness campaigns

Table 4.20: Cross-tabulation of perceptions (opinions) of beneficiaries about SASSA campaigns by type of residence.

	SASSA conducts awareness campaigns to inform grantees of the existence of unscrupulous agents who target at benefiting from their grants.					
Type of residence	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
Rural	1	30	49	51	42	173
Urban	4	19	19	45	55	142
Total	5	49	68	96	97	315

p-value = 0,002

chi-square statistic = 16,733

df = 4

The chi-square statistic and the p-value with 4 degrees of freedom in Table 4.20 are 16,733 and 0,002, respectively. Since the p-value is less than 0.05 level of significance, then the opinion of beneficiaries about SASSA campaigns is significantly dependent on their area of residence. It means that 57% of the beneficiaries who tend to strongly agree are from the urban area, whereas 53% of the beneficiaries tend to agree are from the rural area

23.Perceptions (opinions) of beneficiaries about SASSA campaigns by municipality

The results below deal with participants' opinions about SASSA campaigns by municipality

Table 4.21: Cross-tabulation of perceptions (opinions) of beneficiaries about SASSA campaigns by municipality.

	SASSA conducts awareness campaigns to inform grantees of the existence of unscrupulous agents who target at benefiting from their grants.					
Municipality	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
Ratlou local municipality	1	18	35	30	25	109
Mafikeng local municipality	4	20	18	49	49	140
Ramotshere Moiloa local municipality	0	11	15	17	24	67

Total	5	49	68	96	98	316
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P-value = 0,015 chi-square statistic = 18,97 df = 8

The chi-square statistic and the p-value with 8 degrees of freedom in Table 4.21 are 18,97 and 0,015, respectively. Since the p-value is less than 0.05 level of significance, then the opinion of beneficiaries about SASSA campaigns is significantly dependent on their municipality. It means that 51% of the beneficiaries who tend to be not sure are from the Ratlou local municipality, whereas 51% of the beneficiaries who tend to agree are from the Mafikeng local municipality

24. Perceptions (opinions) of beneficiaries micro-lenders operating at the pay points by municipality

The results below deal with participants opinions of micro lenders operating at pay points by municipality

Table 4.22: Cross-tabulation of perceptions (opinions) of beneficiaries' micro-lenders operating at the pay points by municipality

Municipality	I am aware of micro-lenders operating at my pay-point					Total
	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	
Ratlou local municipality	3	14	20	26	60	123
Mafikeng local municipality	6	11	27	73	45	162
Ramotshere Moiloa local municipality	3	3	10	30	29	75
Total	12	28	57	129	134	360

p-value = 0,002 chi-square statistic = 24,44 df = 8

The chi-square statistic and the p-value with 8 degrees of freedom in Table 4.22 are 24,44 and 0,002, respectively. Since the p-value is less than 0.05 level of significance, then the opinion of beneficiaries about micro-lenders operating at the pay points is significantly dependent on their municipality. It means that 49% of the beneficiaries from the Ratlou local municipality tend to strongly agree, whereas 45% of the beneficiaries the Mafikeng local municipality tend to agree

Section B:

1.3. Findings from SASSA official

1. Gender and occupation

The SASSA official interviewed was male and serving at senior management level in the organisation. This augurs well even for his responses as they were from an informed position, having grown through the ranks in SASSA.

2. What have been the cost implications of the payment services contract since its inception?

The SASSA official indicated that the outsourcing of social grants payment services was first done in 1996, while the responsibility was still under the Department of Social Development. Before then it was difficult to cost the operation as they were done internally by staff.

According to the SASSA official the costs per head to administer payments of social grants before 1996 were very high and included components such as risk, wherein the officials were expected to collect cash at the banks without security or any security / protective clothing, transporting it to and from the pay points, doing physical payments, doing manual reconciliation after payments, which proved very cumbersome and money was always not tallying, when reconciled after payments. As a result, fraud was very high in the system; hence there was a need to outsource in order to transfer all these responsibilities to professionals and away from the government officials.

