

The impact of B-BBEE on small and medium-sized enterprises in the Civil Engineering sector: Mangaung region

Boitumelo Mancoe

The research project submitted to the UFS Business School in the
Faculty of Economic and Management Sciences in partial fulfilment of
the requirements for the degree of

Magister in Business Administration

at the

UFS Business School
University of the Free State
Bloemfontein

Supervisor: Mr Thandekile Madikane

Date: 30 April 2023

TABLE OF CONTENTS

DECLARATION.....	IV
ACKNOWLEDGEMENTS.....	V
DEDICATION.....	VI
ABSTRACT	VII
LIST OF FIGURES	IX
LIST OF TABLES.....	X
LIST OF ACRONYMS AND ABBREVIATIONS.....	XI
CHAPTER 1: INTRODUCTION	1
1.1 INTRODUCTION.....	1
1.2 PROBLEM STATEMENT.....	3
1.3 RESEARCH QUESTIONS	4
1.4 OBJECTIVES	4
1.4.1 Primary objectives.....	4
1.4.2 Secondary objectives	4
1.5 RESEARCH METHODOLOGY	5
1.5.1 Research approach.....	5
1.5.2 Epistemological considerations	5
1.5.3 Research design	5
1.5.4 Sampling strategy.....	5
1.5.5 Data collection methods	6
1.5.6 Ethical considerations	6
1.5.7 Data analysis.....	7
1.6 DEMARCATION OF THE STUDY.....	7
1.7 FIELD OF STUDY.....	8
1.8 CHAPTER LAYOUT OF THE STUDY	8
1.9 CONCLUSION	9
CHAPTER 2: LITERATURE REVIEW	10
2.1 INTRODUCTION.....	10
2.2 SMALL AND MEDIUM-SIZED ENTERPRISES	10
2.3 THE IMPORTANCE OF SMALL AND MEDIUM ENTERPRISES	11
2.4 SME’S IMPORTANCE IN OTHER COUNTRIES.....	12
2.5 SMES IN THE SOUTH AFRICAN CONTEXT	13
2.6 CHALLENGES FACED BY SMES IN SOUTH AFRICA	15
2.7 REGULATORY ENVIRONMENT	16
2.8 MAIN IMPACTS AND OUTCOMES DESIRED FROM B-BBEE	17

2.8.1	Impact of B-BBEE on SMEs in the construction industry	21
2.8.2	The B-BBEE role in transformation in the construction industry in South Africa	23
2.9	PERCEPTIONS OF DIFFERENT AUTHORS CONCERNING THE B-BBEE ACT	23
2.10	BACKGROUND OF THE FREE STATE PROVINCE ECONOMY.....	30
2.10.1	Small and medium-sized civil engineering contractors in the Free State Province.....	33
2.11	CONCLUSION	34
	CHAPTER 3: RESEARCH METHODOLOGY.....	35
3.1	INTRODUCTION.....	35
3.2	RESEARCH APPROACH.....	35
3.3	EPISTEMOLOGICAL CONSIDERATIONS.....	37
3.4	RESEARCH DESIGN.....	38
3.5	SAMPLING STRATEGY	39
3.6	DATA COLLECTION METHOD	42
3.7	VALIDITY	46
3.8	RELIABILITY	47
3.9	ETHICAL CONSIDERATIONS.....	47
3.9.1	Confidentiality and non-disclosure	48
3.9.2	Permission is obtained	49
3.9.3	Informed consent and voluntary participation	50
3.9.4	Ensuring no harm	51
3.10	DATA ANALYSIS	52
	CHAPTER 4: PRESENTATION, ANALYSIS AND INTERPRETATION	54
4.1	INTRODUCTION.....	54
4.2	RESPONSE RATE.....	54
4.2	RELIABILITY AND VALIDITY STUDY.....	55
4.4	SECTION A: RESPONDENTS' PERSONAL AND DEMOGRAPHIC INFORMATION.....	56
4.4.1	Respondents' gender	56
4.4.2	Position and type of the job	57
4.4.3	The number of years that the company has been in operation	57
4.4.4	Annual turnover of the enterprise	58
4.4.5	The number of employees.....	59
4.5	SECTION B: AWARENESS OF THE B-BBEE	60
4.5.1	Correlation relationship between turnover and awareness	61
4.5.2	The descriptive statistics on awareness	62
4.6	SECTION C: ADVANTAGES TO THE BUSINESS.....	63

4.7	DESCRIPTIVE STATISTICS OF WITHIN-SUBJECT FACTOR LEVELS	64
4.8	SECTION D: DISADVANTAGES TO THE BUSINESS	66
4.9	SECTION E: GOVERNMENT SUPPORT AND SUGGESTIONS	68
4.10	CHAPTER SUMMARY	69
CHAPTER 5: CONCLUSION AND RECOMMENDATIONS		71
5.1	CHAPTER INTRODUCTION	71
5.2	SUMMARY OF THE LITERATURE REVIEW	71
5.2.1	The significance of small to medium enterprises	71
5.2.2	Main impacts and outcomes desired from B-BBEE	72
5.2.3	Impact of B-BBEE on SMEs in the construction industry	73
5.2.4	The B-BBEE role in transformation in the construction industry in South Africa	73
5.2.5	Perceptions of different authors concerning the B-BBEE Act.....	74
5.3	CONCLUSIONS FROM THE EMPIRICAL REVIEW	75
5.3.1	The B-BBEE impact on small and medium-sized enterprises in the civil engineering sector within the Mangaung region	75
	5.3.1.1 Advantages to the business	75
	5.3.1.2 Disadvantages to the business.....	76
	5.3.1.3 Government support.....	76
5.4	RECOMMENDATIONS	77
5.4.1	Skills development should weigh more than management participation	77
5.4.2	Effective government support	78
5.4.3	Private-public sector cooperation	78
5.4.4	Policy reconsiderations	78
5.4.5	Practical implications of the research	78
5.5	LIMITATION OF THE STUDY	79
5.6	FURTHER RESEARCH AREAS	79
REFERENCE LIST		81
APPENDICES.....		92
APPENDIX A: PERMISSION TO EXECUTE RESEARCH		92
APPENDIX B: ETHICAL CLEARANCE		93
APPENDIX C: DATA COLLECTION INSTRUMENT (QUESTIONNAIRE)		94
APPENDIX D: CONFIRMATION OF TECHNICAL EDITTING.....		99

DECLARATION

I, Boitumelo Mancoe declare that the research project hereby handed in for the qualification Master's in Business Administration at the University of the Free State is my own independent work and that I have not previously submitted the same work, either as a whole or in part, for a qualification at/in another university/faculty

I hereby cede copyright of this work to the University of the Free State.



Boitumelo Mancoe

30 April 2023

ACKNOWLEDGEMENTS

I would like to express my gratitude to various people who have contributed to the completion of this study. It was not an easy journey, but all their efforts have encouraged me to finish the race with pride.

- First and foremost, I would like to thank my Lord and Saviour Jesus Christ for enabling me to undertake this research. Thank you, Jesus, for giving me wisdom, strength and courage to begin and finish this study.
- I would also like to extend my gratitude to my entire family, who have always been supportive of me throughout my studies. I am blessed to have each and every one of them in my life.
- I want to extend a special thanks to my husband Brian. Thank you for your love, support and prayers. This whole journey would not have been possible without you.
- I would like to acknowledge Mr. Thandekile Madikane for his unparalleled assistance and guidance throughout the study. His encouragement and determination have been truly appreciated.
- I express my gratitude to the University of the Free State for providing me with invaluable education and knowledge.

DEDICATION

I would like to express my heartfelt appreciation and dedicate this dissertation to the individuals who have been a constant source of inspiration and support throughout my academic journey.

My ability to write, think, speak and walk is granted to me by Jesus Christ. He was my source of hope, strength, and courage throughout the journey. I am nothing without the King of kings.

I would like to dedicate this work to my loving parents, who have instilled in me the importance of education and continuously encouraged me to strive for excellence. Their unwavering support has been invaluable to me, and I am forever grateful for their positive influence on my life.

I would also like to dedicate this dissertation to my sisters, who have been my pillars of strength during challenging times. Their words of encouragement and support have been a driving force behind my success.

Finally, I want to dedicate this work to my husband, who has been my constant support and source of strength throughout my academic journey. Despite the sacrifices he had to make, he stood by my side, taking on additional responsibilities to allow me to focus on my studies. I am blessed to have him in my life and grateful for his unwavering love and support.

ABSTRACT

After winning the first democratic election in 1994, the African National Congress (ANC) declared their intention to transform the South African economy and uplift the previously disadvantaged population. In line with this goal, Black Economic Empowerment (BEE) policies were introduced to address historical imbalances and promote the participation of previously disadvantaged groups in achieving sustainable development and shared prosperity for all. These policies are designed to address the legacy of apartheid-era discrimination, which left many black South Africans economically disadvantaged. One of the most significant of these policies is the Broad-Based Black Economic Empowerment (B-BBEE) policy, which was introduced in 2003.

The Broad-Based Black Economic Empowerment (B-BBEE) strategy, which was introduced in South Africa, aims to redress the imbalances of the past by promoting the economic participation of black people in the country. One of the key objectives of the B-BBEE strategy is to increase the number of black people in executive and senior management positions within companies. This is seen as a way to address the historical lack of representation of black people in decision-making roles within businesses.

In addition to increasing black representation in leadership positions, the B-BBEE strategy also aims to ensure increased income levels of black individuals within qualifying B-BBEE companies. This is achieved through a variety of measures, such as skills development programs, preferential procurement policies, and the provision of financing and support to black-owned businesses. The purpose of this study is to examine the impact of compliance with the B-BBEE policy on the sustainability and continued existence of small and medium-sized enterprises operating in the civil engineering industry. This study has the primary objective of analysing the B-BBEE impact on small and medium-sized enterprises in the civil engineering sector within the Mangaung region and making recommendations to the small and medium enterprises in terms of how to manage Black Economic Empowerment in their businesses.

The research conducted in the study utilized both a literature review and empirical research approach. The literature review involved a comprehensive analysis of existing literature and research studies relevant to the topic of the study. The empirical research was carried out through the use of a structured questionnaire, which was distributed to 37 participants from two groups - consultants, and contractors. The research methodology used in the study was quantitative, employing a cross-sectional research design. The questionnaire was reviewed by the study supervisor and industry experts to ensure its validity. The combination of the literature review and empirical research allowed for a more comprehensive and in-depth analysis of the topic.

The study conducted a descriptive data analysis on the benefits of the B-BBEE policy for small to medium enterprises. The results demonstrated that the policy provides significant advantages to these enterprises. Additionally, the study utilized descriptive statistics, such as means and standard deviations, to support the underlying assumption about the impact of the B-BBEE policy on black-owned small to medium enterprises. The disadvantages variables showed a negative response to the negatives of the B-BBEE policy to black-owned small to medium enterprises. The research found negative responses, suggesting that no significant disadvantages emanated from the policy.

The study also provided practical recommendations to assist and support Small- and Medium-Sized businesses within the Civil Engineering sector. These recommendations were aimed at providing guidance pertaining to- skills development should weigh more than management participation, effective government support, private-public sector cooperation, policy reconsiderations and practical implications of the research. By following these recommendations, small and medium enterprises will improve their chances of success and ensure the long-term viability of their enterprises.

LIST OF FIGURES

Figure 1.1: Geographical demarcation of study	8
Figure 2.1: Districts within the Free State Province	32
Figure 2.2: Mangaung Metropolitan Municipality	32
Figure 2.3: Emerging Contractor Development Programme.....	33
Figure 4.1: The respondents' gender.....	56
Figure 4.2: The position and type of job done by the respondents.....	57
Figure 4.3: Responses on the annual turnover of small to medium enterprises.....	58
Figure 4.4: Responses on the number of employees.....	59
Figure 4.5: Results on the advantages of B-BBEE to businesses.....	63
Figure 4.6: Disadvantages of B-BBEE to businesses	67
Figure 4.7: Responses to government support and suggestions	68

LIST OF TABLES

Table 2.1: Categories of SMEs.....	15
Table 2.2: Scorecard elements.....	18
Table 3.1: Characteristics of qualitative and quantitative studies.....	35
Table 3.2: Enterprise class and size within the construction industry.....	41
Table 3.3: Layout of the questionnaire.....	44
Table 4.1: Response rate.....	54
Table 4.2: Reliability of the questionnaire.....	55
Table 4.3: Cronbach's Alpha	55
Table 4.4: The tables show the respondents' company experiences.....	57
Table 4.5: The response rate results on the awareness factor	60
Table 4.6: ANOVA statistics between the return turnover and awareness.....	61
Table 4.7: Descriptive statistics on the responses to awareness.....	62
Table 4.8: Descriptive statistics of within-subject factor levels.....	64

LIST OF ACRONYMS AND ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CDP	Contractor Development Program
CIDB	Construction Industry Development Board
CETA	Construction Education and Training Authority
DTI	Department of Trade and Industry
GDP	Gross domestic product
SME	Small Medium Enterprises
SEDA	Small Enterprise Development Agency
ECDP	Emerging Contractor Development Programme

CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

The South African government implemented policies with the primary objective of addressing economic imbalances that have been caused by apartheid. In the same vein, programs and policies were specifically designed to promote the empowerment of black people economically. These policies include the *Constitution of the Republic of South Africa, Act 108 of 1996*, *Preferential Procurement Policy Framework Act 5 of 2000*, and the *National Small Business Amendment Act 29 of 2004*. One of the key pieces of legislation is the Broad-Based Black Economic Empowerment, Act 53 of 2003, amended by Act 46 of 2013 (B-BBEE), which was established to achieve equivalent wealth distribution amongst the historically disadvantaged individuals with the objective of changing the racial alignment of ownership and management structures.

Under the B-BBEE framework, companies are assessed and awarded a B-BBEE scorecard based on their compliance with various empowerment criteria, such as ownership, management, skills development, and enterprise and supplier development. Companies that achieve higher scores on B-BBEE scorecard, are eligible for preferential treatment in government procurement and other business opportunities, which is intended to encourage companies to actively pursue black economic empowerment initiatives.

After the *Preferential Procurement Policy Act 5 of 2000* had been constitutionalised, the Black Economic Empowerment commission was created whereby a report stipulating recommendations about the transferring of assets from apartheid beneficiaries to the black majority was developed. The main mandate of the B-BBEE was to emancipate small and medium enterprises (SMEs) and provide them access to vast resources, economic activities, infrastructure, and skills training, including upgrading their business status from being SMEs to large enterprises that are self-sustaining. Although, there is no single tool that can definitively establish whether the B-BBEE policy has a positive or negative impact on the transformation and development of the poor majority in South Africa, various literature as discussed in Chapter 2 suggests that B-BBEE does not meet its objective of being a catalyst for

economic growth and could be utilised as a punitive measure for some entities.

Concerning the B-BBEE dynamic, Janine Espin, the Managing Director at Economic Development Solutions, explains that there has been a significant change under big civil engineering construction players as market forces changed and small and medium-sized (SME) contractors stepped up to contribute more to the sector. However, considering the researcher's engagement in the construction industry, all the serious challenges that South African SMEs experience have been evident due to the developing state of country's institutional environment.

The development of most economies is influenced by small and medium enterprises in terms of job creation and output growth, including income generation. According to Moola (2020), the small and medium enterprise sector contributes 20% to the Gross Domestic Product, employs 47% of the South African workforce, and pays 6% of corporate taxes and accounts. Okello-Obura and Matovu (2009, in Ayandibu & Houghton 2017:133) state that various factors characterise SMEs besides the number of employees that are appointed within the enterprise such as management, and the nature of operations are the determining factor as well.

With due cognisance of the clear objective of the B-BBEE, SMEs in the civil engineering sector are still unable to reach the apex of the desired business hierarchy. Not only do the SMEs struggle to survive challenges such as cash flow, technical expertise, under-pricing, over-promising, under-performing, and generally failing to maintain momentum, to name a few, but most of them end up facing liquidation. Considering the above-mentioned factors, the most common resort becomes closure or transfer of ownership of SMEs to the well-established businesses that contradicts the B-BBEE policy compliance requirements. The researcher will execute an in-depth investigation into establishing whether the adoption of the B-BBEE does not directly impact the beneficiaries of this Act, in the sense that small and medium enterprises will be affected negatively and eventually reduce black employment.

As much as the goal of B-BBEE was to stabilise and eventually mitigate the prejudice created by the apartheid regime, the focal point of this study is aimed at the establishment of whether the implementation of the B-BBEE does not nullify the objective of developing and promoting small and medium-sized enterprises to achieve

the creation of jobs and income development. The main aim of this study is to determine the influence that the Broad-Based Black Economic Empowerment (B-BBEE) policy has on the development of small and medium-sized enterprises (SMEs) in the Mangaung region. The researcher will execute an in-depth analysis and provide insight into the challenges that SMEs in the Mangaung region experience and whether the B-BBEE policy influences the obstacles encountered.

1.2 PROBLEM STATEMENT

Cant and Wiid (2013, in Ogujiuba et al. 2021:10) allude to the fact that factors such as access to information, lack of adequate access to finances, administration, and escalation of crime rates have caused serious difficulties for SMEs in South Africa. Small Medium enterprises play a critical role in the economic development of a country and that of the Mangaung region. Ogujiuba et al. (2021:12) argue that the growth of SMEs within any economy is anchored in policies that assist in creating and stimulating new enterprises.

The legislation which has recently been imposed by the government has created opportunities for certain businesses and created serious challenges for others which can be evidenced by a statement made by Pike, Puchert and Chinyamurindi (2018:1) indicating that Broad-Based Black Economic Empowerment has not only become the emerging obstacle for SMEs in South Africa but it is currently one of the primary issues on the South African government's agenda.

While the opportunities for SME contractors are growing, enterprise owners enter into a journey of expanding their understanding of B-BBEE and improving their knowledge of multitudes of sector-related and unrelated empowerment legislation and regulations. The question, however, is whether the existing and emerging civil engineering SMEs that meet the requirements of the Broad-Based Black Economic Empowerment (B-BBEE) get developed in line with the objectives that the policy envisaged to achieve? There is a high degree of importance in the inevitable fact that if an enterprise is unable to present the required BEE certificates and comply with an acceptable BEE scorecard level, new job opportunities will not be presented to the enterprise.

This study aims to investigate whether compliance with the B-BBEE does have an influence on the longevity and prolonged existence of small and medium enterprises in the civil engineering sector. After obtaining questionnaires that will be distributed to the owners of SMEs, the researcher will compile recommendations from the data obtained, with the hope of easing the impact that the B-BBEE has on SMEs.

1.3 RESEARCH QUESTIONS

The researcher framed the following questions to fulfil the study objectives:

- Do emerging and existing businesses benefit due to the B-BBEE policy and to what extent?
- Would black-owned SMEs remain successful, should the policy be revoked?

1.4 OBJECTIVES

This section discusses the research objectives that are aligned to the related questions that need to be answered in addressing the study objectives.

1.4.1 Primary objectives

This study has the primary objective of analysing the B-BBEE impact on small and medium-sized enterprises in the civil engineering sector within the Mangaung region and making recommendations to the small and medium enterprises in terms of how to manage Black Economic Empowerment in their businesses.

1.4.2 Secondary objectives

The achievement of the afore-mentioned primary objectives will be obtained by the implementation of the following secondary objectives:

- To assess the extent to which the emerging and existing small businesses in the civil engineering sector in the Mangaung region benefit from the B-BBEE policy
- To assess the extent to which the SMEs would be successful, should the B-BBEE policy be revoked

- To develop recommendations based on the findings of the literature and empirical study

1.5 RESEARCH METHODOLOGY

The research methodology section focuses on the procedure the researcher has used to execute the research. This section of the research report discusses the research approach, epistemological considerations, adopted research design, sampling method, data collection techniques, ethical consideration, and data analysis.

1.5.1 Research approach

This study was quantitative where quantifiable data were collected to test and assess the theories of the impact of Broad-Based Black Economic Empowerment on small and medium-sized enterprises in the civil engineering sector within the Mangaung region.

1.5.2 Epistemological considerations

The philosophical consideration supporting this study to answer the objectives of this study is positivism. The researcher subscribed to the notion that facts would be verified with scientific hypothesis and experimentation by placing variables and measures into operation. Furthermore, the results that were obtained were from tested hypotheses.

1.5.3 Research design

A cross-sectional research design was adopted for this study after utilising literature to seek insight into the dynamics of B-BBEE. To enable the researcher to conduct a statistical analysis using empirical data, questionnaires were distributed to participants to collect and develop quantifiable data.

1.5.4 Sampling strategy

The best-fit sampling method for this study is probability sampling. Stratified sampling was utilised for this research. Participants were identified from projects that were completed from April 2017 to April 2022, which comprised 41 owners and managers of construction and consulting companies. The researcher sent out enough

questionnaires to reach data saturation.

1.5.5 Data collection methods

Among the various types of questionnaire survey choices and considering the recent Covid-19 pandemic, minimal physical contact with respondents was one of the major reasons why the researcher opted for a web-based, self-administered questionnaire. An EvaSYS link was e-mailed to all participants with all the information about the research by the communications unit in the Corporate Services Directorate of the Department of Police, Roads and Transport.

A 7-point Likert scale which ranges from “1=*strongly disagree*” to “7=*strongly agree*” was applied to the close-ended questions. Furthermore, it consisted of several statements whereupon the respondents had the opportunity to indicate the degree to which they either *agreed* or *disagreed* with the statements.

The researcher formulated a questionnaire with the following five sections:

- Section A included questions related to demographic information
- Section B included questions related to awareness of B-BBEE
- Section C included questions related to the advantages of the B-BBEE to the business
- Section D included questions related to the disadvantages of the B-BBEE to the business
- Section E included questions related to government support and suggestions

The estimated completion time of the questionnaire was 25 minutes, and respondents were given two months to complete the questionnaire. They were reminded every week via e-mail and every second week telephonically to complete the questionnaire. The questionnaire was compiled using previous studies that had been conducted on a similar topic to achieve validity. The questionnaire was also distributed to industry specialists and the supervisor to check whether they contained all the important elements. The process was repetitive until a final draft was formulated.

1.5.6 Ethical considerations

The researcher obtained permission from the Department of Police, Roads and

Transport, and the University of Free State to gather data. The findings on the questionnaire were treated with the utmost confidentiality and issues raised by respondents were addressed with them individually. The researcher distributed consent forms stating that the respondents' participation was voluntary and that their anonymity was guaranteed throughout the research process. The respondents were made aware of an opt-out clause that stipulates that the respondent could opt out at any time before submitting the questionnaire.

The participants voluntarily took part in the research process; they were not pressed or coerced to participate in the research. The researcher ensured that participants were protected from harm by protecting their information and taking Covid-19 regulations seriously to protect them from psychological and physical harm.

1.5.7 Data analysis

The reliability of the questionnaire was further determined by utilising Cronbach's alpha. The data that were collected through questionnaires were then reduced to a controllable size to develop a summary. The data were analysed with the Statistical Package for the Social Science (SPSS) program. The collected data were coded, analysed with the assistance of an accredited statistician, reduced to a controllable size, and analysed with the statistical package for the social science (SPSS) program. Descriptive statistics were utilised for data analysis.

1.6 DEMARCATION OF THE STUDY

The study centred around small and medium-sized enterprises within the Mangaung region. According to Cogta.gov.za (2021), the Mangaung region has an area of 9 886 km² and comprises three urban centres, namely Bloemfontein, Botshabelo, and Thaba Nchu, including surrounding rural towns, namely Dewetsdorp, Wepener, Van Stadensrus, and Soutpan. Furthermore, the pool of civil engineering SMEs within Mangaung is rather large, therefore this study only focused on the civil engineering SMEs that are contracted by the Department of Police, Roads and Transport within the Mangaung area. The geographical demarcation of the study is represented in Figure 1 below. According to Stats SA (2016), the Mangaung Metropolitan Municipality has a population of 787 930 residents divided as follows: Bloemfontein – 63%;

Botshabelo – 24%; Thaba Nchu – 9%; Dewetsdorp – 9%; Wepener – 1.5%; Soutpan – 0.8%, and Van Stadensrus – 0.2%.

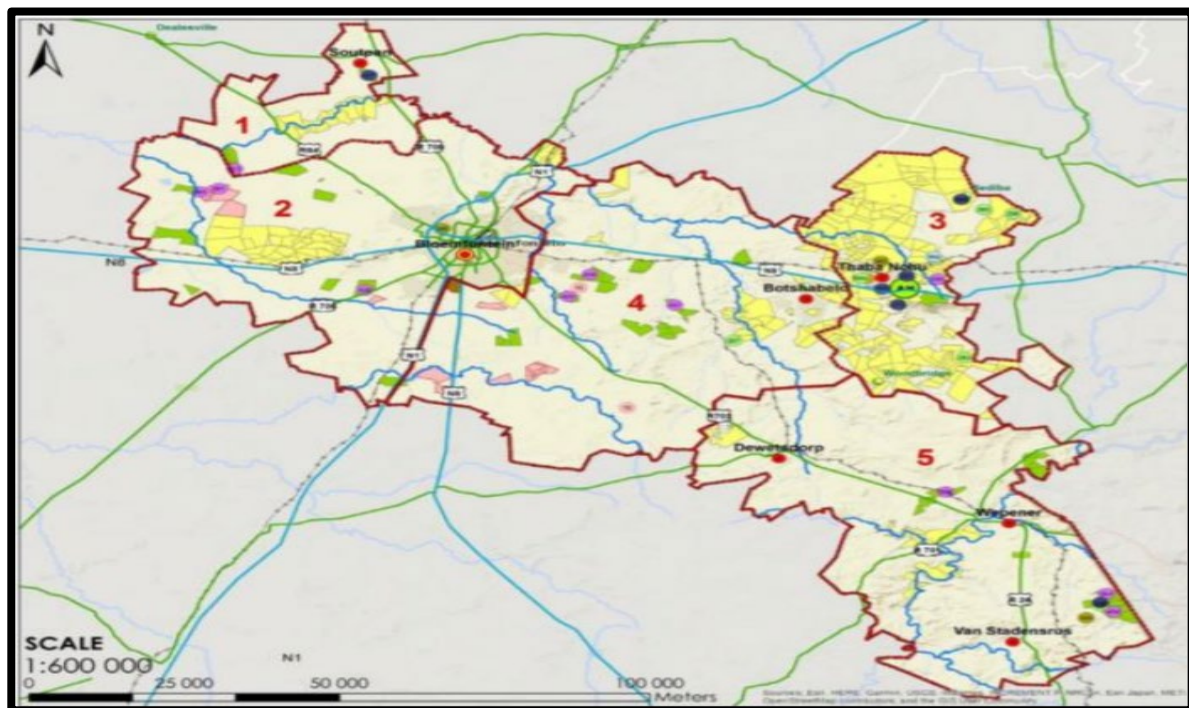


Figure 1.1: Geographical demarcation of study

Source: Cogta.gov.za. 2021

1.7 FIELD OF STUDY

This study focused on determining the historical background of the Broad-Based Black Economic Empowerment and establishing the impact that the B-BBEE has on small and medium-sized enterprises from a business management perspective.

1.8 CHAPTER LAYOUT OF THE STUDY

The chapter layout is as follows:

CHAPTER 1: Deals with the introduction, problem statement, objectives, scope, research methodology, and demarcation of the study.

CHAPTER 2: A literature review will be conducted that covers the definition of Broad-Based Black Economic Empowerment. This chapter will also outline the history, policy objectives, key principles, components, and elements of Broad-Based Black Economic Empowerment. The chapter will include the definition of small and medium-

sized enterprises.

CHAPTER 3: Deals with the research design holistically. The discussion is centred around the research approach, epistemological considerations, research design sampling strategy, data collection methods, and ethical considerations.

CHAPTER 4: Outlines the quantitative data that were collected and the analysis thereof.

CHAPTER 5: Recommendations will be made to qualifying small and medium-sized enterprises on the best approach to manage and implement Broad-Based Black Economic Empowerment in their businesses. The achievement of the objectives and suggestions for future research will also be discussed.

1.9 CONCLUSION

In conclusion, a quantitative study was conducted in the Mangaung region to establish the impact that the B-BBEE has on small and medium-sized enterprises in the civil engineering sector. Recommendations and interventions were formulated based on the findings of the study. The sample of the research project was limited to projects that were completed from April 2017 to April 2022 in the Mangaung Municipality region within the Free State province. The people who participated in the study are owners and managers of construction and consulting companies within the civil engineering sector.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Having identified that small and medium enterprises play a critical role in the development of the economy, it is important to develop policies that stimulate the development of entrepreneurs. Furthermore, since 1994, the South African government has developed and implemented various policies with the objective of addressing the imbalances created by the apartheid regime. Black economic empowerment (BEE), which is centred around ownership and equity, has been one of the major post-apartheid priorities of the government. Considering economic growth and job creation, the government had to further broaden the scope of the BEE and developed the *B-BBEE Act 53 of 2003*. This study will determine whether the implementation of the B-BBEE Act does not contradict the objective of developing SMEs in the construction industry.

2.2 SMALL AND MEDIUM-SIZED ENTERPRISES

Although there is no international standard definition for small and medium enterprises, countries across the world have unique definitions per the country's legislation. Morina and Gashi (2016:170) define SMEs as enterprises that are normally managed by the owners, small group of individuals and locally operated. A small group of individuals usually own them, and enterprise is relatively small relative to major organisations in the same field. Small and medium enterprises have been defined in many ways by different authors.

According to Effiom and Edet (2018:118), SMEs are categorised based on the number of people employed, capital, assets that are possessed, and turnover. Aga, Franci and Meza (2015, in Kumar & Ayedee 2018:137) indicate that small and medium enterprises are classified based on their number of appointed employees, shareholding worth, assets that the business possesses, and net worth. According to the World Bank, small and medium enterprises are categorised into three segments. Other key factors that are considered when characterising SMEs are aligned with how the organisation is managed, and the operational nature of the business (Okello-Obura 2011).

According to Le Fleur et al. (2014) and Van Wyk (2010, in Pike et al. 2018:2), SMEs in South Africa are referred to as registered enterprises with fewer than 250 employees. Small enterprises comprise fewer than 50 paid employees and medium enterprises have a maximum of 100 employees, except in certain industries where the limit is 200 employees (DTI 2017). According to Pike et al. (2018:2), large enterprises comprising more than 250 employees also play an important role in economic growth.

2.3 THE IMPORTANCE OF SMALL AND MEDIUM ENTERPRISES

The stimulation of development and alleviation of poverty are reliant on the development of SMEs (Ayandibu & Houghton 2017:53). Ferreira (2007, in Dlova 2017:20) alludes to the fact that small and medium enterprises contribute to a large extent to the growth and sustainability of any country, considering that active entrepreneurial participation is directly proportional to employment opportunities due to production activities.

Morina and Gashi (2016:169) describe that SMEs play a critical role in creating new jobs and generating incomes that eventually contribute to the economy. SMEs are a catalyst for economic growth of both developing and developed countries considering that if the market is concentrated with small and medium-sized enterprises that are more geographically dispersed, they can create a sustainable private sector. Unlike large industries which are just stationed in one place, SMEs can be distributed everywhere, which alleviates economic disparities (Morina & Gashi 2016:171).

Additionally, Ahmedova (2021:1) indicates that SMEs are beneficial in terms of job creation, present flexibility in crises, and are adaptive to environmental change. It is evident that different authors see a strong correlation in terms of SME involvement and economic development. Furthermore, if countries encourage SME participation it would mean that more people will become employed, get an income and be able to contribute to the economy.

According to Muriithi (2017:39), another important role that SMEs have along with economic development is that they can explore new ventures that permit them to be innovative in the sense that they come up with new ideas, products and inventions. The advantage, in this case, is that they can test their inventions before they are

distributed on a macroeconomic scale. Dlova (2017:21) is of the view that SMEs can create the highest growth in employment, because over 90% of total enterprises are normally SMEs. They are also credited for diversifying, including expanding industrial production and exporting to various countries.

2.4 SME'S IMPORTANCE IN OTHER COUNTRIES

In a nutshell, SMEs' main functions in any country are that they are flexible, innovative, their rate of implementation for decisions that are taken is rapid, and the prosperity of the enterprise relies principally on the owners' skills and capabilities (Morina & Gashi 2016:170). It is without a doubt that small and medium enterprises have many advantages, and in this section, the researcher will look into the importance of SMEs in the development of every country's economy.

Morina and Gashi (2016:172) argue that small and medium enterprises in Kosovo are referred to as large contributors to economic growth, because they participate in approximately 43% of the Gross Domestic Product (GDP) of the country. They are the primary income and job generators that have the potential of assisting in the process of Kosovo's economic recovery.

According to Kumar and Ayedee (2018:138), SMEs contribute critically to the economic development of India in the sense that 40% of India's workforce is generated by SMEs and there are always new entrants that are attracted to the SME segment considering that low capital and limited technology are required to initiate a business. Effiom and Edet (2018:117) note that small and medium enterprises contribute 40% of Nigeria and Ghana's GDP and account for 70% of the industrial employment. Furthermore, SMEs in Kenya are well known for expanding export activities, including the creation of employment and wealth.

The United States of America (USA) and Japan fall under the developed countries. It is estimated that in the USA, more than 99% of businesses are SMEs, which employ 47.1% of the private workforce (Downing & Gracia 2021). Pandya (2012) states that although SMEs' contribution to economic development is of significant value, their contribution to the export market is relatively small. The reason is the barriers that these small businesses face, especially in exporting their goods and services outside

the borders of the USA. Amongst the common barriers are insufficient finances, high cost of transportation, internal and external foreign regulation and compliance issues, and small-scale production that does not match demand. On the other hand, the Japanese economy is not immune to the challenges that the USA SME sector faces, as stated above.

According to Hironaka, Zariyawati and Diana-Rose (2017:365), Japan's SMEs contribute 99% of the total business and 75.8% of employment, of which 24.1% are microenterprises. Contrary to the USA, the Japanese SME sector is dominated by the retail business, while in the USA, the retail business only contributes 20% of the total SME business (Hironaka et al. 2017:366, Pandya 2012:428).

Many enterprises in developing countries comprise SMEs and they play a critical role in economic and social growth, including development locally. Entrepreneurship has been classified as a critical tool for the creation of jobs, poverty alleviation, and the facilitation of economic growth on a national level. Furthermore, countries with active entrepreneurial activities have experienced growth (Ogujiuba et al. 2021:8). Leboa (2017), on the contrary, expressed concern regarding the fact that the contribution of SMEs to the Gross Domestic Product is still minimal relative to other developing countries such as Brazil, China, Chile, Japan and Germany. Furthermore, large corporations still contribute more to the nation's Gross Domestic Product, as opposed to SMEs.

2.5 SMES IN THE SOUTH AFRICAN CONTEXT

With South Africa as a developing country striving for economic growth, its future and economic success lie to a greater extent in promoting the growth and development of small businesses both in the formal and informal sectors. With the current unemployment rate at 29%, the South African government was inspired to place the SME sector on the priority list for economic contribution and to curb the unemployment rate.

Regardless of their major contribution to the growth of the economy and development thereof, SMEs across South Africa face challenges that hinder their growth. According to the study by the Small Enterprise Development Agency (2016), South African small

business failure rates are between 70% and 80%. It is therefore important to understand the challenges that small businesses in South Africa are faced with for effective solutions to be implemented.

Leboa (2017) cites Statistics South Africa (2011), indicating that the high unemployment rate in South Africa is a pressing political and socioeconomic problem that the country currently must deal with. The apartheid regime has caused a significant drawback to the current SMEs in terms of lack of exposure to business opportunities. The consequences of apartheid have not only left the entire country struggling but have caused historically disadvantaged individuals to reside in a country with tangible patterns of inequality (Ayandibu & Houghton 2017:49-50).

Considering that the South African government launched a National Development Program with which the objective is to reduce the rate of unemployment by 6%, and creation of 11 million more jobs, grow the economy by 5.4% every year, and reduce inequality by 2030, it is without a doubt that SMEs have become instrumental in the development of South Africa (Dlova 2017:11). "It is notable that SMEs are even more significant given their role to reduce poverty, boost countries' GDP and provide employment for the majority of the population" (Muriithi 2017:37). Stats SA released an article in 2015 emphasising the significance of small enterprises to the South African industry turnover. In the first quarter of 2019, the formal business sector as a whole generated R2,39 trillion in revenue. Large enterprises contributed 62% of this total, followed by small (29%) and medium-sized businesses (10%) (Stats SA 2019).

According to Musabayana and Mutambara (2022:77), the SME sector comprises 90% of businesses and contributes to the GDP by 50% and more than 50% of the labour force of the country work in the SME sector. Recent data from the World Bank (2021) indicated that since the year 2020, SMEs in South Africa accounted for 98.5% of all businesses in the country. SMEs have further contributed approximately 20% to South Africa's GDP in 2019 and employed around 28% of the country's workforce. Lingthelm (2013, in Musabayana & Mutambara 2022:77) alludes to the fact that SMEs in South Africa employ large numbers of workers and are responsible for 43% of the salaries and wages paid to people. SMEs have a composition of 90% of black businesses and contribute to 50% of black employment and the GDP (Pike et al. 2018:2).

Small entities in South Africa are categorized into clear cells, i.e., micro, very small, small, and medium; however, the researcher will only focus on small and medium enterprises for the study. Table 2.1 below shows the different categories of SMEs and their associated description.

Table 2.1: Categories of SMEs

Source: National Small Business Amendment Act 29 of 2004

Category	Description
Small	“More established than very small enterprises, operates in formal economy and is registered. Employs a maximum of 100 employees.”
Medium	“Enterprises are characterized by decentralized management structure. Employs fewer than 100 or up to 200 employees, depending on industry.”

2.6 CHALLENGES FACED BY SMES IN SOUTH AFRICA

The Covid-19 pandemic has affected many businesses of all sizes, although most firms in South Africa had pre-pandemic challenges that are aligned with operational and legislative issues, which played a role in hindering the success of businesses. There is an agreement among different authors about the fact that the failure and success of SMEs are aligned to different factors and reference is made to the competencies of managers, among others (Dlova 2017:24).

According to studies on the issues that SMEs face in South Africa, the leading cause of SME failure is a lack of proper managerial skills (Dlova 2017:24). Muriithi (2017) summarises the challenges experienced by SMEs as lack of access to finance or credit, business being unable to operate at full capacity due to a lack of adequate electricity supply, poor management, lack of managerial competency and capability, a negative perception of customers in believing that SMEs are incapable of producing quality, access to reliable information, corruption and lack of government support.

Muriithi (2017:43) alludes to the fact that labour issues, political instability, ethnic violence destructions, lack of coordination, and those of qualified personnel are examples of other challenges that SMEs in Africa face. Ogujiuba et al. (2021:10) also argue that SMEs in South Africa face serious difficulty to adopt sustainable programs due to administration, the lack of accessibility to suitable finance, and information,

including crime rates that are rising sharply.

Effiom and Edet (2018:117) cite Thompson and MacMillan (2010), who argues that the rate of failure for start-up businesses is high and entrants in businesses face challenges such as existing infrastructure that is not reliable or non-existent, fluctuating prices, and a competitive response which is not reliable.

Although SMEs play a critical role in job creation, the unemployment rate in South Africa continues to increase significantly. SMEs do not receive the desired support from the government to become sustainable and maintain profitability. This is evidenced by Ayandibu and Houghton (2017:52), who allude to the fact that although the government has proactively implemented several interventions about liberating SMEs financially, their financial support is still not sufficient to cover start-up capital and further finances for expansion purposes.

Tshabalala et al. (2010, in Ayandibu & Houghton 2017:53) are of the view that SMEs will not be sufficiently empowered for as long as the government is still not flexible to make recommendations concerning interest rates to the Reserve Bank of South Africa. Kumar and Ayedee (2018:140) allude to the fact that one of the biggest obstacles that SMEs experience is a lack of financial resources and competition which has increased remarkably. Ogujiuba et al. (2021:12) agree that in South Africa SMEs are characterized by having limited financial opportunities, a smaller market, lack of business skills and techniques, shortage of raw material and the high cost thereof, and transport and communication services which are inadequate.

2.7 REGULATORY ENVIRONMENT

Freeman (2000) and Vaillant et al. (2005, in Ogujiuba et al. 2021:12) stress that for the establishment of entrepreneurial activities, the institutional framework and good industry play an important role in that regard. The growth of SMEs in any country is purely based on policies that are developed to foster creating and stimulating new enterprises. Considering that SMEs lack the necessary financial and managerial capabilities, it works in their favour when they understand relevant policies and the regulatory environment.

In South Africa, the acceleration of the black people's participation in the economic

activities is executed by encouraging multinational enterprises to procure more from SMEs, and policies such as the *Preferential Procurement Policy Framework Act of 2000* were developed by the government for that purpose. The second policy developed was the *Black Economic Empowerment framework* published by the Department of Trade and Industry in 2003 (RSA 2003). The afore-said framework focuses on human resource development, ownership, and indirect empowerment. Furthermore, after the BEE was the *B-BBEE Act 53 of 2003* (Musabayana & Mutambara 2022:75).

Balshaw and Goldberg (2008:61, in Mashilo & Moothilal 2021:4) highlight that the practical measuring, implementation, and monitoring of B-BBEE is rooted in a focused policy and legislative framework:

- The Strategy for Broad-Based Black Economic Empowerment (March 2003).
- The *Broad-Based Black Economic Empowerment Act 53 Of 2003*.
- The Codes of Good Practice, which came into operation from 2007.
- Business responds to these codes by implementing transformative activities and then having a balanced scorecard verified by accredited verification agencies.

2.8 MAIN IMPACTS AND OUTCOMES DESIRED FROM B-BBEE

After the African National Congress won the elections in 1994, there were many changes in the South African corporate sector and black individuals were at the liberty to participate actively in the economy. The B-BBEE was originally initiated to eliminate what was formed by the apartheid regime, namely racial inequality, inaccessibility to opportunities for historically disadvantaged individuals, and unequal economic distribution (Makgetla 2021:5). Among many other objectives of the B-BBEE, according to the DTI (2017), one of the objectives of the policy is to improve access to funding for SMEs.

The *B-BBEE Act* (53/2003:4) defines the afore-said term as “the economic [empowerment] of all black people including women, workers, youth, people with disabilities, and people living in rural areas through diverse but integrated

socioeconomic strategies that include, but are not limited to:

- a) Increasing the number of black people that manage, own, and control enterprises and productive assets.
- b) Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives, and other collective enterprises.
- c) Human resource and skills development.
- d) Achieving equitable representation in all occupational categories and levels in the workforce.
- e) Preferential procurement; and
- f) Investment in enterprises that are owned or managed by black people.”

Mbandlwa and Anwana (2020:15401) are also of the view that the B-BBEE policy was primarily designed to deal with racial inequality in South Africa and to ensure that black people have more advantages. To ensure that there is economic inclusivity, the government channelled its efforts to expanding South Africa’s economic base, and the achievement thereof was reached by assisting SMEs to go through development and reconstruction programs (Pillay 2018:9).