Between 1996 – 2012, it cost government R34.00 per head to pay social grants beneficiaries their monthly dues. Therefore, in order to deal with these inefficiencies and amalgamate the nine different administrations, in 2012 the government entered into an outsourcing contract, which reduced the handling fees from R34.00 to R16.00 per head.

3. Would government be able to save costs further if it was performing this outsourced function?

“No”, says the official. This is because the challenges indicated earlier before the 1996 contract, challenges such as fraud and inefficiencies in the system have not been

addressed. Therefore, the state would still not be able to save costs if it was performing this outsourced function itself.

4. How is the Service Provider performing in the relation to the following;

The results below show how the SASSA official scored the service provider on different areas / categories

Table 4.23: showing how the SASSA official scored the service provider on different areas

Categories	Standards
Time of arrival at pay points	Good
Time it takes to pay beneficiaries at pay points	Good
Being courteous towards clients	Poor
Upholding SASSA values	Poor
Upholding Batho Pele principles	Poor

5. Has the service provider established alternative methods of payment, as per the Service Level Agreement?

“Yes, for instance there has been establishment of alternative payment methods, such as banks Automatic Teller Machines (ATM's) and supermarkets points of sales”, says the official. As a result, the SASSA official says that this has increased and introduced beneficiaries to banking system, “there is no longer a waiting period at our pay points because people can access their monies anywhere, anytime”, says the SASSA official

This is illustrated by:

Table 4.24: Showing SASSA July 2015 stats showing how most social grants beneficiaries access their grants

Channel	Issuer	North West	Ngaka Modiri Molema District
ATM	SASSA Chip	384682	124 332
NET1 ATM	SASSA Chip	50130	31 900
PAYPOINT	SASSA Chip	211268	70 132
PAYPOINT	SASSA Magstripe	2	0
POS-BIO	SASSA Chip	34317	25 700
POS-PIN(M/CARD)	SASSA Chip	114309	70 155
Total		794708	322 219

6. Whether or not the service provider complies with the SLA on ensuring that the correct amount is dispensed and checked by the recipient and short payments are rectified immediately after the complaint is lodged?

"No, it is difficult to ensure that the service provider adheres to the SLA with regard to ensuring that beneficiaries receive the correct amounts and where there are short payments, they are rectified immediately", says the official.

7. Whether or not the service provider complies with the SLA requirements to include a provision in the agreement that the merchant store shall not force social grants beneficiaries to purchase merchandise in order to withdraw cash in the store?

The official indicated that even on this point, the service provider is performing badly. Many beneficiaries have complained about the supermarket owners forcing them to use a certain percentage of their grants to buy groceries in their stores before they were paid their monthly dues.

8. Are there measures in place to address service provider challenges on those areas where the service provider is performing poorly?

The SASSA official indicated that there were measures, although they were very slow in making an impact. For instance, the official highlighted that SASSA had introduced a complaint management system whereby a social grant beneficiary who had been short changed in terms of payment is expected to complain with a sworn affidavit to the nearest SASSA office and once investigations are done and the deduction confirmed, the contractor is forced to refund such an aggrieved beneficiary.

However no refund has been effected since this measure was introduced. For instance, to date SASSA NW has 956 cases of illegal deductions, with NMMD accounting for 44% thereof

9. How is the service provider performance being monitored?

The official indicated that there was an agreed monitoring tool, which SASSA uses to monitor the service provider. Every month SASSA officials referred to as help desk visit pay points to observe the level of compliance to the SLA by the service provider. Thereafter compliance reports are developed and submitted to management to consider. Where there has been non – compliance the service provider is made aware and where necessary penalized.