According to Mdadane (2018:41), a scorecard acts as a gauge that measures the progress in achieving Black economic empowerment. The scorecard was developed to evaluate companies that are listed that are capable of attracting investors, and companies who can legally accommodate changes in ownership.

Table 2.1: Scorecard elements

Points	Level	Compliance Category
Above 100 points	Level 1	Maximum compliance
95-100 points	Level 2	
90-95 points	Level 3	
80-90 points	Level 4	First level of full compliance
75-80 points	Level 5	
70-75 points	Level 6	
55-70 points	Level 7	

40-55 points	Level 8	Minimum level of compliance
Less than 30 points		Non-compliant

Source: Mashilo and Moothilal (2021:4)

SMEs normally find it difficult to identify and attract potential investors or partners who are black. This is mainly because they are not large or profitable enough (Makgetla 2021:3). In a nutshell, the BEE scorecard is designed to encourage private-sector firms to contract with BEE firms instead of potentially lucrative government contracts, licenses and concessions, and financial assistance from state-owned enterprises (Mdadane 2018:41). However, Vilakazi and Bosiu (2021:195) argue that despite the implementation of the initial BEE legislation in 2003, there was arguably insufficient dedication from the private sector to effectively adopt it. Numerous companies, especially those not dependent on government contracts or licenses, have not fulfilled BEE obligations due to multiple factors, including the absence of economic incentives to comply.

Musabayana and Mutambara (2022:75) argue that the main reason why B-BBEE was developed was to address socioeconomic issues regarding inequality in South Africa. One of the objectives outlined in the policy by the Department of Trade and Industry is to improve SMEs' access to finance. Furthermore, the *B-BBEE Act* was essentially developed to establish measures for economic empowerment of all black people, including women, people who are working, youth, disabled people, and people living in rural areas through various, yet integrated socioeconomic strategies (Irene 2017:147).

For the development of the South African economy and the creation of required jobs for poverty and unemployment alleviation, SMEs need to be encouraged. Maas and Herrington (2006, in Musabayana & Mutambara 2022:76) argue that SMEs play a critical role in reversing the legacy created by apartheid and that developing these SMEs into sustainable businesses is critical for economic growth in South Africa. The government's major objective was to empower black people through the B-BBEE program by providing finances which would in turn alleviate the unemployment rate considering that it would create more employment opportunities (Musabayana & Mutambara 2022:76).

The Department of Trade and Industry (2016) indicates that

the aims of this strategy are focused at ensuring that the inequalities from the past are overcome, where the strategy ensures that there is a significant increase in the number of black individuals who have ownership and control of new and existing enterprises.

One of the key objectives of the B-BBEE strategy is to increase the number of black people in executive and senior management positions within companies. This is seen as a way to address the historical lack of representation of black people in decision-making roles within businesses. In addition to increasing black representation in leadership positions, the B-BBEE strategy also aims to ensure increased income levels of black individuals within qualifying B-BBEE companies. This is achieved through a variety of measures, such as skills development programs, preferential procurement policies, and the provision of financing and support to black-owned businesses.

Overall, the B-BBEE strategy is aimed at creating a more inclusive and equitable economy in South Africa, where all citizens have equal access to economic opportunities and can participate fully in the country's economic growth and development. (DTI 2016a; RSA 2014).

According to Vilakazi and Bosiu (2021:192-197), the 2013 *B-BBEE Amendment Act* was introduced to address several concerns and reasons within the context of economic empowerment in South Africa. Some of the key concerns that led to the enactment of the amendment act are summarised as follows:

- *Fronting Practices*: The amendment aimed to tackle the issue of fronting practices, which involved companies misrepresenting their compliance with BBBEE requirements without genuinely empowering black individuals or entities.
- *Narrow Beneficiary Base*: There was a concern that the benefits of BBBEE were not reaching a broad enough base of previously disadvantaged individuals. The amendment sought to promote a more inclusive and wider distribution of economic opportunities and benefits.

- *Verification and Accreditation:* The need for robust verification and accreditation mechanisms to ensure the accuracy and credibility of BBBEE compliance was recognized. The amendment aimed to strengthen these processes to enhance transparency and accountability.
- *Enhanced Monitoring and Reporting:* There was a need for improved monitoring and reporting mechanisms to assess the impact and progress of BBBEE initiatives. The amendment introduced measures to enhance monitoring and reporting requirements, facilitating better tracking of progress and identifying areas for improvement.
- *Skills Development:* The amendment emphasized the importance of skills development as a critical component of BBBEE. It aimed to promote increased investment in training and development programs to empower previously disadvantaged individuals with relevant skills and qualifications.
- *Enhanced Preferential Procurement:* The amendment sought to strengthen preferential procurement policies, encouraging increased procurement from BBBEE-compliant businesses. This was intended to promote economic transformation and provide opportunities for emerging black-owned enterprises.

These concerns and reasons influenced the 2013 BBBEE Amendment Act, which aimed to address gaps, strengthen implementation, and enhance the transformative impact of BBBEE initiatives in South Africa.

2.8.1 Impact of B-BBEE on SMEs in the construction industry

It is without a doubt that the construction industry as one of the biggest contributors to the economic activity will be useful to determine if the implementation of the B-BBEE policy in South Africa is effective. This is because there are several infrastructural development projects in South Africa and there is a high volume of business that originates from the government to industry. According to Mpanda (2016), the construction industry aids in the socioeconomic development of the country.

As a result, considering the significant economic position that the construction sector

holds in the economic development of South Africa as a nation, it is critical to understand small businesses' response to the B-BBEE policy (Mpanda 2016). According to Pillay (2018), the B-BBEE policy was introduced by the government of South Africa to fix the inequality as one of the major socioeconomic issues that existed. However, the B-BBEE policy faced several criticisms. One of the criticisms was the notion that the B-BBEE policy only benefited a few wealthy black elites who are politically connected (Pillay 2018).

Research by Pillay (2018) on the influence of B-BBEE on access to funding for SMEs in South Africa reviewed that the B-BBEE was viewed as an expense rather than a benefit. The B-BBEE policy expects an SME to spend at least 6% of its payroll on the upskilling of their employees, which is a difficult requirement, as most small businesses do not have such amounts of working capital readily available to finance upskilling programs.

The B-BBEE is measured based on the following metrics: management, ownership, control, employment equity, skills development, enterprise development, preferential procurement, socioeconomic development, and enterprise development. However, according to the DTI (2017), the seven codes have been reduced to five codes, namely ownership, socioeconomic, enterprise and supplier development, skills development, and management control (DTI, 2017). The amended B-BBEE codes resulted in more costs incurred rather than a benefit to SMEs in the construction industry (Pillay 2018). The new, amended codes increased the cost of compliance.

Research by Pillay (2018) on the influence of B-BBEE on access to funding for SMEs in South Africa revealed that due to tough business operating conditions, the possibility of implementing the B-BBEE amended codes was close to impossible. Some of the participants who participated in the research by Pillay (2018) had this to say with regard to the unintended consequences of B-BBEE on small and medium-sized enterprises in the civil engineering sector in South Africa

When the amendments were made, it made it difficult for us to retain our BEE rating as the cost of compliance increased; and as an SME it became difficult to budget additional funds on something that was not necessarily going to affect our profitability.

I think costs would be the biggest factor. I am all for Corporate Social Responsibility and skills development but if it benefits me in some way.

2.8.2 The B-BBEE role in transformation in the construction industry in South Africa

The South African construction industry has been relatively slow in taking up transformation. The construction industry has, however, seen some transformation, especially in the area of small to medium-sized contractors, women in construction, as well as less-privileged black contractors (Bopcons projects 2021).

According to the Bopcons projects report (2021) about the position of transformation in the construction industry in South Africa, the B-BBEE policy has been an instrument in pushing forward the transformation with the endeavour to improve the economic empowerment of small businesses in the construction industry. The B-BBEE policy has been working towards the creation of a comprehensive economy through the promotion of uniform participation, and fair and impartial opportunities for all people of South Africa.

The B-BBEE policy also aims to encourage economic growth through the localization of goods and services, which means that local industries, both emerging and existing would benefit (Bopcons projects 2021). The other objective of the B-BBEE policy was to forge and strengthen relations across industries, which meant that stakeholders such as private sector businesses, government, and civil societies would work together to ensure an all-inclusive economy is achieved.

While the overall objective of the B-BBEE policy was to ensure every South African benefited, it is critical, however, to mention that the B-BBEE policy has failed to create the all-inclusive economy as intended. According to Shava (2016), the present-day debate on the B-BBEE policy revolves around the unfair exploitation and abuse of the procurement procedures.

2.9 PERCEPTIONS OF DIFFERENT AUTHORS CONCERNING THE B-BBEE ACT

Naidoo (2021) believes that the B-BBEE policy is a mechanism that is powerful and

equally important for transforming and empowering SMEs. However, it must be emphasised that changes to the B-BBEE codes will play a big role in resuscitating SMEs that have suffered serious consequences because of COVID-19, furthermore, ensuring the sustainability of this SME sector. Musabayana and Mutambara (2022:76) indicate that, according to the B-BBEE policy, one of the primary objectives thereof is to improve SMEs' access to finance, which is a clear indication that the government's vision was to empower local businesses with financial resources, a major factor in running a business.

Shava (2016:161) quotes Jeffery (2013), who argues that the B-BBEE policy failed to bring about the much-needed economic transformation, especially for marginalised black people. The main cause of the failure of the B-BBEE policy could be attributed to the common causes of small emerging and existing business failures, such as the lack of finances, lack of skills, lack of managerial and entrepreneurial skills, and a high level of bureaucracy. The B-BBEE diminished the emerging and existing small businesses who were emerging, powerful entrepreneurs, and promoted 'tenderpreneurs', who got tenders through politically stimulated authority (Mbeki & Mbeki 2016).

Nieman (2008, in Musabayana & Mutambara (2022:76) regards the B-BBEE policy as the best tool for the empowerment of South Africa's indigenous black people so that they can participate actively in the economy and ultimately control the economy of the country. Former President Thabo Mbeki echoed a similar sentiment in the State of the Nation Address in 2003, where he indicated that SMEs play a critical role in the B-BBEE strategy.

Mbeki's sentiments were short-lived, because in 2009 he stated that

BEE strikes the fatal blow against the emergence of black entrepreneurship by creating a small class of unproductive but wealthy black crony capitalists made up of ANC politicians, some retired and others not, who have become strong allies of the economic oligarchy.

He further argued that

BEE and its subsidiaries – affirmative action and affirmative procurement –

have metamorphosed, they have become both the core black ideology of the black political elite and, simultaneously, the driving material and enrichment agenda which is to be achieved by maximizing the process of reparations that accrue to the political elite (Mbeki & Mbeki 2009).

The Democratic Alliance have indicated in their 2019 Manifesto for change that they categorically reject the ANC's approach to Black Economic Empowerment, which has only served to benefit a politically linked few, while dampening economic growth at the expense of job creation.

Mbandlwa and Anwana (2020:15401) argue that the B-BBEE policy has not succeeded in delivering the economy to the black people in South Africa. Similar to Mbeki's sentiments, Mbandlwa and Anwana (2020:15401) believe that the people that have benefited from the system are few and are elites, while most black people are still exposed to and living under similar economic conditions to what they experienced during apartheid.

Irene (2017:14) is of the view that the B-BBEE policy has little impact on the success rate of women-owned businesses and emphasises the importance of the government reconsidering the transformation plan regarding the B-BBEE policy. Financial incentives as an intervention process are not sufficient on their own and it is further recommended that policymakers must incorporate capacity building and the personal development of female entrepreneurs. Pike et al. (2018:3) have identified that no amount of effort can make the policy work, considering that resources such as capital, skills, and entrepreneurship efforts have become rare to find.

Although the SME sector has been identified to save the South African economy, B-BBEE has caused pressure and frustration. According to Pillay (2018:9), initially, financial banks responded positively to the changes which enabled black business owners to establish businesses with limited capital. The *B-BBEE Act* was initially structured to address the legacy of apartheid and the consequences thereof on historically disadvantaged individuals. However, this policy has become one of the major obstacles to the growth of black-owned businesses.

Like Pillay's sentiments, Pike et al. (2018) allude to the fact that as much as the B-BBEE policy has several advantages in terms of financial gain, it also has

administrative shortcomings. The major concern, however, according to King (2013, in Pike et al. 2018:3), is that “reverse apartheid has caused the white minority to become disadvantaged in the present day”. This can be interpreted as the B-BBEE legislation being utilised as a punitive action, as opposed to a developmental goal.

Balshaw and Goldberg (2014) in their article have argued that the modified B-BBEE codes, which were introduced in 2013, are onerous and punishing for businesses. They suggest that the codes place a heavy burden on companies to comply with a complex set of requirements, which can be difficult and expensive to implement. According to Balshaw and Goldberg (2014), the modified B-BBEE codes require companies to comply with a range of new regulations, such as the introduction of sub-minimums for specific elements of the scorecard, the need to comply with new priority elements, and the increased emphasis on ownership as a key element of B-BBEE compliance. They suggest that these new requirements have made it more difficult for companies to achieve compliance, and have placed a heavy burden on companies to undertake significant transformation efforts in a short period of time.

However, it is worth noting that the B-BBEE codes have been subject to ongoing review and refinement since their introduction in 2007, and the South African government has sought to balance the need for transformation with the need to support business growth and development. While some businesses may find the codes challenging to comply with, they are an important tool for promoting economic empowerment and redressing historical imbalances in South Africa.

This was further backed by a drop in B-BBEE ratings, which fell by four notches on average for companies (Pillay 2018:53). In a nutshell, the B-BBEE policy aimed to ensure that non-white ownership, management, and procurement were promoted to undo the unjust acts of the apartheid government. However, the focus of the policy was mostly directed to black shareholding, as opposed to black management in companies (Mbandlwa & Anwana 2020:15402).

Van Wyk (2010) alludes to the fact that the degree of the extent to which the B-BBEE policy and legislation have accomplished its objectives is yet to be quantified. Some researchers say that there is a possibility of having little doubt that the policy has had favourable results for South Africa, while others indicate that the policy has only

succeeded in making the country less competitive.

In agreement, Reuben and Bobat (2014, in Pike et al. 2018:1) argue that the limited academic literature on South Africa's transformation has been identified, furthermore, there are still several gaps pertaining to the B-BBEE policy and the effects thereof. According to Balshaw and Goldberg (2014), there has been an increase in targeted spending on various areas after the implementation of the updated 2013 B-BBEE rules.

Skills development refers to the “development of core competencies in black people (or previously disadvantaged people) to facilitate their interaction in the strategic business objectives of the organization, as well as in the mainstream of the economy” (Balshaw & Goldberg 2005:79).

Balshaw and Goldberg (2014, in Pillay 2018:19) refer to the generic scorecard's skills development component as an example of this. The amount that businesses must spend on employee upskilling has more than doubled, from 3% to 6% of total payroll costs. According to Pillay (2018:57), in such a perilous economic climate, the cost of compliance is not possible for SMEs, many of whom require additional financing to stay in business, and so the costs associated with B-BBEE compliance are not justified.

Over and above this, Breakfast and Maart (2019) are of the view that policymakers view Black Economic Empowerment as insufficient to benefit the bulk of the poorest of the poor who live on the outskirts of the economy. After fourteen years of B-BBEE implementation, much is still to be desired in the empowerment of the historically marginalized, as seen by the country's high levels of inequality (Chopra 2017). B-BBEE's inadequacy can be attributed to its reliance on market processes such as the scorecard, which attempt to incentivize black empowerment (Chopra 2017).

Matabane (2020) refers to the Solidarity and AfriForum case against the Minister of Tourism who is of the view that the Broad-Based Black Economic Empowerment policy should be viewed as a vital strategy for achieving a more just and equitable society. When used correctly, as it was in this case, B-BBEE does not provide certain candidates an unfair edge over others based on race. Afriforum and Solidarity, on the contrary, share different sentiments. Subsequent to the Minister of Tourism

announcing utilising the B-BBEE criterion to distribute the Tourism Relief Fund to SMEs to assist in the recovery of Covid-19 consequences, Afriforum and Solidarity instituted a legal case against the Minister of Tourism. Their argument was based on the fact that race-based criteria had no place in allocating cash to tackle the consequences of a virus that affected all race groups equally. They sought an order overturning the Minister's decision to subject applications for emergency aid in the tourism sector to empowerment criteria (Steyn 2020).

According to Richard Maponya, an excellent black businessman who began as a garment salesperson in Soweto in the 1950s and created his regular firm in the 1970s, BEE has significantly demoralised the black industry. In his interview with Greyling (2015), Maponya expressed that he wishes that BEE, as well as the preferential procurement system it has produced, be abolished because it has created a culture of entitlement (Greyling 2015:50). The Afribusiness community shares similar concerns, as evidenced by the recent act of contesting the legitimacy of the Preferential Procurement Regulations, 2017, enacted by the Minister of Finance in 2017 under the *Preferential Procurement Policy Framework Act 5 of 2000* at the Supreme Court of Appeal of South Africa. In South Africa, the Preferential Procurement Policy Framework Act (PPPFA) sets out the criteria that must be used to evaluate tenders in the public sector. Afribusiness' argument is based on the fact that regulations 4 and 9 of the 2017 regulation requires that pre-qualification criteria be applied before awarding a tender on the basis of the preference point system.

These pre-qualification criteria may include requirements for technical or financial capability, as well as criteria related to the empowerment status of the tenderer. Under the PPPFA, tenderers may be awarded preference points for meeting certain criteria related to empowerment. These criteria include ownership, management control, employment equity, skills development, preferential procurement, enterprise development, and socio-economic development. In terms of the preference point system, tenderers who are designated as "previously disadvantaged individuals" or "designated groups" may receive additional preference points, depending on their level of empowerment.

Regulation 4(1), which deals with pre-qualification criteria for preferential procurement, provides:

“(1) If an organ of state decides to apply pre-qualifying criteria to advance certain designated groups, that organ of state must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-

- (a) a tenderer having a stipulated minimum B-BBEE status level of contributor;
- (b) an EME or QSE; (c) a tenderer subcontracting a minimum of 30% to-
 - (i) an EME or QSE which is at least 51% owned by black people;
 - (ii) an EME or QSE which is at least 51% owned by black people who are youth;
 - (iii) an EME or QSE which is at least 51% owned by black people who are women;
 - (iv) an EME or QSE which is at least 51% owned by black people with disabilities;
 - (v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - (vi) a cooperative which is at least 51% owned by black people;
 - (vii) an EME or QSE which is at least 51% owned by black people who are military veterans; (viii) and EME or QSE.

In terms of Regulation 4(2), “[a] tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.”

Regulation 9 deals with subcontracting. It provides:

- “(1) If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.
- (2) If an organ of state applies subcontracting as contemplated in sub-regulation (1), the organ of state must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-
 - (a) an EME or QSE;
 - (b) an EME or QSE, which is at least 51% owned by black people;
 - (c) an EME or QSE, which is at least 51% owned by black people who are youth;
 - (d) an EME or QSE, which is at least 51% owned by black people who are women;
 - (e) an EME or QSE, which is at least 51% owned by black people with

- disabilities;
- (f) an EME or QSE, which is at least 51% owned by black people living in rural or underdeveloped areas or townships;
 - (g) a cooperative which is at least 51% owned by black people;
 - (h) an EME or QSE, which is at least 51% owned by black people who are military veterans; or (i) more than one of the categories referred to in paragraphs (a) to (h).
- (3) The organ of state must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub-regulation (2) from which the tenderer must select a supplier.”

2.10 BACKGROUND OF THE FREE STATE PROVINCE ECONOMY

South Africa is among Africa’s biggest economies, and it accounts for about 40% of the Gross National Income (GNI) in sub-Saharan Africa (Puukka et al. 2012). It is further one of the most diversified economies in Africa, with various sectors of the economy contributing to its growth and development.

South Africa has a total of nine provinces which vary significantly in size (South African Government 2021). Of particular interest to this research study is the Free State province. It is the third-largest province in South Africa constituting 10.6% of the land area and approximately 5.7% of the country’s population (Puukka et al. 2012). The Free State province is centrally located and borders Lesotho and KwaZulu-Natal province to the east, the Northern Cape and North-West provinces to the west, the Eastern Cape to the south and finally the provinces of Gauteng and Mpumalanga to the north.

The province is composed of the following district municipalities:

- Xhariep district: This is a semi-arid area composed of small rural towns.
- Mangaung Metropolitan Municipality: Located in the central part of the province with big cities such as Bloemfontein, Botshabelo or Thaba Nchu
- Thabo Mofutsanyana district: Home to a fruit farms, mountain ranges, and tourism activities.
- Fezile Dabi district: Has massive agricultural production (maize) activities

and chemical fuel plants.

- Lejweleputswa district: Contains the province's goldfields.

The Free State province's economy is dominated by agriculture, mining, and manufacturing. This province is well known as the breadbasket of South Africa; about 90% of the province is under cultivation for crop production (Elsenburg 2009). The Free State province produces about

34% of the total maize production of South Africa, 37% of wheat, 55% of sorghum, 33% of potatoes, 18% of red meat, 30% of groundnuts, and 15% of wool. The province is the world's fifth-largest gold producer, with mining the major employer. It is a leader in the chemicals industry, being home to the giant synthetic-fuels company, Sasol (Elsenburg 2009).