However, due to lack of adequate resources, such as enough human resources and other tools, it is not possible for SASSA to be in each and every pay point in the district. Therefore there are pay points where SASSA is unable to carry out this responsibility. For instance, the SASSA official indicated that SASSA was still not winning this war against abuse of social grants beneficiaries at pay points, contractor security guards still allowing unscrupulous businesses to operate at pay points against the Service Level Agreement with the contractor and that the contracts that the contractor has with supermarkets are not police-able by SASSA, as SASSA is not party to such practices

10. Has SASSA experienced problems relating to the following

Table 4.25: Showing how SASSA official responded on whether or not SASSA experienced problems with illegal deductions, loan sharks etc and actions taken to remedy the situation

Problems	Response	Action taken
Unauthorised deductions on beneficiaries social grants	Yes	SASSA has established a complaint management system where the affected parties are required to present sworn affidavits indicating the illegal deductions. SASSA offices will then take up this matter with the service provider to refund
Loan sharks / Micro lenders at pay points	Yes	SASSA has not done anything except to raise awareness on the greediness and unscrupulous activities of these businesses
Unregistered funeral schemes	Yes	SASSA has not done anything except to raise awareness on the greediness and unscrupulous activities of these businesses
Hawkers	Yes	The SLA requires the service provider's security guards at pay points to ensure that such business operates 100 meters away

		from the point of payments. But this has not been enforced
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11. Other challenges experienced and how has SASSA dealt with them?

Other challenges identified by the SASSA official include the poor communication between SASSA and the contractor, which leads to a situation whereby the contractor seem to be dictating terms, such as introducing new banking cards that were not agreed to with the parent company (SASSA), and introducing financial products to beneficiaries, which goes against the Social Assistance Act.

12. How have the activities of the service provider affected SASSA's relationship with its clients?

The SASSA official indicated that as a result of all these problems, SASSA image and reputation in the face of the social grants beneficiaries has been significantly dented. "Social grants beneficiaries are in a hopeless emotional state as a result of all new problems (introducing new banking cards and introducing financial products to beneficiaries) that came about as a result of the contractor" says the SASSA official.

These new challenges have dented the image and reputation of SASSA in the eyes of the public (social grants beneficiaries) to an extent that it will take a lot of effort to restore such. However, the SASSA official indicated that they have learnt their lessons and hope that the new contract expected to come into effect on the 15th October 2015 will address all the mistakes experienced and must protect the social grants beneficiaries and not the contractor.

1.4. Summary

The chapter dealt with the findings from the participants of the study. It followed the sequence of interview guides for both social grants beneficiaries and the SASSA official. The findings highlights that though SASSA was able to reduce the costs, time it takes to pay beneficiaries and increase points of payment, the outsourcing of the payment service introduced new challenges, such as illegal deductions, that were not anticipated at the point the contract was entered into. Because they were not anticipated, these

challenges were not addressed by SLA. As a result the SLA favoured the contractor than the social grant beneficiaries, which led to strained relationship between SASSA and its customers

Chapter 5 – Discussions and recommendations

5.1 Introduction

The chapter deals with whether or not the objectives of the study have been achieved and make recommendations. The discussions will look at each of the four objectives of the study

5.2 Discussions

Objective 1 – Assess whether the activities of the service provider have resulted in the improvement in the quality of services to SASSA and its clients in Ngaka Modiri Molema district

The objective has to do with whether or not the service provider activities resulted in the improvement of services. The analysis is that the service provider did improve SASSA services to social grants beneficiaries by increasing access which is displayed by the number of uptake between 1996 and 2015. For instance, SASSA social grants beneficiaries uptake grew from four million beneficiaries countrywide in 1996 to just under 400% increase to 15 240 126 beneficiaries by October 2013, with North West Province accounting for 14% (847 467) of the national uptake (SASSA, 2014).

However, this could not solely be attributed to the service provider activities. Instead, Overseas Development Institute (2011) highlights that the most important factor that contributed to progress in increasing access to social grants are strong leadership, changes to the constitution and the building of new institutions. For example, more than 80% of the increase is accounted for by the extension of the Child Support Grant. The extension of social protection in South Africa has been particularly dramatic because it has been the consequence of a constitutional change. The Constitution of South Africa 108 of 1996 stipulates that people must have adequate shelter, food, education and social security. Therefore a rights - based system means that the state has a legal obligation to provide social protection and this largely explains the emphasis given to increasing social protection coverage in the country (Overseas Development Institute, 2011)

In addition the SASSA Chief Executive Officer indicated that on the basis of the increased access to Social Security, during the period under review, SASSA was supposed to embark on community outreach programmes targeting 44 wards but ended up reaching 495 wards (SASSA, 2011). Therefore it would be unfair to attribute this achievement to the activities of the service provider.

The service provider also succeeded in the establishment of more pay points nearer where beneficiaries were residing. For example in 1996 there were only 350 pay points in the North West Province and after 2012 they increased to 737, which is more than 100% increase (SASSA, 2014). This could also be confirmed by the 53% of the respondent who now walks to the nearest pay point and the majority taking between 30 – 60 minutes to access the nearest pay point. Furthermore, When the service provider was contracted in 2012, SASSA in the North West had 807 668 beneficiaries with 737 pay points, with Ngaka Modiri Molema District accounting for 214 pay points. By 2014 – 2015 financial year the total beneficiaries has grown to 847 467 with 751 pay points, with Ngaka Modiri Molema District accounting for 217 pay points (SASSA, 2015)

Furthermore, the activities of the service provider led to a significant improvement of services as it relates to the establishment of alternative payment methods. For instance, out of 794 708 beneficiaries who collected their grants in July 2015, the majority (55%) collected their money through ATM's, and 19% who collected at points of sale, with a minority (26%) using pay points (SASSA, 2015) . This also confirmed by the Minister (2013) when she highlighted that the new system has seen almost 60% of cash beneficiaries migrating from pay points to receiving their social grant money at their preferred payment vendors which they find to be very convenient.

In addition to the increased payment gateways, beneficiaries have also used the increased payment channels to access their social grants within the first seven (7) calendar days of the month. The previous antiquated system indicated that beneficiaries were able to receive their grants only on specific dates and at specific pay-points. The average time the beneficiary takes to access their money from the pay machine at a pay point has been reduced to a mere 30 seconds. This further reduces the queues and amount of time a beneficiary spends within a particular pay point (Minister of Social Development, 2013).

Lastly, the service provider also succeeded in establishing a uniform database of all social grants beneficiaries. This has led to an improvement of proper record management, which was lacking before the payment services were outsourced, as earlier indicated

However, contrary to what the SASSA official and Minister of Social Development (2013) said about time taken at the pay point to access monthly payments, 60.7% of the respondents indicated that they would spend more than two (02) hours waiting to be paid. This contradicts what the SASSA official said and what is expected of the contractor, as per the SLA, which stipulates that a beneficiary should take not more than two hours in order to access his / her grant at a pay point.

The explanation of the delays (90%) at the pay points is attributed to fewer machines or payment resources that dispense money at pay points and 54.6% have made SASSA aware of this challenge. But it looks like SASSA has not been able to act, as 66.7% highlighted that their complaints about fewer resources remained unattended to and thus the delays continue.

It is therefore not surprising that only 47.5% of the respondents could express a positive opinion about the level of professionalism at the pay points, while 28.6% could not say anything. The same was found when the respondents were asked about the level of efficiency. This view is also confirmed by the SASSA official who conceded the contractor performs poorly on professionalism, efficiency, values of SASSA and the Batho Pele principles in general.

Another point of convergence between the SASSA official and the respondents is the roaming of unauthorized businesses at the pay points. For instance, over 80% of the respondents residing in the rural areas and over 40% of those in urban areas strongly agreed that they were aware of micro- lenders operating at pay points with impunity. This could explain why more than 60% of the respondents have complained about illegal deductions from their social grants by unknown unscrupulous financial service providers.