The Free State province is the third-largest province in South Africa, but has the lowest population of all the provinces. The "Free State covers an area of 129 825 km² and has a population of 2 834 714 – 5.1% of the national population" (Elsenburg 2009). Bloemfontein, being the capital of the Free State, is the judicial capital of South Africa. The Free State province has a metropolitan municipality referred to as Mangaung Metropolitan Municipality within which are four district municipalities and 18 local municipalities (Elsenburg 2009).

The Mangaung Metropolitan Municipality as the focal point, and consists of eight towns, namely Bloemfontein, Botshabelo, Dewetsdorp, Soutpan Thaba Nchu, Van Stadensrus and Wepener.

2.10.1 Small and medium-sized civil engineering contractors in the Free State Province

The Free State province established a program for emerging civil engineering contractors known as the Emerging Contractor Development Programme, which was aimed to provide business advice to small and medium-sized businesses on procurement and administration (Mofokeng 2012). The main idea of this initiative was to provide advice to empower black people, women in construction, and emerging small businesses. According to Mofokeng (2012), the important part of the legislation in the Emerging Contractor Development Programme (ECDP) was the *Preferential Procurement Policy Framework Act* (Act No. 5 of 2000), with a mandate to regulate the allocation of contracts to both emerging and existing small and medium-sized enterprises in the construction industry in support of the B-BBEE policy.

The Contractor Development Programme initiative places its emphasis on the emerging contractors with a Construction Industry Development Board (CIDB) grading of levels 1 and 2 who are trained to handle labour-intensive projects (Olayi 2016). The key players in the Emerging Contractor Development Programme include the construction project managers, clients, mentors, Construction Education and Training Authority (CETA), CIDB, banks, and professional services providers.

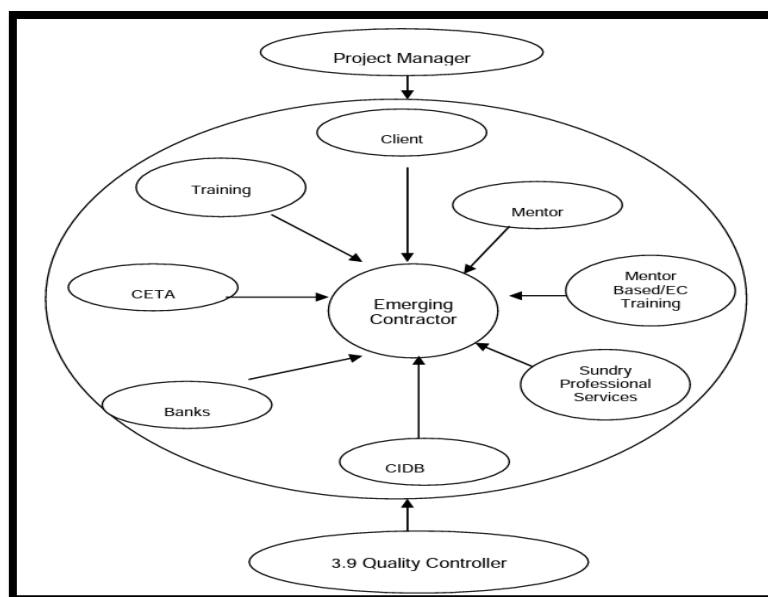


Figure 2.3: The Emerging Contractor Development Programme

Source: Hauptfleisch, et al. 2007

2.11 CONCLUSION

The chapter focused on theoretical literature about SMEs from a global perspective and, scaled down to the South African context. SMEs play a vital role in terms of job creation, economic development, and innovation. However, various challenges impede their growth, such as the Covid-19 pandemic, operational and legislative issues, lack of access to finance or credit, businesses being unable to operate at full capacity due to a lack of adequate electricity supply, poor management, lack of managerial competency and capability, negative perception of customers in believing that SMEs are incapable of producing quality, access to reliable information, corruption and lack of government support. The SME sector comprises 90% of businesses and contributes 50% to the GDP and more than 50% of the labour force of the country in the SME sector.

SMEs' ability to understand the relevant policies and the regulatory environment has proven to work in their favour. Policies such as the *Preferential Procurement Policy Framework Act 5 of 2000* and the Black Economic Empowerment framework published by the Department of Trade and Industry in 2003 (RSA 2003) were developed by the government for human resource development, ownership, and indirect empowerment. The literature has focused on the impact of the *B-BBEE Act 53 of 2003* on small and medium enterprises in South Africa. The various objectives of the B-BBEE code have been discussed and reviewed to identify to what extent the policy benefited small-sized enterprises, especially those in the construction industry. The initial intention of the *B-BBEE Act* was to emancipate historically disadvantaged individuals and also to undo the effects of the apartheid regime. Some authors are of the view that B-BBEE is indeed achieving the mandate thereof, while others are of the view that it is only benefiting black elites who are politically connected and that it is utilised as a punitive measure instead of developmental mechanism.

The theoretical analysis in this chapter will inform the development of the data collection instrument in Chapter 3. The next chapter will focus on the research methodology and strategy the researcher will follow to obtain data ethically for empirical study purposes.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The focus of the empirical study was on the impact of the B-BBEE policy on SMEs in the civil engineering sector in the Mangaung Metropolitan Municipality.

This chapter gives a broader view of the methodology and approach of the research that were utilised for data collection purposes. The research methodology comprises epistemological considerations, research design, population and sample strategy, data collection procedure, and ethical considerations.

The researcher was reliant on research executed on a similar topic to develop a questionnaire that was designed in such a way that the researcher would obtain viable outcomes so that sensible conclusions and recommendations are obtained.

3.2 RESEARCH APPROACH

According to Dlova (2017:59), a research methodology stipulates the framework on how to arrange, analyse and share information on a particular problem. He further states that research methodology defines the information that can be exchanged and presented, as well as by whom the information will be shared.

According to Sibiyi and Barnard (2019:15), in the social sciences, there are two streams of research methodology approaches that are chosen based on the nature and the type of information required. Kalof, Dan and Dietz (2008, in Sibiyi & Barnard 2019:15) indicate that qualitative and quantitative methods are two main approaches that are utilised.

Silverman (2016:3) states that qualitative research assists in establishing what people's experiences are, including what is important for them. Furthermore, it is aligned to subjective meanings and quite different from quantitative research, which is more focused on objective facts. Similarly, Queirós, Faria and Almeida (2017:370) argue that quantitative research focuses on objectivity and utilises a structured approach and formal data collection instruments. Apuke (2017:42) extensively studied the characteristics of quantitative and qualitative studies and further summarised them

as tabulated in Table 3.1 below.

Table 3.1: Characteristics of quantitative and qualitative studies

Criteria	Quantitative	Qualitative
Objective	Testing of hypotheses, effect and cause is considered, and development of predictions.	Interpretation and understanding of social interactions
Data collected	Statistics and numbers considering that these are based on exact measurements utilising data collection instruments that are validated and structured.	Images, words and objects by utilising open-ended questions, interviews, filed notes, reflections and observations
Researcher's role	The researcher and their biases are not known by the respondent; likewise, the researcher does not know the respondents' characteristics .	Researchers and their biases might be known by the respondent and the respondents; characteristics may be known by the researcher
Scientific Method	More of a confirmatory approach where the researcher uses data to test hypothesis and theory.	Exploratory approach where the researcher utilises the collected data to formulate a new hypothesis and theory
Results	Findings that are generalised can be applied to other populations.	Particular findings that are less generalisable
Groups studied	Larger and randomly selected groups.	Groups are smaller and not randomly selected
Variables	Variables that are specific are studied.	Study of the whole and not variables
Data analysis	Statistical relationships are identified.	Patterns, themes and features are identified
Criteria	Quantitative.	Qualitative
Subjectivity and objectivity	Objectivity and single reality.	Subjectivity and multiple realities
Final report	Statistical report with comparisons of means, statistical significance of findings and	Narrative report with contextual description and direct quotations from research participants

	correlations.	
Nature of observation and human behaviour view	Behaviour is studied under controlled conditions and causal effects are isolated. Human behaviour is predictable and regular.	Behaviour is studied under the natural environment Human behaviour is personal, social, situational and dynamic
Research objectives	Explanatory, descriptive, and predictive.	Exploratory, constructive and discover
Focus	Lens angle is narrow and a specific hypothesis is tested.	Lens angle is wide and the breadth and depth of the phenomena are examined

Source: Adapted from Apuke (2017:42)

A quantitative research approach was deemed applicable for this study, considering that quantifiable measures of variables and inferences from samples of the population were collected (Queirós et al. 2017:370). This research approach was considered appropriate and reliable, especially taking into consideration the intrinsic sensitivity around the research problem.

This study was executed in two phases. Firstly, the author compiled a literature review on small and medium enterprises and Broad-Based Black Economic Empowerment was discussed in general. Secondly, an empirical study was performed which focused on the impact of the B-BBEE policy on SMEs in the civil engineering sector within the Mangaung Metropolitan Municipality.

3.3 EPISTEMOLOGICAL CONSIDERATIONS

Initially, positivism is a philosophy that guides quantitative research (Leavy 2017:91). To answer the objectives of this study, a positivism approach has been utilised in terms of the collection and analysis of data. Positivism is concerned with a deductive model that is aligned with the verification of scientific hypothesis and experimentation by putting variables and measures into operation. Furthermore, the results that are obtained from the tested hypothesis are used to develop science (Park et al. 2020). Crotty (1998) and Phillips and Burbules (2000, in Leavy 2017:92) allude to the fact that

“post-positivism” is based on probability testing and building evidence to reject or support hypotheses. “Although in terms of positivism/post-positivism, empiricism, objectivism, critical realist and scientific realism, I employ the term post-positivism” (Leavy 2017:92).

Pham (2018:2-3) argues that the positivism approach, unlike the interpretivism approach, permits an author to be objective, as opposed to subjective. For this reason, the outcomes of the research are not affected by the author’s interpretation and biased approach. The results of the positivism approach are valid and reliable, because the author was able to understand the objects through empirical tests, sampling methods, questionnaires, and measurement.

A deductive approach was utilised, considering that there is sufficient literature available to test the influence of the B-BBEE policy on SMEs within the civil engineering sector. Research using the inductive approach emphasises getting a close understanding of the research context, which is inappropriate for fulfilling the objectives of this research.

3.4 RESEARCH DESIGN

According to Akhtar (2016), a structure of research is referred to as a research design. It is the “glue” that binds the research project elements together and solidifies it. Therefore, it is simply the design of the proposed research work. The main aim of a research design is to address fundamental research questions by utilizing scientific inquiry principles. According to Leedy and Ormrod (2020:106), a research design is a strategy that the researcher follows to address the research problem. It provides the procedures to be followed, and data to be collected, including the data analyses that the researcher will conduct.

Bryman et al. (2014:100, in Ndlovu 2020) refer to five types of research designs, namely “experimental design, cross-sectional design, longitudinal design, case study design, and comparative design”. The researcher utilised the cross-sectional design to mainly address the research questions that motivated the need to conduct the study. Leavy (2017:101) argues that cross-sectional designs “seek information from a sample at one point in time”. According to Wang and Cheng (2020:S65), cross-sectional

studies are regarded as studies that are observational wherein data are analysed from a population at a single point in time. Furthermore, cross-sectional studies are “classified as descriptive or analytical, depending on whether the outcome variable is assessed for potential associations with exposures or risk factors” (Wang & Cheng 2020:S65).

Andrew, Pedersen and McEvoy (2011) explain that descriptive research focuses on describing functions and characteristics of events, persons, or situations. Considering that this research was descriptive, whereby observation and measuring were conducted without the manipulation of variables, a cross-sectional design was employed.

The existing concepts and scientific data about the study were carefully reviewed through articles, books, acts, journals, legislation, and reports which served as theoretical guidance to analyse the impact of the B-BBEE policy on SMEs in the civil engineering sector of the Mangaung Metropolitan Municipality. The research gaps that still need to be looked into and contrasting concepts and findings were highlighted by the literature review which also informed the questionnaire that was developed.

Before distributing the questionnaire to the identified target group it was reviewed by industry specialists and the supervisor for refinement. The researcher sought for assistance from the Statistics Department of the University of the Free State for the purpose of obtaining guidance pertaining to the validity of items in the data collection instrument for statistical purposes. Subsequently, the questionnaire, which was developed in line with the literature review, was forwarded to target groups for empirical data collection purposes. Furthermore, research questions were answered by the analysed data that were executed through scientific models.

3.5 SAMPLING STRATEGY

Trochim and Donnelly (2001, in Sibiya & Barnard 2019:15) state that “sampling is the process of selecting individual units to participate in the research from a representative population”. According to Sibiya and Barnard (2019:15), various sampling methods can be utilised in research, and they can be grouped into two segments namely random sampling method and non-random sampling.

Lenth (2001, in Dlova 2017) states that the subgroup of a population which is chosen to take part in the research is referred to as a sample. According to Hair et al. (2016), the findings from the selected sample can therefore be generalised to the entire population with a specified degree of accuracy.

Ndlovu (2020:50, in Saunders et al. 2012; Bryman et al. 2014) indicate that probability and non-probability sampling are the two techniques utilised in social sciences. Probability sampling techniques are simply random, systematic random, stratified random, and random cluster, furthermore non-probability sampling techniques are convenience, snowball, quota, and purposive. When using the probability sampling method, a random selection of a representative sample from the target population is executed to ensure an objective selection of a sample. The afore-said method is mainly used in quantitative research as described by Hale and Haertl (2016).

The best-fit sampling method for this study is probability sampling. Stratified sampling was utilised for this research. Stratified sampling is defined as one of the probability sampling techniques where the population is partitioned into groups known as strata, and then a sample is drawn independently from each stratum (Turner 2020). Mdadane (2018:76) argues that stratified sampling is the technique that is considered complex relative to other probability sampling techniques considering that it is a procedure where the population is divided into smaller groups called strata. Thereafter, random samples are taken from each stratum. The potential for human error and bias in selecting individual cases is reduced by a stratified sampling technique.

Zigmud et al. (2013, in Pillay, 2018:2) indicates that people that share relatable characteristics are regarded as a population. Similarly, according to Vonk (2017), a target population is “the group of people to whom we want our research results to apply”. The population of this study is all the SMEs in the civil engineering sector that is based in the Mangaung region.

Given that the number of SMEs therein is large and no meaning will be derived from such a large number of respondents, information will be collected in terms of a sample that is chosen as a representation of the population to overcome cost and time constraints. The population to be sampled is chosen based on the accessibility of a database (Dlova 2017:62).

With cognisance of the above, the researcher focused the study mainly on SMEs in the civil engineering sector that carry out civil engineering work within the Mangaung region (Bloemfontein, Soutpan, Dewetsdorp, Thaba Nchu, Botshabelo, Van Stadensrus, and Wepener) to address the research problem. All SMEs in the Mangaung Metropolitan Municipality represent every town within the Mangaung region.

A preferred sample over the whole population was identified to overcome time and cost limits. The rationale for utilising data samples from contractors and consultants that were contracted by the organisation from April 2017 to December 2021 is because of the general assumption that it would be difficult to trace contractors or consultants that were contracted before the aforementioned period. The Department of Police, Roads and Transport has contracted 41 SME contractors and consultants during the April 2017 to December 2021 period. Therefore the total population of the study is 41 and the sample size was estimated using the Taro Yemani's (1964) statistical formula as follows (Adam 2020:92):

$$\frac{N}{1 + Ne^2}$$

Where:

n = sample size to be determined

N = population of interest

e = error margin (0.05)

1 = constant value

$$n = \frac{41}{1 + 41(0.05)^2}$$

$$n = 37$$

Therefore the sample size is 37

The stratified sampling technique enabled the researcher to focus mainly on SMEs within the civil engineering division with particular reference to road construction projects based on the following criteria:

- The annual turnover of the company
- The number of employees employed within the chosen enterprise
- SMEs with operating businesses for at least five years
- SMEs that have a valid B-BBEE certificate

As previously discussed in the literature review, the thresholds for defining enterprise-class and size within the construction industry according to the *National Small Enterprise Act (Act no 29. 2004)* are as follows:

Table 3.2: Enterprise class and size within the construction industry

Source: National Small Enterprises Act, 2004 (Act No. 29 of 2004)

Sector	Size or class of the enterprise	Total full time employed employees	Total annual turnover
Construction	Medium	51–250	<=170,0 million
	Small	11–50	<=75,0 million

Furthermore, only enterprises that have employed 11–250 employees and which have an annual turnover of R10–170 million were considered for the purpose of this study. Within the afore-mentioned sample, are companies that have either retrenched employees or have the minimum required full-time employees but have not met the minimum criteria of the total annual turnover, furthermore, such contractors or consultants will no longer be relevant to this research.

With cognisance of the above, 40 questionnaires have been distributed to role players that meet the stipulated criteria.

3.6 DATA COLLECTION METHOD

Ndlovu (2020:51, in Bryman et al. 2014:376) indicates that data collection is referred to as the “process of gathering the basic information that the researcher will use to conclude from”. According to Rahi (2017:2), among the five data collection techniques, i.e. surveys, experiments, archival analysis, histories, and case studies; the popular strategy in social sciences and aligned with a deductive research approach is the survey technique wherein data are collected in the form of interviews or pre-designed questionnaires.

Among the various types of questionnaire survey choices and considering the current Covid-19 pandemic, minimal physical contact with respondents was one of the major reasons why the researcher opted for a web-based, self-administered questionnaire. Other reasons for utilising a web-based, self-administered questionnaire are that web-based surveys such as survey monkey are easier to access, faster to distribute and save time (Varela et al. 2016:78).

The Department of Police, Roads and Transport is an organisation that has a primary objective of ensuring that the Free State road network is maintained well and that road-user safety is not compromised due to the deterioration of the road network. Furthermore, contractors and consultants are appointed by the Department to render road improvement or reconstruction services. The Department is in possession of information on contractors, including consultants who have previously been appointed by the Department.

It is important to emphasise that the aforementioned information is saved on a classified Departmental database to which all personnel appointed by the Department including the researcher do not have access, unless permission is formally granted by the Head of the Department. The database includes information on various Free State-based enterprises within the civil engineering industry. However, the researcher's study is limited to small and medium enterprises that employ 11–250 employees and have an annual turnover of R10–R170 million within the Mangaung region.

The researcher applied and obtained written permission from the Head of Department of the Department of Police, Roads and Transport to perform the study as evidenced by the attached Appendix A. The permission included obtaining access to information, including contact details, using the information of participants, possible publication purposes and executing a questionnaire survey with stakeholders. The Department provided the researcher with the information from the respondents participating in the research project whereupon the importance of the safeguarding the confidentiality of the information was emphasised.

After obtaining permission for conducting the study in the organisation, emails were sent out to identified individuals to establish whether they were interested in participating in the research project and questionnaires were emailed to participants who consented to participate in the study. An EvaSYS link was emailed to all participants who expressed their interest to participate in the study with all the information about the research by the communications unit in the Corporate Services Directorate of the Department of Police, Roads and Transport.

The information shared with the participants included the following:

- a) Title of the research.

- b) Research objectives.
- c) Short paragraph on what the study entails.
- d) Ethical considerations, which are extensively discussed in 3.5. Participants will be guaranteed that their input or responses will be handled with serious confidentiality.
- e) The time frame for completing the questionnaire ,which is limited to two months.
- f) The average completion time of the questionnaire (25 minutes).
- g) Information on which they are advised to execute the questionnaire at their own time.
- h) Telephone numbers for seeking clarity .

A 7-point Likert scale, which ranges from “1=*strongly disagree*” to “7=*strongly agree*” was applied to the close-ended questions. Furthermore, it consisted of several statements whereupon the respondents would have the opportunity to indicate the degree to which they either agreed or disagreed with the statements. The high numbers would indicate that there is a stronger agreement with the statement and low numbers would indicate that there is a stronger disagreement with the statement. In a case where there was a lower number, it would indicate disagreement with a statement or that it was untrue and irrelevant to the business. A high number would indicate that the statement was true and relevant to the business. The researcher formulated a questionnaire with five sections, wherein each part was aligned to the B-BBEE aspects. The layout of the questionnaire was as indicated in Table 3.3:

Table 3.3: Layout of the questionnaire

Section	Objective	Likert scale
A	Demographic information: This section addressed the demographics of the owner and/or respondents. Questions incorporated in this section included the gender, position, ethnicity, percentage of shares owned, type of organisation, number of permanent employees employed by the enterprise and annual turnover of the business.	None
B	Awareness of B-BBEE: This section was more focused on establishing the awareness that the owner/manager had of the B-BBEE.	None
C	Advantages of the B-BBEE to the business: This section was developed to assess the extent to which the owner believed that the B-BBEE was an advantage to the business.	1–7
D	Disadvantages of the B-BBEE to the business: This section was developed to assess the extent to which the owner believed that the B-BBEE was a disadvantage to the business.	1–7
E	Government support and suggestions: This section of the questionnaire measured other aspects of the B-BBEE such as government support, funding, tax incentives and implementation.	1–7

According to Hyman and Sierra (2016:2) close-ended questions prove to be advantageous for the execution of a study because there is a speedy response, the communication skills of the participant are not critical, they are easier to answer, and data are quickly coded, entered and analysed. Considering these advantages, the research preferred utilising close-ended questions.

In pursuit of reaching data saturation and depending on the response rate of the respondents that showed an interest in terms of participating in the study, the procedure to follow up on outstanding questionnaires was as follows:

- E-mails were sent out every week as a reminder for individuals to participate in the survey.
- Respondents were contacted telephonically every second week.
- In some instances, the researcher requested to conduct the survey

telephonically, while the respondents systematically went through the questionnaire to clarify ambiguity.