This is confirmed by the Department of Social Development (2014) when it indicated that when the government designed the new payment system for social grants; the intention was to ensure that the poor and vulnerable in the society could access their

constitutional entitlements with dignity. The new payment system sought to facilitate financial inclusion so that social grant recipients had access to bank accounts that would allow them to access their funds safely within the framework of the financial infrastructure that all of us enjoy. It was also government's intention that through banking the poor, it would reduce their vulnerability from the greed of money lenders who charged exorbitant interest rates. The new system was also geared towards closing the leakages associated with the old cash-based payment system and rooting out fraud and corruption. While it had made significant gains in all of these areas, it became clear that the entrance of the SASSA payment card into the open loop banking system provided for a new frontier of exploitation of the most vulnerable members of the society.

In addition, notwithstanding that the majority of respondents (57% in the urban areas and 53% in the rural areas indicated that they have encountered micro – lenders operating at pay points, SASSA is doing little to raise awareness about these illegal activities. This is confirmed by the SASSA CEO when she highlighted that SASSA had been coy in terms of communication. SASSA had not gone on all out communications drive as there were certain initiatives that needed to be highlighted such as the one involving the unscrupulous hawkers at pay points. She went on to say communications had been a struggle and not enough had been done. There was a need to engage with radios as certain printed media was not being read. Customers also liked face to face discussions. There was a need to use a wide array of sources including banks. Sometimes the community radio stations and newspapers should be the target. The language used also needed to be modified according to the area. In future, more time would be spent on the communication strategy (SASSA, 2011).

Objective 2 – Determine whether the activities of the service provider have resulted in cost reductions at the SASSA Ngaka Modiri Molema District office

The study confirmed that the outsourcing of the payment services of social grants was able to achieve one of its objectives of costs reduction in that there was a reduction of handling costs from R34 to R16 per head.

Objective 3 – Establish whether the objectives for contracting the service provider were achieved

Equally, the objectives of contracting were all met in that SASSA operations were standardized across provinces, with one service provider providing payment services in all provinces, with one consolidated database of all social grants beneficiaries. As earlier indicated the handling costs were minimized from R34 to R16. Lastly, the service provider is also given the responsibility of money transportation, security and risks involved in handling such responsibility, which is no longer the responsibility of civil servants, like in the past.

Objective 4 – Recommend measures to be taken to address the experienced challenges

- SASSA should write down a realistic contract / Service Level Agreement (SLA) with clear milestones and deliverables
- The new SLA must be drawn with the involvement or inputs from civil society or stakeholders to be impacted by it
- The SLA must have suitable penalty regimes
- SASSA must introduce new technology as had been done in the Brazilian system to deal with long queues and delays at pay points
- Over and above the use of banks and retail stores, SASSA must utilize mobile phones technology and postal network to increase access to the system and eliminate corruption, like it was done in the Indian system
- SASSA must develop system to trap errors early in the system
- SASSA must listen to clients and develop a clear complaints management system with turnaround times for problems to be resolved
- SASSA must directly negotiate disbursement arrangement with retail stores with stringent conditions to guard against beneficiaries vulnerability
- SASSA must impress upon the Department of Social Development the need to amend the Social Assistance Act not to allow any deduction of any kind on such a

meagre monthly social grant payment, such that those with debits can pay directly to their creditors

- SASSA must empower its Help Desk officials to be able to deal with clients complaints with the urgency it deserves. This will go a long way towards restoring its dented image

5.3 Conclusion

The study has indicated that SASSA achieved the objectives of reducing costs from R34.00 to R16.00, which resulted in significant savings for government to be able to do other pressing service delivery issues. It also was able to achieve its objective of creating new alternative methods of payment such as banks ATM's and supermarkets points of sale. Furthermore, SASSA was also able to achieve the issuing of bank cards to all social grants beneficiaries. It further achieved its objective of creating a uniform database for all social grants beneficiaries.

However the service provider failed to ensure that the right person is paid the correct amount, given the number of complaints received about illegal deductions, which was confirmed by both the SASSA official and the respondents in general. The service provider has also been unable to be held accountable or liable for any costs with erroneous payment. This is better captured in the Department of Social Development's analysis which highlighted that "since 2012 when the contract to pay social grants was awarded, the rate of debit deductions from grant beneficiaries appeared to increase significantly. The impact of the deductions has seriously compromised the dignity of grant beneficiaries. It continues to fuel indebtedness which reduces the quality of life of the poor".

The service provider also failed to provide adequate security at pay points and this is deduced from the number of people (more than 80% in the rural areas and more than 40% in the urban areas) who were aware of micro lenders, illegal funeral schemes, and hawkers operating freely at the pay points. This led to the service provider failing in its duty to minimize the vulnerability of social grants beneficiaries from the greed of micro lenders. As a result, the beneficiaries were left to fend for themselves without any support structure to lodge their complaints with success. The majority of those complaints were not responded to by either SASSA or the service provider

Therefore outsourcing of payment services at SASSA did largely achieve the objectives it was set up for. Where there were challenges, it was mainly because of SASSA's lack of capacity to oversee and manage the service provider and create awareness of the rights and duties of its clients at pay points.

5.4 Further study

It would be very interesting for a further study to be conducted on how those social grants beneficiaries utilizing the alternative methods are experiencing customer services, as these methods are not government - owned but private. As shown in the study, it is currently difficult for SASSA to impose itself on owners of those outlets, as it is not party to them being contracted but they are subcontracted by the main contractor

5.5 Summary

The section looked at whether or not the objectives of the study were met. It concluded that all the objectives of the study were met. It further suggested an area that could be explored for further study.

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Appendices

Appendix 1: Questionnaire (for social grant beneficiaries)

1. Gender:

Male	Female
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2. Age category

Less than 20 years	
20 – 35 yrs	
36 – 50 yrs	
51 - above	

3. Municipality:

Ratlou local municipality	
Mafikeng local municipality	
Ramotshere Moiloa local municipality	

4. Type of residence

Rural	
Urban	

5. How do you travel from home to the point where you collect your monthly payment? Provide the information requested in the Table A1.1

Table A1.1: Means of transport used and time spent to access pay point.

Means of travel	Time taken from home to pay point (hours)
Walk	
Animal cart	
Bus	
Taxi (combi)	
Own car	
Other (specify)	

6. What types of grants do you receive? What year did you first receive each of the different grants? Provide information requested in Table A1.2.

Table A1.2: Period over which a particular grant has been received

Type of grant	Year first payment was received
Old Age	
Disability	
Child Support	
Foster care	

6. Method used to collect monthly payment:

Pay point	Merchant (Point of sale)	Automated teller machine (ATM)
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7. Do you experience long delays when you collect your payment?

Yes	No
-----	----

8. If you answered Yes for 7 (a), what do you think causes the delay?

Cause	
Too many grantees whereas there are few resources at pay-points	
Too many grantees whereas there are few ATM	
Too many grantees allocated to merchant point of sale	
Other (specify)	

9. On the average, how long does it take to process payment of your monthly grant?

9.1. At the paypoint

Less than 2 hours	
2 – 4 hours	
5 – 7 hours	
More than 7 hours	

9.2. At the ATM

Less than 2 hours	
2 – 4 hours	
5 – 7 hours	

More than 7 hours	
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9.3. At the merchant store

Less than 2 hours	
2 – 4 hours	
5 – 7 hours	
More than 7 hours	

10 (a) State the problems you observe in the grant payment exercise that could result in financial loss to grantees.

i.

ii.

iii.

iv.

10 (b). Have you ever reported the problems that you observed to officials?

i.

Yes	No
-----	----

ii.