Harrison et al. (2019:2) allude to the fact that although surveys are a valuable research tool for gathering data from the selected population, the response rate thereof has been falling over the last 30 years. A variety of tactics, including presenting incentives, pre-notifying participants, reducing questions, follow-up contact, and using more personable questionnaires, were discovered to boost the likelihood of response to postal surveys significantly. In pursuit of determining the expected response rate, the researcher revisited previous studies of a similar research concept and it was identified that the general response rate was approximately 80–90%. The researcher was of the view that curtailing the number of questions in the questionnaire and the use of close-ended questions and an electronic data collection method would yield a 80% response rate.

3.7 VALIDITY

According to Bahariniya, Ezatiasar and Madadizadeh (2021:101), the ability of a scale to measure accurately what it was designed to be measured is referred to as validity. Highly valid research produces results that are consistent with reality. Joppe (2000, in Parveen & Showkat 2017:2) argues that validity determines whether the “research accurately measures the things that it aimed to measure or how appropriate (close to the truth) the results of the research are”.

The ability of a research instrument to measure the correct elements that are required to be measured is regarded as validity. Bahariniya et al. (2021:101) allude to the different types of validity measurement methods, i.e. face validity, content validity, construct validity, and criterion validity. This study was validated by face validation. According to Bahariniya et al. (2021:101), ambiguity of questions, the questionnaire’s degree of appropriateness, and level of difficulty are examined by face validity.

The questionnaire was compiled using previous studies that have been conducted on a similar topic to achieve validity. The questionnaire was also distributed to industry specialists and the supervisor so that they could check whether the questionnaires contained all important elements. The process was repeated until a final draft was

formulated.

3.8 RELIABILITY

Hopkins (2000, in Mdadane 2018:82) argues that reliability is referred to as the ability of the measurement instrument to reproduce the same results when administered to the same individuals in repeated trials. Taherdoost (2016:33) also shares similar sentiments as he alludes to reliability being aligned to repeatability, considering that a scale or test is regarded as reliable when the measurement produces similar results when repeated under constant conditions.

The administration of the questionnaire was executed under the same conditions for respondents. The reliability of the questionnaire was further determined by utilising Cronbach's alpha. Taherdoost (2016:33) alludes to the fact that the Cronbach Alpha coefficient is the most commonly used internal consistency measure and when using Likert scales, it has proven to be the most appropriate measurement of reliability.

Alkhadim (2022:1, in Cronbach 1951) defines Cronbach's alpha as "a ubiquitously used index of internal consistency reliability". Cronbach (1951) indicates that the "standardized alpha coefficient as a measure of internal consistency, assuming that all items contribute to the measurement of a construct, and the consistency between items is reflected through their bivariate correlation" (Alkhadim 2022:2). The standardised alpha coefficient is as follows:

$$\alpha = \frac{k\overline{r_i}}{1+(k-1)\overline{r_i}}$$

k = number of items

$\overline{r_i}$ = mean intercorrelation between items

According to Sekaran and Bougie (2013, in Mdadane 2018:117), a 0.7 reliability score and above is regarded as reliable; on the contrary, a reliability score of below 0.7 is unacceptable and regarded as unreliable.

3.9 ETHICAL CONSIDERATIONS

The principles that govern a person's behaviour are referred to as ethics. Research ethics are regarded as executing that which is morally and legally correct in research.

They are standard codes of practice for distinguishing what is wrong or right, including behaviour that is acceptable and unacceptable (Parveen & Showkat 2017:3). The study was conducted in an ethical way, having consulted the codes of ethics in my discipline as was recommended by Creswell (2014, in Leavy 2017:32).

To avoid any detrimental circumstances, the researcher ensured that anonymity and confidentiality of the respondents were not compromised. The purpose of the study was communicated well to respondents and it was emphasised that participation was voluntary. This study's ethical considerations are consistent with the ethical guidelines of the University of the Free State. Approval was sought from the University of the Free State's ethical committee before commencement of the study.

The ethical considerations are explained as follows:

3.9.1 Confidentiality and non-disclosure

The collection of data needs to be ethical and respectful to individuals and sites. The participant's privacy must be preserved by keeping their identity confidential and assigning numbers to instruments that are returned (Creswell & Guetterman 2021:198). For the study, participant data were viewed as confidential and were not shared with other participants and individuals outside the research project. Participants were informed that the University of the Free State's Research Ethics Committee may observe participants' responses to examine whether the research has been done correctly. Before receiving the clearance certificate (permission) from the Head of the Department, the researcher signed an agreement with the Department of Police, Roads and Transport, which is appended as Appendix A. The agreement addresses, among other things, information concerning how research findings are communicated. To achieve the aforementioned, the researcher ensured that the data collected electronically were stored on a password-protected personal computer so that no information could be reached accidentally and hardcopies of coded questionnaires would be stored in a locked cupboard that only the researcher would have access to. It is worth noting that should the stored data need to be utilised in future, it is subject to review and approval by the Research Ethics committee.

The data collection instrument appended as Appendix C was compiled in such a way that personal information such as the name and surname of participants, the

enterprise which the participant owns or is employed at, and physical address were avoided to prohibit the possibility of revealing who the participant is. The researcher created a fictional code number and all variables were aggregated during the data analysis for anonymity and to ensure that the participant would not be compromised. The participants were notified that their coded responses could be utilised for publication or conference proceedings. Furthermore, a confidentiality agreement was signed with a statistician to ensure that the participants' confidentiality would not be compromised. In situations where respondents raised their concerns about certain issues, they were discussed only with that respondent.

3.9.2 Permission is obtained

According to Creswell and Guetterman (2021:175), for most educational studies, it is imperative to obtain permission from several institutions such as institutions and organisations, participants, and the campus where the research is conducted. Initially, the researcher had a brief discussion with the management of the Department of Police, Roads and Transport in which the objective of the study was outlined and what the process thereof entailed. Subsequently, an application letter was circulated to the Head of Department to seek permission to conduct a study utilising data of appointed contractors and consultants within the organisation that meet the study's criteria.

The researcher applied and obtained written permission from the Head of Department of the Department of Police, Roads and Transport to perform the study as evidenced by the attached Appendix A. Prior to receiving the clearance certificate (permission), the researcher signed an agreement with the Department of Police, Roads and Transport. The permission included getting access to information (enterprise name, telephone numbers, email address and turnover information), using the information of participants for the purpose of the research project, possible publication purposes and distributing a questionnaire survey to stakeholders that have expressed their interest to participate in the research project. The Department provided the researcher with the information from the respondents participating in the research project whereupon the importance of the safeguarding the confidentiality of the information was emphasised.

Leavy (2017:32) argues that permission must be sought from the Institutional Review

Board before communicating with potential research participants. The University of the Free State's General Human Research Ethics Committee ethically cleared the research project as evidenced by Appendix B, before the commencement of the fieldwork. The respondents were not compensated for their participation in the survey.

3.9.3 Informed consent and voluntary participation

Creswell and Guetterman (2021:176) indicate that an informed consent form is a statement that participants sign before participating in research. The consent form should indicate that the researcher guarantees participants certain rights and that after signing the form, the participants agree to be involved in the study.

According to Arifin (2018:30), the process of obtaining consent from participants entails participants giving consent voluntarily and they should understand what is being required of them. Furthermore, for participants to be involved in the study, they need to be given sufficient information on the research, understand the information provided, and have the freedom to choose whether to participate or decline.

Neuman (2011:154) alludes to the fact that it is imperative to ensure that participants are knowledgeable and conversant concerning the nature of the research, a consent form bearing a short explanation of the study, an interval to activities, a statement indicating autonomous participation, researcher name, and contact details, and the apportion to provide comprehensive information on the study are presented.

The information shared with the participants which enabled the researcher to obtain consent includes the following:

- Title of the research.
- Research objectives.
- Short paragraph on what the study entails.
- Why was the person identified as a potential participant in the study.
- What the potential participant's contribution will entail.
- Ethical considerations are extensively discussed in 3.5; furthermore the participant will be guaranteed that their input or responses will be handled with solemn confidentiality.
- Time frame for completing the questionnaire is limited to two months.

- The average completion time of the questionnaire (25 minutes).
- Information on which they are advised to execute the questionnaire at their own time.
- Telephone numbers for the purpose of seeking clarity.
- Brief statement indicating that the participant would have to sign the consent form if he/she agreed to be part of the study.

The participants were afforded an opportunity for a week to decide whether or not they wanted to participate in the study. Thereafter they were asked to sign the consent form, should they agree to participate in the study. Participants agreed to participate in this study only after the research process had been explained thoroughly through the information leaflet explained above. The information provided emphasised that the respondents' participation is voluntary and that their anonymity is guaranteed throughout the research process. The respondents were also made aware of an opt-out clause that stipulates that the respondents could opt out at any time without giving a reason. However, it would not be possible to withdraw from the study subsequent to submitting their questionnaire, considering that the research project entails receiving non-identifiable questionnaires; therefore the researcher would not know which questionnaire was unique to a particular participant that wanted to withdraw after submitting the questionnaire.

The participants took part in the study voluntarily; they were not pressed or coerced to participate in the research. The topic under investigation is currently an issue of concern; furthermore, it will contribute a lot to a great interest in the study. The researcher certified that the study had no personal benefits, and that it was conducted for the attainment of her academic qualification.

3.9.4 Ensuring no harm

It was the researcher's prerogative to ensure that no participant's safety would be compromised and that they would inevitably be protected from harm. Van Zyl (2012:85) notes that, "above all participants must be protected from physical or psychological harm". Parveen and Showkat (2017:7) argue that data must be collected in such a way that it does not injure or harm anyone. For all issues of conflict to be

addressed, a concise ethical data management plan must be developed and executed.

Considering that there are currently new risks that are associated with Covid-19, the distribution of questionnaires through the EvaSys system eliminated the potential of participants, including the researcher, to be exposed to any physical and psychological harm due to their involvement in the research process. During the research process, sound ethical standards were upheld where the researcher accepted and respected general principles of honesty, objectivity, openness, and integrity.

The researcher's safety was guarded by avoiding including any form of personal information such as the residential address and telephone number in every communication related to the research project. The research project comprised owners and managers of companies who have been contracted by the organisation on the subject.

3.10 DATA ANALYSIS

Labani et al. (2017:7) allude to the fact that data analysis comprises two approaches, namely getting "descriptive features as estimates and performing tests of hypothesis to obtain inference on data collected". According to Mdadane (2018:78), data analysis entails various procedures that assure data classification and categorization as well as statical computations. The data that are collected are evaluated by utilising analytical and logical methods to get a correct interpretation thereof.

This section is aimed at indicating the analysis of the data collected.

Quantitative research methods were used by the researcher to collect data via questionnaires distributed to SME owners.

- **Step 1:** The data were organized and prepared for analysis by the researcher.
- **Step 2:** The researcher studied the collected data and gained a general feeling of what participants had indicated to gain an overall picture of the reliability of the papers.
- **Step 3:** A number code was assigned to each response and organized

alphabetically.

- **Step 4:** The quantitative data in this study were analysed with the assistance of an accredited statistician. The statistician "cleaned" the data for obvious flaws, reduced it to a controllable size to develop a summary, and conducted a preliminary examination of the data.
- **Step 5:** The coding technique was utilized by the researcher to provide descriptions of the scene or people, as well as the categories or themes for analysis. The data were coded to make sense of it so that it was easier to analyse. The data were analysed with the statistical package for the social science (SPSS) program.

Descriptive statistics were utilised for data analysis. According to Kaur, Stoltzfus and Yellapu (2018:63), descriptive statistics are an important aspect of preliminary data analysis because they serve as the foundation for comparing variables using inferential statistical tests. Descriptive statistics are used to organize data by describing the connection between variables in a sample or population. Calculating descriptive statistics is an important initial step in research and should always be done before making inferential statistical comparisons (Kaur et al. 2018:60). Descriptive statistics enabled the researcher to summarise the dataset by generating tables and graphs of percentage statistics, mean scores, and standard deviation which will be presented in Chapter 4. This statistical analysis assisted the researcher in answering the first two secondary objectives. Furthermore, recommendations could be made from the findings of the empirical study.

CHAPTER 4:

PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

This chapter presents the results of data collection. It provides analyses of the empirical data or studies. The chapter is comprised of descriptive statistics to describe the participants' demographic information. The chapter also presents descriptive data analysis using tables and figures. The mean and standard deviations were used to measure the dispersion of the data. The research further employed the ANOVA test. The responses are presented in graphs, tables, and pie charts. The discussion or explanations depict what the graphs, charts and tables mean. The first, Section A, represents the demographic information; Section B, the awareness responses; Section C, advantages; Section D, disadvantages, and lastly, Section E presents the government support and suggestions from the respondents. The chapter comprehensively discusses the secondary objectives of the research, namely (i) to assess the extent to which the emerging and existing small businesses in the civil engineering sector in the Mangaung region are benefiting from the B-BBEE policy; (ii) to assess the extent to which the SMEs would be successful should the B-BBEE policy be revoked; and (iii) to develop recommendations based on the findings of the literature and empirical study.

4.2 RESPONSE RATE

Table 4.1: Response rate

Questionnaires Issued	Responded Questionnaires	%
37	21	57%

The researcher issued questionnaires to 37 respondents, of which 21 responded; thus 57% of the total number of respondents, above 50% of the questionnaires issued. Due to constraints of time and resources, small- to medium-enterprise respondents are always busy; thus, not all of them could return the questionnaires within the time prescribed by the researcher.

4.2 RELIABILITY AND VALIDITY STUDY

Table 4.2: Reliability of the questionnaire

		N	%
Cases	Valid	20	95.2%
	Excluded ^a	1	4.8%
	Total	21	100.0%
a. Listwise deletion based on all variables in the procedure.			

Table 4.3: Cronbach's Alpha

Cronbach's Alpha	Number of Items
.708	26

The survey instrument's reliability was examined using Cronbach's alpha statistic, which was calculated using SPSS software. The SPSS software's results are shown and summarised in Table 4.8. Apart from the frequency index of the externally related factors, which was found to be 0.66, the aggregate alpha values for each unique category or group, as provided in 4.3, vary from 0.71 to 0.93. The total alpha value for the 26 graded questions in the questionnaire was 0.708.

Alpha values of 0.7 or higher are regarded as satisfactory, and those of 0.9 or above are regarded as exceptional, according to George and Mallery (2003). Namdeo and Rout (2016) warn that an alpha value larger than 0.95 for a lengthy collection of items greater than 20 may imply an overestimation of the internal consistency owing to redundancies or duplication of items. According to Namdeo and Rout's (2016) claim, the high overall alpha value of 0.708 for the full questionnaire shown in Table 4.7 may be understood.

According to Peterson and Kim (2013), Cronbach's alpha's lower limit value underestimates true dependability. They suggest more alternatives, such as composite dependability. The factor analysis performed on the relevant variables assessing the reactions to the benefits of the B-BBEE was found to be 0.708, compared to the alpha value of 0.66, supporting this claim in the study. Although the alpha value of 0.66 was questioned regarding George and Mallery's (2003) criteria, it was deemed acceptable for this investigation. The value of 0.66 is very close to the acceptable threshold of 0.97, and the research alpha is between the two values, which

is acceptable in this study. These two facts led to the acceptance of the value of 0.66 and above. The first reason was the questionability of the accuracy of Cronbach's alpha as a method discussed above.

In a nutshell, it can be inferred that the Cronbach's alpha results or values demonstrated in Table 4.3 based on the questionnaire used for this research study show that the data were reliable for making inferential conclusions, and thus it measured the expected constructs of the research. This can assure the researcher that inferential conclusions can be drawn from the responses or data collected.

4.4 SECTION A: RESPONDENTS' PERSONAL AND DEMOGRAPHIC INFORMATION

4.4.1 Respondents' gender

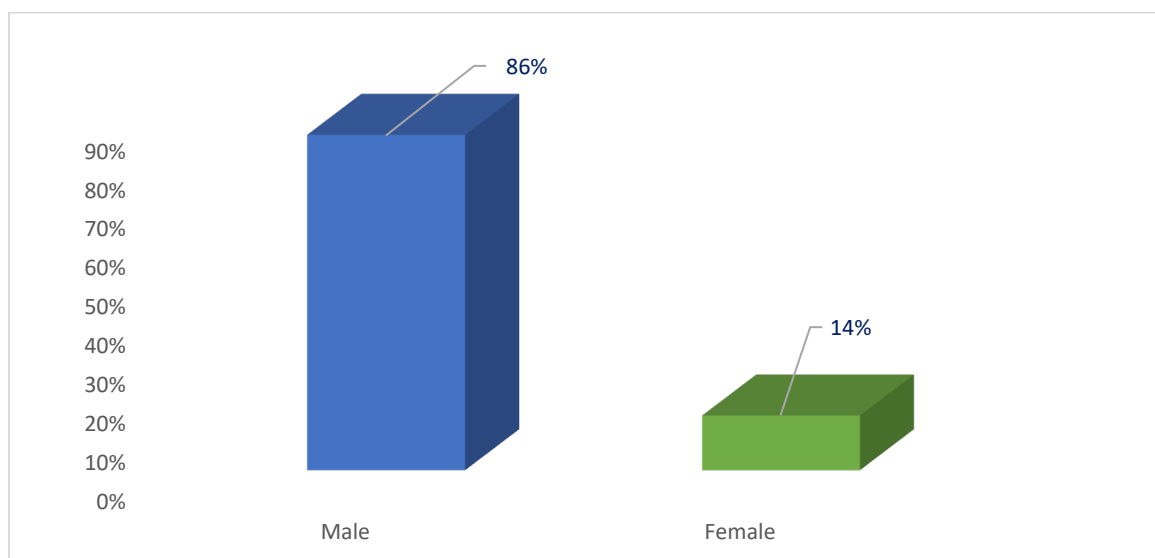


Figure 4.1: The respondents' gender

Figure 4.1 shows responses on the gender of the respondents. The sample consisted of 21 participants from different small to medium enterprises from the Mangaung region. The results show that out of the 21 participants, 18 of the respondents are male, thus 85%, while 3 of the participants were female, thus 14%. There is a significant difference between the gender balance in the responses, which shows that the civil engineering industry is hugely male dominated in the Mangaung region.

Figure 4.2 shows respondents' responses on the position and type of job they perform in the civil engineering sector in the Mangaung region. The results depict that three

categories of the respondents' owners occupy the largest percentage; thus, 20% of the respondents work as consultants and 90% work as contractors in the industry. Another subset of the respondents also had partner roles, with 20% of them working exclusively as consultants rather than being involved in contracting services. The last role is managers; 60% of the respondents work as consultants, and only 6.3% work as contractors. The research focused on the major roles and respondents with enough knowledge in the industry based on the major role in the civil engineering industry in the Margaung region.

4.4.2 Position and type of the job

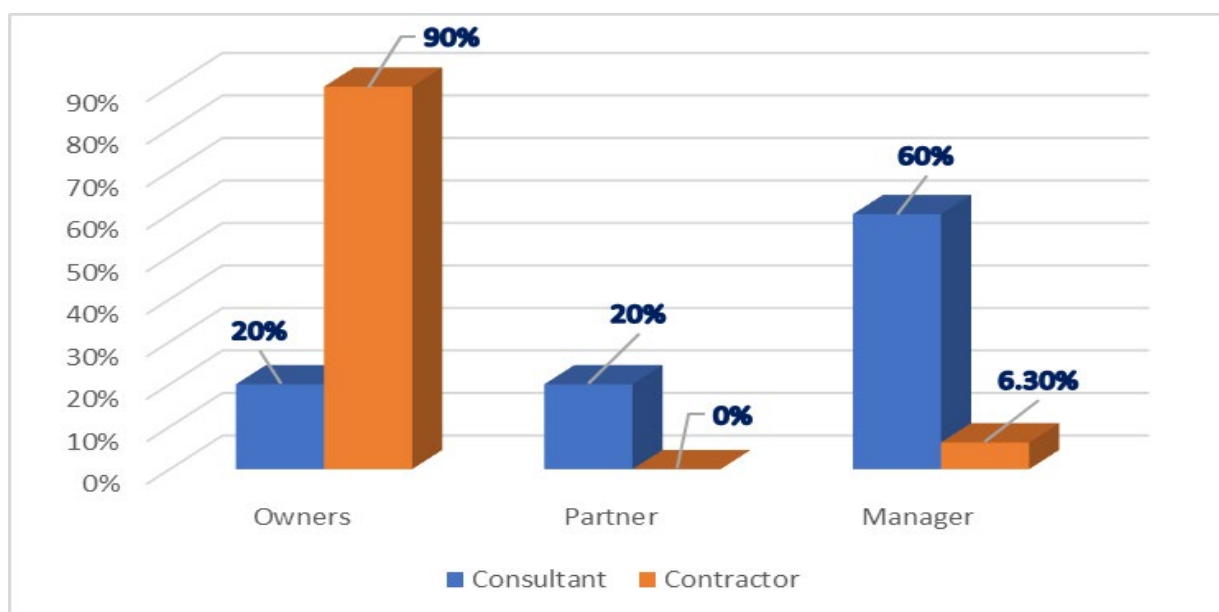


Figure 4.2: The position and type of job done by the respondents

4.4.3 The number of years that the company has been in operation

Table 4.4: The tables show the respondents' company experiences

Years of experience	Percentage
0–5 years	29%
6–10 years	24%
11–15 years	29%
16 years	14%

Table 4.4 depicts responses to the experiences of small to medium enterprises in the civil engineering sector, particularly in the Margaung region. The results show that 29% of the respondents have been in the industry between over 0–5 years; this also constitutes the larger percentage of small to medium enterprises in the region. 24% of the respondents have been in the industry for between 6–10 years, while only 29%

have been between 11–15 years. Only 14% of the respondents attested that their companies have been in the industry for 16 years or more. The results show the richness and significance of the data provided enough to draw significant inferential statistical conclusions for this research.

It is imperative to note that respondents possessed enough experience to provide data for this research. The research sought to examine the impact of B-BBEE on small and medium-sized enterprises in the civil engineering sector: Mangaung region. To achieve these goals, it was significant that this research evaluated the respondents' awareness of B-BBEE. Henceforth the next section, Section, B, presents results on B-BBEE awareness.

4.4.4 Annual turnover of the enterprise

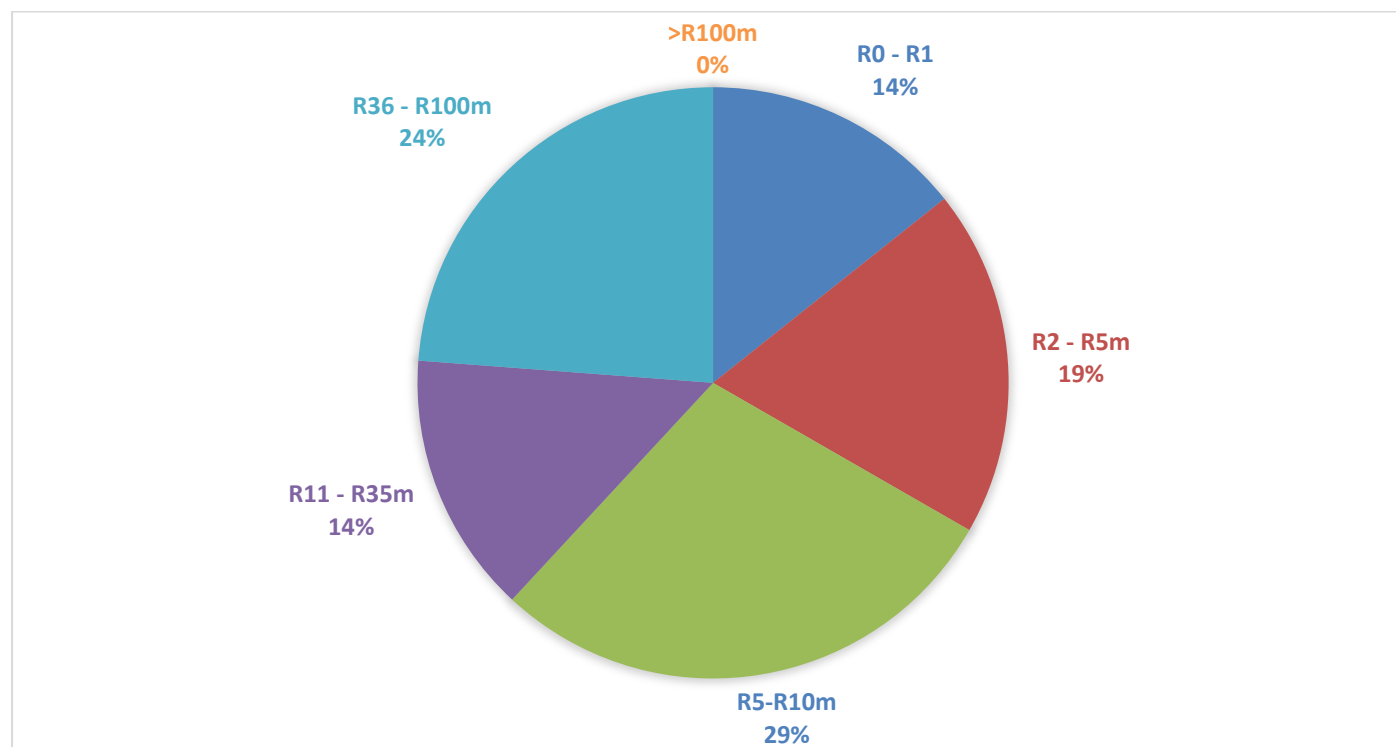


Figure 4.3: Responses on the annual turnover of small to medium enterprises.

The figure above demonstrates the performance of small to medium enterprises based on their annual returns in a million rands. The figure also depicts returns or yields of the B-BBEE policy on black-owned small to medium enterprises. As the researcher examined the impact of B-BBEE on small enterprises, its impact on returns should be identified too.

The figure shows a significant amount of small to medium enterprises making profits: 14% of the respondents' annual returns are between R0m–R1m; 19% of the respondents returned between R2m–R5m annually; another 29% returned between R6–R10 million annually; and 14% between R11–R35m, while 24% returned between R36–R100m. The results show a positive response to the performance of small to medium enterprises under the B-BBEE policy.

4.4.5 The number of employees

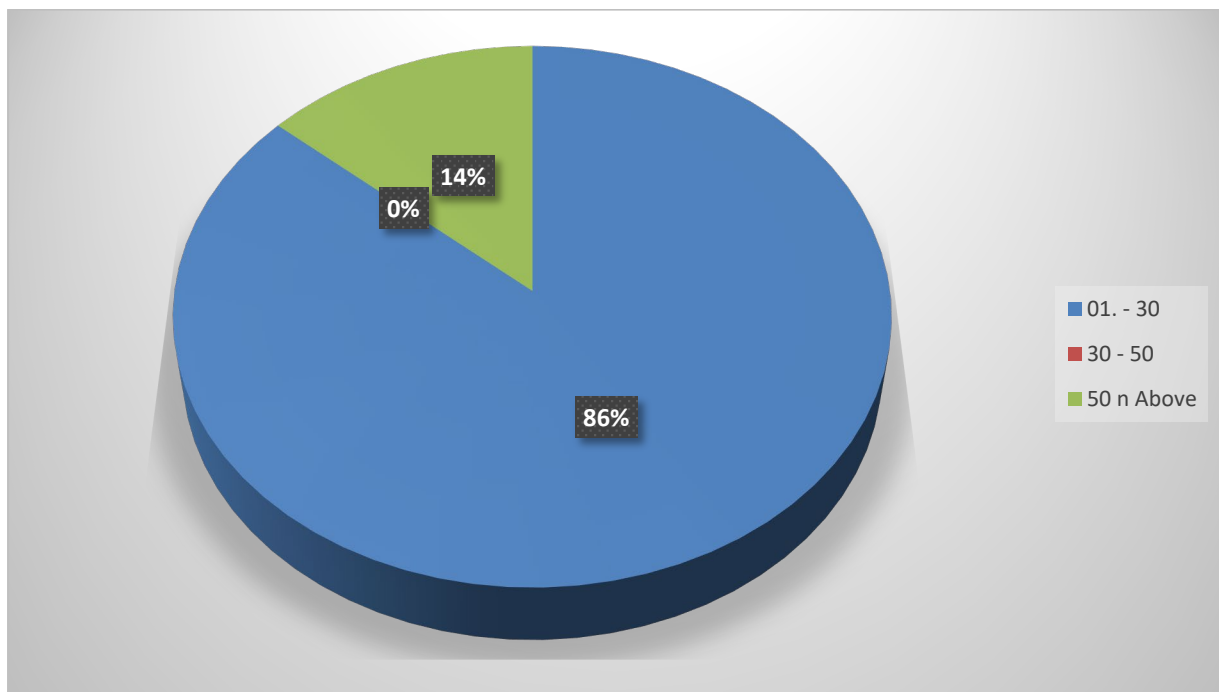


Figure 4.4: Responses on the number of employees

Figure 4.4 depicts responses on the number of people employed by the respondents based on the scale shown in Figure 4.4. Understanding the employment status is significant in determining the extent to which the policy creates employment and if there has been any proportional difference or effects on black-owned small to medium enterprises. Figure 4.4 shows that 86% of the respondents employ 50 and more employees, while only 14% employ between 1–30 employees. A significant number of people are employed by small to medium enterprises. The findings of this research corroborate the respective assertions in the studies by Naidoo (2021), who further elaborated on the significance of small to medium enterprises in employment creation and as the cornerstone of success in the 21st century.

4.5 SECTION B: AWARENESS OF THE B-BBEE

Table 4.5: The response rate results on the awareness factor

SECTION B: Frequencies	Responses		%
	N	%	Classes
I am familiar with the contents of the B-BBEE policy	17	31.5%	81.0%
I know about all the seven elements of the codes of good practice	20	37.0%	95.2%
The fact that qualifying small enterprises only have to adhere to four of the seven elements of the codes of good practice is known to me	17	31.5%	81.0%
Dichotomy group tabulated at value 1.	54	100%	257.1%

Table 4.5 depicts responses on awareness of the B-BBEE by the respondents. The tables present the frequencies of the responses; the first statement is the familiarity with the B-BBEE policy. Overly, all the respondents agreed that they were aware of the B-BBEE, i.e., over 81% out of the 17 respondents from the total 21 respondents. The results depict that a larger number of the respondents were positive about the response. The research also corresponds with that of Mbandlwa and Anwana (2020), whereby the significance of B-BBEE is further elaborated with emphasis on the extent to which the respondents know it. Naidoo (2021) believes that the B-BBEE policy is a powerful and equally important mechanism for transforming and empowering SMEs. Thus, its awareness provides a great opportunity for small and medium enterprises to grow.

Furthermore, 95% of the respondents agreed that they knew the seven elements of the codes of good practice highlighted in the policy document. Thus 20 respondents out of 21 agreed with this statement. More so, 81% of the respondents agreed to understand the seven policy codes and that SMEs should comply.

The research was further attested to by Mdadane (2018), who highlights that the policy was constructed to facilitate the growth of black-owned small businesses that do not just have the potential for development, but adhering to the policy compliance can attract investment. The research results depict that a larger percentage of the respondents consented to the awareness of the B-BBEE policy statements. The following section, Section C, analyses the advantages of the B-BBEE policy to small

and medium businesses.

4.5.1 Correlation relationship between turnover and awareness

Table 4.6: ANOVA statistics between the return turnover and awareness

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.571	3	3.190	1.870	.04
	Residual	29.000	17	1.706		
	Total	38.571	20			
a. Dependent Variable: What is the annual turnover of the enterprise?						
b. Predictors: (Constant), qualifying small enterprises only have to adhere to four of the seven elements of the codes of good practice is known to me. I know about all the seven elements of the codes of good practice, and I am familiar with the contents of the B-BBEE policy.						

This assertion attempts to establish the relationship between the two means. The research seeks to add value to the relationship between return turnover and awareness; thus, the effects of B-BBEE awareness on annual turnover. A positive relationship indicates a positive effect of the B-BBEE awareness of the financial performance of small to medium enterprises. Compare the *f*-value to the significance threshold to evaluate the null hypothesis and decide if any mean differences are statistically significant. According to the null hypothesis, all population means are equal. Typically, a significance level (also known as alpha) of 0.05 is effective. A 5% chance exists of determining there is a difference when there is not a significance level of 0.05.

The F-value is a test statistic that is used in ANOVA to determine whether there are significant differences between the means of two or more groups. The significance threshold is typically set at a predetermined level, such as 0.05, which indicates that there is a 5% chance of observing a difference as large as the one found in the sample data if the null hypothesis (i.e., that there is no true difference between the groups) is actually true. If the obtained F-value is larger than the significance threshold, the null hypothesis is rejected and it is concluded that there is a statistically significant difference between the means of the groups being compared.

In these results, the null hypothesis indicates the mean hardness values of four variables or different values from four variables in which the dependent variable is

turnover, and the three awareness variables factors are equal. The positive relationship is a further annotation of the significance of the B-BBEE policy to black-owned small to medium enterprises. In these results, the means of hardness are equal. Because the Sig-Value is less than the significance, not more than 0.05, there is a significant interaction between the data provided. The interaction between the B-BBEE and awareness is significant and suitable for making statistical inferential conclusions for this research study. The research corresponds to the studies by Mbandlwa and Anwana (2020), who further attach greater significance to the B-BBEE policy's impact on small to medium enterprises' performance.

4.5.2 The descriptive statistics on awareness

Table 4.7: Descriptive statistics on the responses to awareness

	Mean	Std. Deviation	N
I am familiar with the contents of the B-BBEE policy	1.0476	.21822	21
I know about all the seven elements of the codes of good practice	1.1905	.40237	21
The fact that qualifying small enterprises only have to adhere to four of the seven elements of the codes of good practice is known to me.	1.1905	.40237	21

Table 4.7 demonstrates the descriptive statistics on the awareness factors of the B-BBEE policy. The research seeks to establish the impact of B-BBEE on small to medium enterprises; to achieve this primary objective understanding the interaction between data on awareness provides more significance to the conclusions of this research.

Standard deviation measures how the data are dispersed to the mean of the data or the skewness of the data. The extent to which the standard deviation is low or high measures the dispersion of the data. A low deviation implies that the data are close to the mean, and inversely a larger standard deviation means the data are more dispersed. A low or high standard deviation demonstrates that the data points are either above or below the mean. A standard deviation close to zero indicates that the data points are close to the mean.

In this case, the data show a total response of 21 at each data point with a mean above 1 and standard deviations close to 0 below 1. The first data point is familiarity with the

B-BBEE policy. It has a 1.0476 mean and a standard deviation of .21822. All the data points have an average mean above 1 and a standard deviation close to zero, further attesting to the relationship between the data and positive responses on the awareness of small to medium enterprises about the B-BBEE policy.

4.6 SECTION C: ADVANTAGES TO THE BUSINESS

Figure 4.5 shows results on the advantages of B-BBEE to businesses using the scale: *strongly disagree*: SD; *disagree*: D; *slightly disagree*: SLD; *neutral view*: NV; *slightly agree*: SA; *agree*: A; and *strongly agree*: SA.

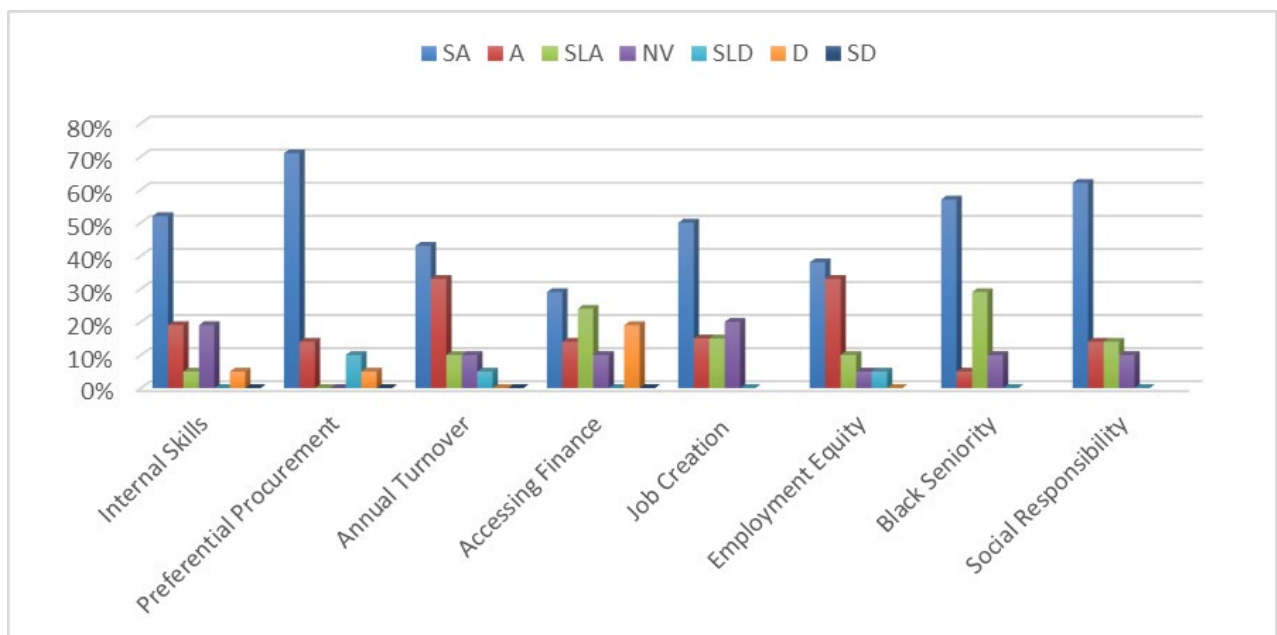


Figure 4.5: Results on the advantages of B-BBEE to businesses

Figure 4.5 depicts the results obtained on the advantages of B-BBEE to businesses. The research results show a positive response to the advantages of B-BBEE on businesses. On the first factor, thus on internal skills, 52% of the respondents *strongly agreed*, 19% *agreed*, 5% *slightly agreed* with the factor, while another 19% were *neutral*, and 5% *disagreed*. On top of all the factors is the advantage of B-BBEE on procurement preferential; thus, 71% of the respondents *strongly agreed* while 14% *agreed*, 10% *slightly agreed*, and only 5% *disagreed* with the factor.

The results correspond to the research by Musabayana and Mutambara (2022), who argue that the main reason B-BBEE was developed was to address socioeconomic issues regarding inequality in South Africa. One of the objectives outlined in the

Department of Trade and Industry policy is to improve SMEs' access to finance. It is imperative to note that from these two points, respondents on average agreed to the benefits of the B-BBEE. More so, on the annual turnover, 43% of the respondents *strongly agreed*, 33% *agreed*, 10% were *neutral*, while another 10% also *slightly agreed*, and only 5% concurred. On accessing finance, 29% of the respondents *strongly agreed*, 14% *agreed* to the factor, 10% were *neutral* only 19% *disagreed* with the factor. Contrary to Pillay's (2018) findings that suggested that Black Economic Empowerment policies in South Africa were perceived as a burden and did not improve access to funding for small and medium enterprises (SMEs), the research results indicate that such policies have in fact increased access to finance.

More so, on the job creation factor, 50% of the respondents *agreed* to this statement, 15% *agreed*, 15% were *neutral* to the point, and 20% were *neutral* about the factor. Furthermore, regarding employment equity, 38% of the respondents *strongly agreed* with the factor, 33% *agreed*, 10% *slightly agreed* to the point, 5% were *neutral*, and *slightly disagreed*. On black seniority, most respondents also *strongly agreed* with the factor; 57% *strongly agreed*, 5% *agreed*, and only 29% were *neutral* to the point. Lastly, 62% *strongly agreed* with the factor, while 14% *agreed*, another 14% were *neutral* to the statement, and the last 10% *slightly disagreed*.

The research obtained data from over eight questions, and the average score for the response shows that respondents agreed with the research results that B-BBEE provides more advantages to small and medium businesses. The research shows a 46% average score on the responses that the respondents agreed with the benefits of B-BBEE. It is imperative to note that from over eight questions asked, the B-BBEE has benefited small to medium enterprises more. The following section, Section C, discusses responses on the disadvantages of the B-BBEE.

4.7 DESCRIPTIVE STATISTICS OF WITHIN-SUBJECT FACTOR LEVELS

Table 4.8: Descriptive statistics of within-subject factor levels

Dependent Variables	Mean	Std. Deviation	N	Min	Max
Sheet	11.4500	6.00417	20	1.00	21.00

The B-BBEE encourages internal skills development in my organisation.	5.9000	.51831	20	2.00	7.00
B-BBEE has encouraged preferential procurement from business that are black owned or managed.	6.3500	.22582	20	3.00	7.00
The business's annual turnover increased after the implementation of the B-BBEE policy.	5.9500	.19097	20	3.00	7.00
The B-BBEE policy is an enabling factor to your business for accessing finance.	4.8500	.20705	20	1.00	7.00
The B-BBEE enhanced the implementation of employment equity in my business.	5.8000	.47256	20	2.00	7.00
More jobs have been created by the B-BBEE.	5.9500	.23438	20	4.00	7.00
The B-BBEE has placed black people in a better position in terms of seniority since the business implemented B-BBEE.	6.0500	.14593	20	4.00	7.00
B-BBEE can help the business to achieve its social responsibility towards the community.	6.2500	.06992	20	4.00	7.00
B-BBEE might lead to the deterioration of quality due to higher levels of authority being given to people that do not possess the necessary skills.	4.8000	.35305	20	1.00	7.00

The table shows the means and standard deviations of the advantages of B-BBEE to black-owned small to medium enterprises. The responses depict the central tendency of dispersion of the data points. The standard deviation calculates the skewness of the data or how it is distributed around their mean. The level of data dispersion is indicated by how low or large the standard deviation is. Inversely, a higher standard deviation indicates that the data are more distributed, whereas a low deviation suggests that the data are close to the mean. Nevertheless, a low or large standard deviation indicates that the data points are above or below the mean. The data points are close to the

mean when the standard deviation is close to, or equal to zero. Thus, in this case, the standard mean of all the data points is near zero.

For instance, the factor that B-BBEE encourages skills development has a standard deviation of .518 with a mean of 5.900. The average data show how dispersed the means and the standard deviations are close to zero, demonstrating a close relationship and impact of the B-BBEE policy on small and medium enterprises. This data show that the responses are reliable for making inferential conclusions. The reliability of the data shows that no means were above 1, and the closeness to zero further demonstrates the impact the B-BBEE has on black-owned small to medium enterprises. The results on the impact of B-BBEE correspond with the research by Pillay (2018), who further alludes to the positive impact of the B-BBEE policy on small to medium enterprises.

4.8 SECTION D: DISADVANTAGES TO THE BUSINESS

Figure 4.6 shows results on the disadvantages of B-BBEE to businesses using the scale: *strongly disagree*: SD; *disagree*: D; *slightly disagree*: SD; *neutral view*: NV; *slightly agree*: SA; *agree*: A; *strongly agree*: SA.