I reported the matter to:

SASSA	Department of Social Development	NGO	Public Protector	South African Human Rights Commission	Ward Councillor
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10 (c) If your answer to 10 (b) is yes, were your complaints attended to?

Elaborate.

10 (d) How long did it take for problems to be solved?

10 (e) If you answered no to 10 (b), what reasons do you have for not reporting the matter?

i.

ii.

ii.

11. In your view, how would you rate the opinions expressed below with respect to the grant payment exercise? Your responses should be rated as follows:

Strongly disagree	Disagree	Not sure	Agree	Strongly agree
1	2	3	4	5

Opinions	Rating				
	1	2	3	4	5
The staff at my pay-point behave in a professionally					
The staff at my pay-point conduct their work efficiently					
I am aware of micro-lenders operating at my pay-point					
I am aware of funeral scheme agents operating at my pay-point					
I am aware of grantees who complain about unauthorised deduction from their SASSA accounts					
SASSA conducts awareness campaigns to inform grantees of the existence of unscrupulous agents who target at benefiting from their grants.					

12. What suggestions do you have to help improve service at your pay-point?

i.

ii.

iii.

iv.

The end.

Thank you for time, input and cooperation.

Appendix 2: Questionnaire (for SASSA official)

1. Gender:

Male	Female
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2. Occupation:

Junior Management	Middle Management	Senior Management
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3. What has been the cost implication of this contract since its 1996?

a. Table B1

Period	Costs per head
Before 1996	
1996 - 2012	
2012 – to date	

b. Would government be able to save costs further if it was performing this outsourced function? Please elaborate

4. How is the Service Provider performing in relation to the following?

Table B1.2.

Categories	Standards			
	Poor	Average	Good	Excellent
Time of arrival at pay points				
Time it takes to pay beneficiaries at pay points				
Being courteous towards clients (customer services ethos)				
Upholding SASSA values (Transparency, Equity, Integrity, Confidentiality)				

Upholding Batho Pele (People's First) Principles				
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5. According to the Service Level Agreement between SASSA and the Contractor, every attempt should be made to ensure that no recipients spend longer than 2 hours waiting for the payment at the pay point. Does the Contractor comply?
Please elaborate

6. According to the Service Level Agreement, the contractor must continually seek alternatives to optimise, secure, cost efficient and convenient means of payment for the benefit of the recipients, with prior approval by the agency. Does the service provider comply?
Please elaborate

7. According to the SLA, the Contractor must ensure that the correct amount is dispensed and checked by the recipient, that no short payments are made, if any, to be rectified immediately after complaint is lodged and verified before the recipient. Does the service provider comply?

Please elaborate

8. According to SLA, when contracting with the merchant store, the Contractor must include a provision in the agreement that the merchant store shall not force a beneficiary to purchase merchandise in order to do cash withdrawal. Does the service provider comply?

Please elaborate

9. On those areas where the service provider is performing Poor – Average, are the measures in place to correct such? Please elaborate

10. How is the Service provider performance being monitored?

11. Has SASSA experienced problems relating to the following?

Table B1.3.

Problems	Yes	No
Unauthorised deductions on beneficiaries social grants		
Loan sharks / Micro Lenders at pay points		
Unregistered funeral schemes		
Hawkers		

12. On those you have responded with 'Yes', what measures have you taken to address such?

13. Other than the above – mentioned challenges, are there any problems you have experienced? How have SASSA dealt with such? Please elaborate

14. How have the activities of the service provider affected SASSA's relationship with its clients?

Appendix 3
Letter of permission

Appendix 4
Letter of declaration


Declaration

*This is to declare that I, Annette L Combrink, accredited
language editor and translator of the South African
Translators' Institute, have language-edited the dissertation
by*

Smanga Selemen (Student No.: 229 871 50)

with the title

Outcomes of outsourcing social grants payment services in
Ngaka Modiri Molema District



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