Figure 4.6 represents data on the disadvantages of B-BBEE on small to medium enterprises. The section presents the responses from the respondents. The first responses to the disadvantages are risk deterioration when more power is given to people without much knowledge or skills. 43% of the respondents *strongly agreed*, while 10% *agreed*, another 10% *slightly agreed*, and 14% *disagreed* on the factor. The response concurs with research done by Nieman (2008, in Musabayana & Mutambara 2022), who argues that the research brings more benefits for empowerment and regards the B-BBEE policy as the best tool for the empowerment of South Africa's indigenous black people so that they can participate actively in the economy and ultimately control the economy of the country.

On the reliability risks, 10% *strongly agreed*, 24% *agreed*, 10% *were neutral*, and 14% *slightly disagreed*, while another 14% *disagreed* on the factor that relying on the current supplies might pose a risk of reliability. More so, on the statement that current suppliers will be at risk as empowered suppliers gain more powers; 24% of the

respondents *strongly agreed*, 14% *agreed*, 5% *slightly agreed*, while 33% were *neutral* on the factor, 10% *slightly disagreed*, and 14% *strongly disagreed*.

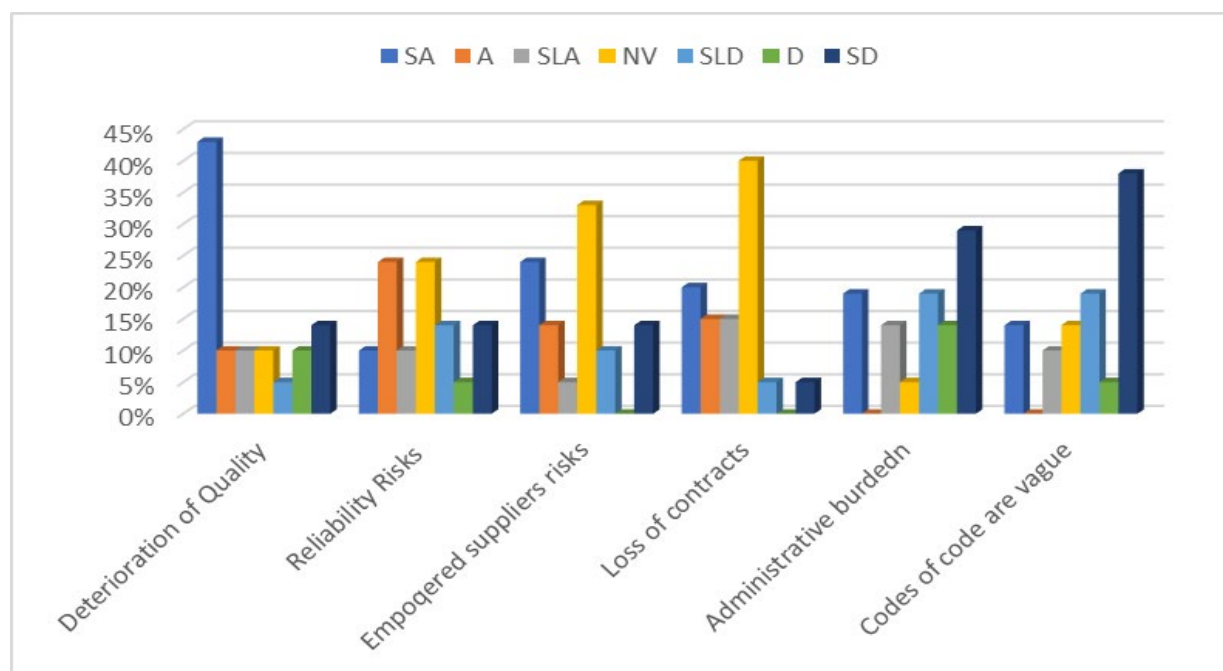


Figure 4.6: Disadvantages of B-BBEE to businesses

Respondents further attested that B-BBEE had caused them to lose many contracts; 20% *strongly agreed* to this factor, and 15% *agreed*, while 15% *slightly agreed*. 40% were *neutral* to the statement, and 5% *disagreed*, while 5% *strongly disagreed* with the statement.

More so, the respondents further attested to the burden that comes with the policy whereby 19% *strongly agreed*, while another 19% *slightly disagreed*, and 29% *disagreed*. Thus, on average, more respondents *disagreed* with the factor. Although more respondents supported the point that the policy is vague, over 14% *agreed* with this factor, while over 60% *disagreed* with the factor, and only 14% were *neutral*. The research depicts many disadvantages that come with the B-BBEE policy. However, a larger response was also discovered on the rejection side; thus, the disadvantages do not hold much water compared to the advantages discussed in the previous section. The responses on the code of the policy contradict the propositions made by Balshaw and Goldberg (2014) that the modified B-BBEE codes are onerous and punishing. The results show a negative response to the disadvantage of the codes. The following section discusses the results of government support and suggestions.

4.9 SECTION E: GOVERNMENT SUPPORT AND SUGGESTIONS

Figure 4.5 shows results on the government support and suggestions to businesses using the scale: *strongly disagree*: **SD**, *disagree*: **D**, *slightly disagree*: **SLD**, *neutral view*: **NV**, *slightly agree*: **SLA**, *agree*: **A**, and *strongly agree*: **SA**.

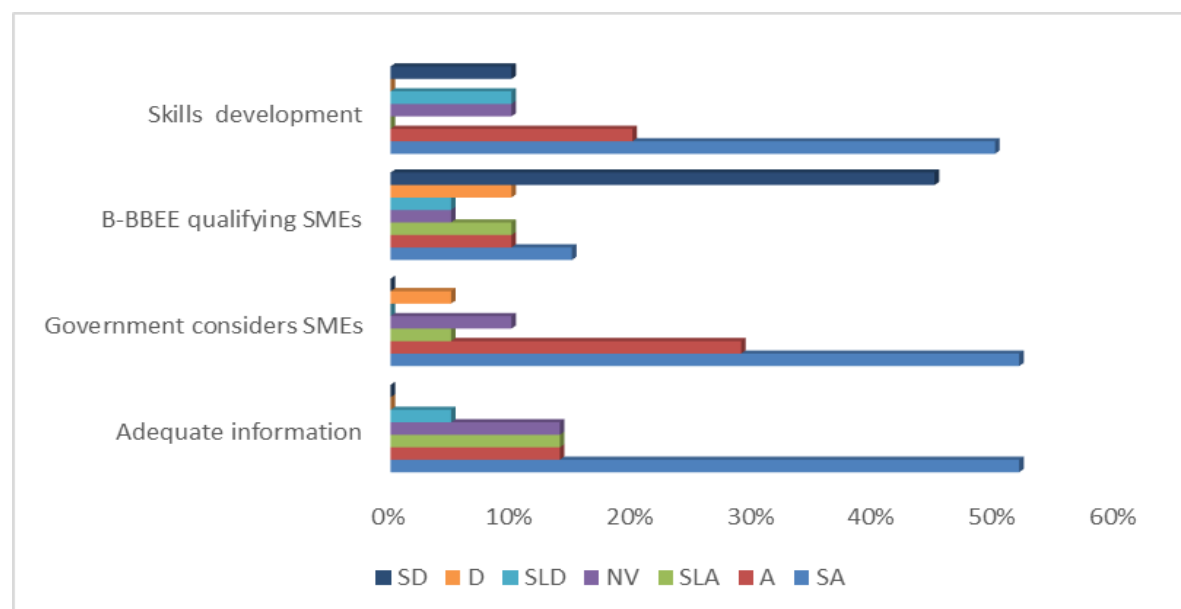


Figure 4.7: Responses to government support and suggestions

Central to this research study was to examine the impact of B-BBEE on small and medium-sized enterprises in the civil engineering sector: Mangaung region. To achieve this main objective, identifying the government support was critical to conclude the data provided.

The analysis identified four factors on which respondents showed a high level of agreement, including the perception that the government is actively supporting small to medium enterprises within the specified group through the B-BBEE policy, which was also rated positively by the respondents. More so, other respondents disagreed with the last two factors; the response depicts the government's significant contribution towards small to medium enterprises.

Therefore, on the first factor, skills development is better than management participation; 53% respondents *strongly agreed* with the statement, 14% *agreed*, another 14% *slightly agreed*, and another 14% were *neutral*. The last 5% *disagreed* on the factor that the B-BBEE should not be applicable to qualifying small to medium

enterprises with over R50m annual turnover. A good number of the respondents rejected this point, with 45% of the respondents *strongly disagreeing* with the factor, while only 15% *strongly agreed* and 10% *agreed*. The rest of the 20% *slightly disagreed* and *disagreed*. Most respondents rejected this factor; thus, the research also concurs with the research done by Mbandlwa and Anwana (2020), who further stated that presenting the policy in this way does not yield results, since it has not yet delivered significant results to the black community.

Furthermore, on the factor that government considers small to medium enterprises, 52% of the respondents *strongly agreed*, 29% *agreed*, 5% *slightly agreed*, and another 10% remained *neutral*. Lastly, on adequate information, a larger number of the respondents supported this statement, which significantly contradicts researchers such as Irene (2017), who states that little is done by the government, amongst others, a lack of adequate information presented in the document to support black-owned small to medium enterprises. Over 52% of the respondents *strongly agreed*, while 14% *agreed*, another 14% *slightly agreed*, and another 14% were *neutral*. Finally, 5% *disagreed* with the factor. Like Pillay's sentiments, Pike et al.'s (2018) research also alludes to the fact that as much as the B-BBEE policy has several advantages in terms of financial gain, it also has some shortcomings, as discussed in the results.

4.10 CHAPTER SUMMARY

This chapter presented and discussed the empirical findings of the research. 37 respondents were selected and invited to participate in the research process. The questionnaire was used to collect data, and 21 responded. The results showed positive responses on B-BBEE awareness. A further examination of the relationship between awareness was conducted, which showed a comprehensive and positive relationship between the two variables. The descriptive data analysis on the advantages of the B-BBEE policy to black-owned small to medium enterprises demonstrated that more advantages are yielded from the policy. Furthermore, descriptive statistics such as means standard deviations were employed to assert the underlying assumption on the impact of the B-BBEE policy on black-owned small to medium enterprises. The results found that the standard deviations are close to the mean and close to zero, depicting a close relationship and positive responses, since low standard deviations show that the data are not inversely dispersed, and thus more

reliable for making an inferential conclusion.

The disadvantages variables showed a negative response to the negatives of the B-BBEE policy to black-owned small to medium enterprises. The research found negative responses, suggesting that no significant disadvantages emanated from the policy. This further supports the advantages gained from the B-BBEE policy. The research further found that the government supports black-owned small to medium enterprises through the B-BBEE policy. The study was validated by Cronbach's reliability test, which was found to be .708 and between the accepted range. Therefore, it can be concluded that the data are reliable and can be used to draw valid conclusions.

Chapter 5 shall present conclusions and recommendations from this research study.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 CHAPTER INTRODUCTION

This chapter presents the summary, conclusions and suggested recommendations and seeks to conclude remarks on the subject under investigation which is the impact of B-BBEE on small and medium-sized enterprises in the civil engineering sector: Mangaung region. The conclusions and recommendations were drawn from the research findings in Chapter 4.

The research study's aims and objectives were reached through the literature review, i.e. Chapter 2 and the empirical research. The empirical research consisted of disseminating, collecting and dispensing the questionnaire. The study respondents comprised the SMEs in the civil engineering sector that carry out civil engineering work within the Mangaung region (Bloemfontein, Soutpan, Dewetsdorp, Thaba Nchu, Botshabelo, Van Stadensrus, and Wepener) to address the research problem (37). Chapter 4 presented the empirical research findings from (21) responses and the interpretation thereof.

Chapter 5 discusses the conclusions drawn from empirical findings in Chapter 4 based on the literature discussed in Chapter 2. The chapter further recommends improving black small to medium enterprises' support and policy reconsiderations. More so, the chapter discusses the practical implications of the research and suggests further research areas, concluding the discussion of this research study document.

5.2 SUMMARY OF THE LITERATURE REVIEW

5.2.1 The significance of small to medium enterprises

According to the studies conducted by Ayandibu and Houghton (2017), The stimulation of development and alleviation of poverty rely on the development of SMEs. Ferreira (2007, in Dlova 2017:20), alludes to the fact that small and medium enterprises contribute to a large extent to the growth and sustainability of any country, considering that active entrepreneurial participation is directly proportional to employment opportunities due to production activities. More so, Morina and Gashi

(2016:169) describe that SMEs play a critical role in creating new jobs and generating incomes that eventually contribute to the economy.

SMEs catalyse the economic growth of developing and developed countries, considering that if the market is concentrated on small and medium-sized enterprises that are geographically more dispersed, they can create a sustainable private sector. Unlike large industries stationed in one place, SMEs can be distributed everywhere, alleviating economic disparities (Morina & Gashi 2016:171). Many enterprises in developing countries comprise SMEs and play a critical role in economic and social growth, including local development. Entrepreneurship has been classified as a critical tool for creating jobs, poverty alleviation, and the facilitation of economic growth on a national level. Furthermore, countries with active entrepreneurial activities have experienced growth (Ogujiuba et al. 2021:8).

5.2.2 Main impacts and outcomes desired from B-BBEE

Research by Mbandlwa and Anwana (2020:15401) also believes that the B-BBEE policy was primarily designed to deal with racial inequality in South Africa and ensure that black people have more advantages. To ensure economic inclusivity, the government channelled its efforts to expand South Africa's economic base, and the achievement was executed by assisting SMEs through development and reconstruction programs (Pillay 2018:9).

Musabayana and Mutambara (2022:75) argue that B-BBEE was developed mainly to address socioeconomic issues regarding inequality in South Africa. One of the objectives outlined in the Department of Trade and Industry policy is to improve SMEs' access to finance. Furthermore, the B-BBEE Act was essentially developed to establish measures for the economic empowerment of all black people, including women, working people, youth, disabled people, and people living in rural areas through various, yet integrated socioeconomic strategies (Irene 2017:147).

SMEs must be encouraged to develop the South African economy and create jobs for poverty and unemployment alleviation. Maas and Herrington (2006, in Musabayana & Mutambara 2022:76) argue that SMEs play a critical role in reversing the legacy created by apartheid and developing these SMEs into sustainable businesses is critical for South African economic growth. The government's major objective was to

empower black people through the B-BBEE program by providing finances, which would, in turn, alleviate the unemployment rate, considering that it would create more employment opportunities (Musabayana & Mutambara 2022:76).

5.2.3 Impact of B-BBEE on SMEs in the construction industry

Undoubtedly, as one of the biggest contributors to economic activity, the construction industry will be useful to examine if implementing the B-BBEE policy in South Africa is effective. This is because there are several infrastructural development projects in South Africa, and a high volume of business originates from the government to industry. According to Mpanda (2016), the construction industry creates aids in the socioeconomic development of the country.

As a result, considering the significant economic position that the construction sector holds in the economic development of South Africa as a nation, it is critical to understand small businesses' response to the B-BBEE policy (Mpanda 2016). According to Pillay (2018), the B-BBEE policy was introduced by the government of South Africa to fix inequality as one of the major socioeconomic issues. However, the B-BBEE policy faced several criticisms. One of the criticisms was the notion that the B-BBEE policy only benefited a few wealthy black elites who are politically connected (Pillay 2018).

Research by Pillay (2018) on the influence of B-BBEE on access to funding for SMEs in South Africa reviews that implementing the B-BBEE amended codes was nearly impossible due to tough business operating conditions. Some of the participants who participated in the research by Pillay (2018) had this to say with regard to the unintended consequences of B-BBEE on small and medium-sized enterprises in the civil engineering sector in South Africa.

5.2.4 The B-BBEE role in transformation in the construction industry in South Africa

The B-BBEE policy also aims to encourage economic growth by localising goods and services, which means local industries, both emerging and existing, would benefit (Bopcons projects 2021). The other objective of the B-BBEE policy was to forge and strengthen relations across industries, which meant that stakeholders such as private-

sector businesses, government, and civil societies would work together to ensure an all-inclusive economy.

While the overall objective of the B-BBEE policy was to ensure that every South African benefited, it is critical to note that the literature suggests that the B-BBEE policy has failed to create the intended all-inclusive economy. According to Shava (2016), the present-day debate on the B-BBEE policy revolves around the unfair exploitation and abuse of procurement procedures. According to the Bopcons projects report (2021) about the position of transformation in the construction industry in South Africa, the B-BBEE policy has been instrumental in pushing forward the transformation with the endeavour to improve the economic empowerment of small businesses in the construction industry. The B-BBEE policy has been working towards creating a comprehensive economy by promoting uniform participation and fair and impartial opportunities for all people of South Africa.

5.2.5 Perceptions of different authors concerning the B-BBEE Act

Naidoo (2021) believes that the B-BBEE policy is a powerful and equally important mechanism for transforming and empowering SMEs. However, emphasis is placed on the fact that changes to the B-BBEE codes will play a big role in resuscitating SMEs that have suffered serious consequences because of COVID-19, ensuring sustainability in this SME sector. Musabayana and Mutambara (2022:76) indicate that according to the B-BBEE policy, one of the primary objectives thereof is to improve SMEs' access to finance, which is a clear indication that the government's vision was to empower local businesses with financial resources, which have proven to be a major factor in running a business. Nieman (2008, in Musabayana & Mutambara 2022:76), further regards the B-BBEE policy as the best tool for empowering South Africa's indigenous black people so that they participate actively in the economy and ultimately control the economy of the country.

It is imperative to note that the literature review presents various views opposing the significance and achievement of the *B-BBEE Act*. In agreement, Reuben and Bobat (2014, in Pike et al. 2018:1) argue that limited academic literature on South Africa's transformation has been identified. Furthermore, there are still several gaps in the B-BBEE policy and the effects thereof. According to Balshaw and Goldberg (2014), there

has been an increase in targeted spending in various areas after the implementation of the updated 2013 B-BBEE rules. Thus, the policy has met certain amounts of progress achievements, though there are still authors who are of the perception that more could have been achieved from the B-BBEE policy.

5.3 CONCLUSIONS FROM THE EMPIRICAL REVIEW

This section demonstrates how the primary and secondary objectives formulated for this research study were accomplished in achieving the aim of the study. The empirical research study informed it.

5.3.1 The B-BBEE impact on small and medium-sized enterprises in the civil engineering sector within the Mangaung region

A total of four sections were identified from the literature to obtain the respondents' opinions on the impact of the B-BBEE policy on small to medium enterprises. Conclusions from the empirical and literature study are as follows:

5.3.1.1 Advantages to the business

On the advantages of the B-BBEE policy to business, the research found various advantages it has provided to the construction industry's black-owned small to medium enterprises. The major factors that the respondents highly voted for included internal skills development, increased procurement from black-owned businesses, increased annual turnover of businesses, and increased access to finance. The empirical review suggests more benefits and achievements from the policy or Act. This has improved the overall performance of the black-owned small to medium enterprises in South Africa.

The respondents highly supported that B-BBEE increased the overall annual turnover returns, further attesting to its social effects on poverty alleviation and improving social living standards as the economy progresses. The cornerstone of success, as coined by Musabayana and Mutambara (2022) in access to finance. Its absence can lead to a dearth of small to medium enterprises; thus, the policy has improved the availability of funds for the growth and development of small to medium enterprises. The respondents are also of the view that it has improved much on skills development,

which is one of the yardsticks to evaluate black-owned small to medium enterprises' eligibility.

The research concludes that factors such as job creation and black seniority have improved due to policy implementation. The research conclusions also concur with studies by Musabayana and Mutambara (2022) on the significant benefits of the B-BBEE policy to black-owned small to medium enterprises.

5.3.1.2 Disadvantages to the business

The following factors were identified and used in the respondents' opinion. The respondents identified following the factors as less punitive to the success of the B-BBEE policy, also contradicting literature findings: deterioration of quality due to higher levels of authority being given to people that do not possess the necessary skills, potential procurement risks, established relationships with current suppliers will be at risk, B-BBEE has caused persons to lose many contracts, adhering to the *B-BBEE Act* and codes of conduct put an administrative burden on the business, and the B-BBEE codes of good conduct are vague and complicated. Only one factor agreed that the policy code is vague, as it contributes significantly to an administrative burden.

The respondents suggested otherwise, opposite to what is alluded to by the literature review and other authors such as Pillay (2018), i.e. that it has not met its intended objectives and disadvantages. The respondents believe that the policy has yielded benefits instead of disadvantages. Promoting black-owned small to medium enterprises has increased contracts instead of decreasing contract access. The respondents also believe that the policy has increased quality, as the disadvantages were not seen as punitive to the performance of the small to medium enterprises. The research findings contradict studies by Pillay (2018) on the disadvantages of B-BBEE to black-owned small to medium enterprises.

5.3.1.3 Government support

The following factors were identified to obtain the respondents' opinions on government support. The respondents supported the collective responses: adequate information on the issue of B-BBEE is available from the government and its departments; the government has considered small and medium-sized businesses

with the development of B-BBEE legislation; and the skills development aspect of B-BBEE should weigh more on the scorecard than management participation. The respondents did not support only one factor positively, and as part of the suggested factor: i.e. that B-BBEE should not apply to qualify small enterprises. The respondents significantly rejected the issue of measuring small to medium enterprises or grading to receive government support, suggesting that the government's open support should be provided to all the respondents. The respondents are in sync with the support received from the government and its impact on their performance, which is critical in the success of small to medium enterprises in South Africa.

Like Pillay's sentiments (Pike et al. 2018), the findings also allude to the fact that as much as the B-BBEE policy has several advantages in terms of financial gain, it also has some shortcomings, as discussed in the results.

5.4 RECOMMENDATIONS

The main purpose of this section is to answer the second research objective, which is to formulate recommendations based on literature and empirical studies to improve B-BBEE implementation and leverage more benefits to black-owned small and medium-sized enterprises in the civil engineering sector: Mangaung region. The research findings confirmed that there is a significant improvement in small to medium enterprises yielded from the B-BBEE, albeit there is still the need for robust strategies to increase the participation of blacks in the industry through B-BBEE. The following strategic measures are proposed for implementation and alleviating possible hindrances to the policy's success.

5.4.1 Skills development should weigh more than management participation

It is recommended that the evaluation process for B-BBEE scoring skills development should be recommended, more than any other factor, especially compared to management participation. Thus, the policy will live up to its stipulated standards and will not be biased. Skills development can be assessed by the organisation's progress and goals, programs to support skills development, and training. Small to medium enterprises should take note of this significant factor in the implementation of the B-BBEE policy.

5.4.2 Effective government support

Despite the current government, there is more than the state can provide for the policy. Proper access to finance and profitable collaborations can support the growth of small to medium enterprises in the black community. The government must create a conducive business environment that protects small businesses from competition and allows fair, competitive strategies to be implemented. The government should support further research facilities and access to external markets.

5.4.3 Private-public sector cooperation

Fostering public-private sector cooperation may yield better results for the policy. Despite the advantages it renders, based on the literature that it has not yet provided any benefit to the black community, it would be advisable that the government provides better cooperation that can improve service provision and allow small businesses to get contracts and business deals from the government.

5.4.4 Policy reconsiderations

The view that the B-BBEE policy has little impact on the success rate of women-owned businesses emphasises the importance of the government reconsidering the transformation plan regarding the B-BBEE policy. Financial incentives as an intervention process are not sufficient on their own, and it is further recommended that policymakers must incorporate capacity building and personal development of female entrepreneurs.

5.4.5 Practical implications of the research

The study provides valuable insights into the key factors that contribute to the success of the B-BBEE policy in South Africa, thus enhancing our understanding of its benefits and achievements. This better understanding of these factors can enable the crafting of substantive mechanisms to enhance policy implementation performance in the public sector. In turn, the efficient execution of the policy can be used by the government as a lever to stimulate inclusive growth to address challenges of poverty, income inequality, and unemployment, as envisioned in the NDP document of 2012. This statement suggests that for the strategic plan to achieve growth by 2030, the

business community needs to play a more active role. In other words, the success of the plan depends on the engagement and participation of the business community.

5.5 LIMITATION OF THE STUDY

The research study focused on a narrow-scope impact of B-BBEE on small to medium enterprises. The study's scope was limited to the Mangaung region, making it inappropriate to regard the sample as representative of all SMEs in the civil engineering sector of South Africa due to the geographical restriction. During the data collection phase of the study, challenges were encountered with obtaining questionnaires from respondents, due to confidential internal organisational matters. These limitations hindered the researcher from obtaining information within the envisaged time frame. Cost and time constraints limited deeper analysis into all the pertinent areas related to the study.

5.6 FURTHER RESEARCH AREAS

The research study yielded various potential areas to be considered for further research. The following areas are highlighted for further study by scholars:

- The influence of government on implementing B-BBEE policy.
- How can public-private participation initiatives leverage the strengths and resources of both sectors to foster a more inclusive and sustainable implementation of the B-BBEE?
- The role of B-BBEE on the growth of small to medium enterprises.
- The effectiveness of research and development in the growth of black-owned enterprises of small to medium enterprises.
- What is the impact of B-BBEE on the level of employment and skills development of historically disadvantaged individuals.
- In order to obtain a comprehensive understanding of the implementation of B-BBEE and facilitate relevant generalizations, future researchers have the potential to analyze the incorporation of B-BBEE in the majority, if not all,

financial institutions and/or State-Owned Enterprises (SOEs) in Mangaung.

- Is there a correlation between the beneficiaries of Broad-Based Black Economic Empowerment and political connections?

REFERENCE LIST

- Adam, A. 2020. Sample Size Determination in Survey Research [Electronic version]. *Journal of Scientific Research and Reports*, 26:90-97. DOI:10.9734/JSRR/2020/v26i530263.
- Ahmedova, S. 2021. Innovation and innovation activities of Bulgarian small and medium-sized enterprises (SMEs). [Electronic version]. *E3S Web of Conferences*, 258:1-7. DOI: [10.1051/e3sconf/202125806055](https://doi.org/10.1051/e3sconf/202125806055)
- Akhtar, I. 2016. Research Design. Research In Social Science:Interdisciplinary Perspectives. Retrieved on 3 May 2022 from [https://www.scirp.org/\(S\(351jmbntv-nsjt1aadkposzje\)\)/reference/referencespapers.aspx?referenceid=3043537](https://www.scirp.org/(S(351jmbntv-nsjt1aadkposzje))/reference/referencespapers.aspx?referenceid=3043537)
- Alkhadim, G. 2022. Cronbach's Alpha and semantic overlap between items: A proposed correction and tests of significance [Electronic Version]. *Frontiers in Psychology*, 13. DOI:10.3389/fpsyg.2022.815490
- Andrew, D., Pedersen, P. & McEvoy, C. 2011. *Research methods and design in sport management*. Leeds: Human Kinetics.
- Apuke, O. 2017. Quantitative research methods: A synopsis approach [Electronic Version]. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 6(11):40-47. DOI: 10.12816/0040336
- Arifin, S.2018. Ethical considerations in qualitative study [Electronic version]. *International Journal of Care Scholars*, 1(2):30-33. DOI: <https://doi.org/10.31436/ijcs.v1i2.82>
- Ayandibu, A. & Houghton, J. 2017. The role of Small and Medium Scale Enterprise in local economic development (LED). [Electronic version]. *Journal of Business & Retail Management Research*, 11(2). Retrieved on 4 May 2022 from https://jbrmr.com/cdn/article_file/i-26_c-262.pdf
- Bahariniya, S., Ezatiasar, M. & Madadzadeh, F. 2021. A brief review of the types of validity and reliability of scales in medical research [Electronic version]. *Journal*

- of Community Health Research*, 10(2):100-102. DOI: [10.18502/jchr.v10i2.6582](https://doi.org/10.18502/jchr.v10i2.6582)
- Balshaw, R. & Goldberg, G. 2014. The modified broad-based black economic empowerment codes: A critical review [Electronic version]. *De Jure*, 47(1):1-19
- Bopcons Projects. 2021. Transformation in the construction industry in South Africa. Retrieved on 11 March 2022 from <https://www.bopcons.co.za/project/transformation-in-the-construction-industry-in-south-africa/>
- Breakfast, N.B. & Maart, B. 2019. Enhancing diversity via affirmative action: A case study of the Nelson Mandela Metropolitan Municipality [Electronic version]. *Africa's Public Service Delivery and Performance Review*, 7(1).DOI: 10.4102/apspdpr.v7i1.275
- Broad-Based Black Economic Empowerment [B-BBEE] Act nr 53*. 2003. Pretoria: Government Printer.
- Bryman, E., Bell, P., Hirschsohn, A., dos Santos, J., du Toit, A., Masenge, I., van Aardt. & Wagner, C. 2014. *Research methodology: Business and management contexts*. Cape Town: Oxford University Press.
- Chopra, V. 2017. The inadequacy of South Africa's black economic empowerment policy. Retrieved on 3 May 2022 from <https://www.theigc.org/blog/the-inadequacy-of-south-africas-black-economic-empowerment-policy/>
- CIDB see Construction Industry Development Board
- Cogta.gov.za. 2021. Retrieved on 3 May 2022 from https://www.cogta.gov.za/ddm/wp-content/uploads/2020/08/DistrictProfile_MANGAUNG.01072020.pdf#page=10&zoom=100,92,398
- Constitution of the Republic of South Africa. 1996. Pretoria: Government Printer.
- Creswell, J. & Guetterman, T. 2021. *Educational research*. 6th ed. United Kingdom: Pearson Education Limited.

- Cronbach, L. J. 1951. Coefficient alpha and the internal structure of tests. *Psychometrika*, 16(3):297-334.
- Department of Trade and Industry (DTI). 2016. *BBBEE*. Retrieved on 21 February 2021 from http://www.thedti.gov.za/economic_empowerment/bee.jsp
- Department of Trade and Industry (DTI). 2016a. *Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003): Codes of Good Practice on Broad-Based Black Economic Empowerment*. Retrieved on 21 February 2021 from https://www.thedti.gov.za/legislation/acts/bbbee_act_53_2003_codes_of_good_practice.pdf
- Department of Trade and Industry (DTI). 2017. *National Small Business Amendment Act*. Retrieved on 21 February 2021 from http://www.thedtic.gov.za/wp-content/uploads/small_business_amendment_act.pdf
- Dlova, M. 2017. Small, micro and medium enterprises access to credit in the Eastern Cape, South Africa. Unpublished PhD dissertation. University of Witwatersrand.
- Downing, D. & Gracia, F. 2021. Demographic Makeup of SMEs in the United States and United Kingdom [Electronic version]. *United States International Trade Commission*. Retrieved on 3 May 2022 from https://www.usitc.gov/publications/332/executive_briefings/ebot_demographic_makeup_of_smes_in_the_united_states_and_united_kingdom.pdf
- Effiom, L. & Edet, S.E. 2018. Success of Small and Medium Enterprises in Nigeria: Do Environmental Factors Matter? [Electronic version]. *Journal of Economics and Sustainable Development*, 9(4):117-128. Retrieved on 12 February 2022 from https://www.researchgate.net/profile/Samuel-Edet/publication/335775615_Success_of_Small_and_Medium_Enterprises_in_Nigeria_Do_Environmental_Factors_Matter/links/5d7a73734585155f1e3bad5a/Success-of-Small-and-Medium-Enterprises-in-Nigeria-Do-Environmental-Factors-Matter.pdf

- Elsenburg. 2009. Free State Province. Retrieved on April 28 2021, from <https://www.arc.agric.za/Pages/Free-State-Province.aspx>
- George, D. & Mallery, P. 2003. *SPSS for Windows step by step: A simple guide and reference*. 4th ed. Boston: Allyn & Bacon.
- Greyling, J. 2015. Richard Maponya: BEE has demoralised black business. *Finweek*, (1437):50.
- Hair, J., Hult, G., Ringle, C. & Sarstedt, M. 2016. *A primer on partial least squares structural equation modeling (PLS-SEM)*. Sage Publications.
- Hale, V. & Haertl, J. 2016. Surviving a Bully at work: Young adult library services spring [Electronic version]. *The Official Journal of the Young Adult Library Services Association*, 14(3):36-38. Retrieved on 01 June 2021 from <https://www.ala.org/yalsa/sites/ala.org.yalsa/files/content/vol-14-no-3-spring-2016.pdf>
- Harrison, S., Henderson, J., Alderdice, F. & Quigley, M.A. 2019. Methods to increase response rates to a population-based maternity survey: a comparison of two pilot studies [Electronic version]. *BMC Med Res Methodol*, 19(65):2-8. DOI: 10.1186/s12874-019-0702-3
- Hauptfleisch, D., Lazarus, S., Knoetze, T. & Liebenberg, S. 2007. An Integrated Emerging Contractor Development Model for the Construction Industry: Practical Implementation and Statistical Quantification. Retrieved on 6 May 2022 from http://researchspace.Csir.co.za/dspace/bitstream/10204/1850/1/Hauptfleisch_2007
- Hironaka, C., Zariyawati, M.A. & Diana-Rose, F. 2017. A Comparative Study on Development of Small and Medium Enterprises (SMEs) in Japan and Malaysia [Electronic version]. *Saudi Journal of Business and Management Studies*, 2(4):357-364. DOI: 10.21276/sjbms
- Hyman, M. & Sierra, J. 2016. Open- versus close-ended survey questions. Retrieved on 13 March 2022 from <https://www.researchgate.net/publication/282249876>

- Irene, B. 2017. The macroeconomic landscape of post-apartheid South Africa: A critical review of the effect of the Broad-Based Black Economic Empowerment (BBBEE) Program on the success of female SMEs operators [Electronic version]. *Journal of Educational and Social Research*, 7(1):145-150. DOI:[10.5901/jesr.2017.v7n1p145](https://doi.org/10.5901/jesr.2017.v7n1p145)
- Kaur, P., Stoltzfus, J. & Yellapu V. 2018. Descriptive statistics [Electronic version]. *International Journal of Academic Medicine*, 4(1):60-63. DOI: 10.4103/IJAM.IJAM_7_18
- Kumar, A. & Ayedee, N. 2018. Social Media Tools For Business Growth of SMES [Electronic version]. *Journal of Management*, 5(3):137-142. Retrieved on 22 May 2022 from <http://www.iaeme.com/jom/issues.asp?JType=JOM&VType=5&IType=3>
- Labani, S., Wadhwa, K. & Asthana, S. 2017. Basic Approach to Data Analysis and Writing of Results and Discussion Sections [Electronic version]. *MAMC Journal of Medical Science*, 3(1):6-15. Retrieved on 7 March 2022 from <https://www.mamcjms.in/article.asp?issn=2394-7438;year=2017;volume=3;issue=1;spage=6;epage=15;aulast=Labani;type=3>
- Leavy, P. 2017. Research design: Quantitative, qualitative, mixed methods, art-based, and community-based participatory research approaches. Retrieved on 7 March 2022 from <https://search-ebscohost-com.ufs.idm.oclc.org/publication/337943474>
- Leboa, S. 2017. The factors influencing SME failure in South Africa. Unpublished Master's dissertation. The Graduate School of Business University of Cape Town.
- Leedy, P. & Ormrod, J. 2020. *Practical research: Planning and design*. EBook, Global Edition, Pearson Education, Limited. *ProQuest Ebook Central*. Retrieved on 3 February 2022 from <http://ebookcentral.proquest.com/lib/uovs-ebooks/detail.action?docID=6142159>
- Makgetla, N. 2021. *The impacts and outcomes of BBBEE a preliminary assessment*.

Working Paper. Trade and Industrial policy strategies.

Mangaung Metropolitan Municipality. 2022. *Official website*. Retrieved on 30 May 2022 from <http://www.mangaung.co.za/>

Mashilo, A.M. & Moothilal, R. 2021. Black Economic Empowerment in the automotive manufacturing industry: A case for productive capacity development transformation [Electronic version]. SCIS working paper. Retrieved on 25 April 2022 from <https://www.wits.ac.za/media/wits-university/faculties-and-schools/commerce-law-and-management/research-entities/scis/documents/BEE%20in%20the%20automotive%20manufacturing%20industry.pdf>

Matabane, K. 2020. BBC media statement solidarity and Afriforum bid against B-BBEE for Covid-19 tourism relief. Retrieved on 4 May 2022 from <https://blackbusinesscouncil.africa/TourismRelief.html>

Mbandlwa, Z. & Anwana, E.O. 2020. An overview of the B-BBEE Act and its impact on black entrepreneurs in South Africa [Electronic version]. *Transylvanian Review*, 27(50):15401-15407. Retrieved on 13 February 2022 from <http://hdl.handle.net/10321/3493>

Mbeki, M. & Mbeki, N. 2016. *A manifesto for social change: How to survive South Africa*. Johannesburg: Picador Africa.

Mdadane, T. 2018. Broad- Based Black Economic Empowerment in South Africa: A critical analysis of the current state of implementation [Electronic version]. *Development Southern Africa*, 35(1):36-51.
DOI:10.1080/0376835X.2017.1362103

Mofokeng, T. G. 2012. Assessment of the Causes of Failure among Small and Medium-sized Construction Companies in the Free State Province. Unpublished Magister Technologiae in construction management dissertation. University of Johannesburg.

Moola, N. 2020. *Business Maverick: South Africa must support SMEs to save jobs*. Retrieved on 1 May 2021 from <https://www.dailymaverick.co.za/article/2020->

- Morina, D. & Gashi, P. 2016. The role of SMEs on the economic development: Kosova's Case [Electronic version]. *SSRN Electronic Journal*, 3(5):167-180. DOI:[10.2139/ssrn.2820980](#)
- Mpanda, J. 2016. B-BBEE and its impact on the South African construction Industry. Unpublished Master of Commerce in Economic Development dissertation. University of Cape Town.
- Municipalities.co.za. 2022. *Free State Municipalities*. Retrieved on 30 May 2022 from <https://municipalities.co.za/provinces/view/2/free-state>
- Muriithi, S. 2017. African small and medium enterprises (SMES) contributions, challenges and solutions [Electronic version]. *International Journal of Research & Reflection in Management Science*, 5(1):36-48. Retrieved on 15 February 2022 from: <https://www.researchgate.net/publication/315516536>
- Musabayana, G.T. & Mutambara, E. 2022. The implementation of the Broad-Based Black Economic Empowerment (B-BBEE) Policy in South Africa: a myth or a reality in SMEs? [Electronic version]. *Australasian Accounting, Business and Finance Journal*, 16(1):73-84. DOI:10.14453/aabfj.v16i1.5
- Naidoo, R. 2021. *Changes to the B-BBEE landscape in 2021* [Opinion]. Retrieved on 4 May 2021 from <https://ventureburn.com/2021/01/changes-to-the-b-bbee-landscape-in-2021-opinion/>
- Namdeo, S. & Rout, S. 2016. Calculating and interpreting Cronbach's alpha using Rosenberg assessment scale on Paediatrician's attitude and perception on self esteem [Electronic version]. *International Journal of Community Medicine and Public Health*. 1371–1374. Retrieved on 14 March 2023 at <https://doi.org/10.18203/2394-6040.ijcmph20161448>.
- National Small Business Amendment Act no 29. 2004. Pretoria: Government Printer
- National Small Enterprises Act no 29. 2004. Pretoria: Government Printer

- Neuman, W.L. 2011. *Social research methods: Qualitative and quantitative approaches*. 7th ed. USA: Allyn and Bacon.
- Okello-Obura, C. & Matovu J. 2011. SMEs and business information provision strategies: Analytical perspective [Electronic version]. *Library Philosophy and Practice (e-journal)*, 609. Retrieved on 11 February 2021 from <https://digitalcommons.unl.edu/libphilprac/609>
- Ogujiuba, K., Rensburg, N., Muazu, N., Ogujiuba, C. & Estelle, B. 2021. SMEs and sustainable entrepreneurship in South Africa: Impact analysis of contextual factors in the services sector. Retrieved on 10 February 2021 from <https://www.researchgate.net/publication/349465811>
- Olayi, M. T. 2016. Emerging contractor development programme: A case study of South African contractors [Electronic version]. *Journal of Construction Project Management and Innovation*, 6(2): 1415-1428.
- Pandya, V. 2012. Comparative analysis of development of SMEs in developed and developing countries [Electronic version]. *The 2012 International Conference on Business and Management*, 6(7):426-433.
- Park, J. S., Park, Y., Lim, S. Y., Kwon, B. S., Lee, Y. J., Cho, Y. J., Yoon, H. I., Lee, J. H. & Lee, C.T. 2020. Occupational and environmental risk factors of idiopathic pulmonary fibrosis: A case-control study of South Korea [Electronic version]. *B42. ILD EPIDEMIOLOGY*. Retrieved on 25 March 2022 from https://doi.org/10.1164/ajrccm-conference.2020.201.1_meetingabstracts.a3379
- Parveen, H & Showkat, N. 2017. Validity, reliability, generalizability. Retrieved on 14 March 2022 from https://www.researchgate.net/publication/319128421_VValidity_Reliability_Generalizability
- Peterson, R.A. & Kim, Y. 2013. On the relationship between coefficient alpha and composite reliability [Electronic version]. *Journal of Applied Psychology*, 98(1): 194–198. Retrieved on 10 March 2023 from <https://doi.org/10.1037/a0030767>

- Pham, L. 2018. *A review of key paradigms: positivism, interpretivism and critical inquiry* [Electronic version]. DOI:10.13140/RG.2.2.13995.54569.
- Pike, A., Puchert, J. & Chinyamurindi, W. 2018. Analysing the future of Broad-Based Black Economic Empowerment through the lens of small and medium enterprises. *Acta Commercii*, 18(1). DOI: [10.4102/ac.v18i1.566](https://doi.org/10.4102/ac.v18i1.566)
- Pillay, R. 2018. The influence of BBBEE on access to funding for SMEs in South Africa. Unpublished Masters of Business Administration dissertation. Gordon Institute of Business Science. University of Pretoria.
- Preferential Procurement Policy Framework Act 5. 2000. Pretoria: Government Printer
- Puukka, J., Dubarie, P., McKiernan, H., Reddy, J. & Wade, P. 2012. *Higher Education in Regional and City Development: The Free State, South Africa 2012*. Higher Education in Regional and City Development. Paris: OECD Publishing.
- Queirós, A., Faria, D. & Almeida, F. 2017. *Strengths And Limitations Of Qualitative And Quantitative Research Methods* [Electronic version]. *European Journal of Education Studies*, 3(9):369-438. DOI: 10.5281/zenodo.887089
- Rahi, S. 2017. Research design and methods: A systematic review of research paradigms, sampling issues and instruments development [Electronic version]. *International Journal of Economics & Management Sciences*, 6(2):2-5. DOI: 10.4172/2162-6359.100040
- Republic of South Africa (RSA). 2014. *Broad-Based Black Economic Empowerment Amendment Act, 2013*. Retrieved on 5 April 2022 from https://www.gov.za/sites/default/files/gcis_document/201409/37271act46of2013.pdf
- Republic of South Africa (RSA). 2003. *Broad Economic Empowerment: A Strategy Document*. Department of Trade and Industry. Retrieved on 6 April 2022 from https://www.gov.za/sites/default/files/gcis_document/201409/dtistrat1.pdf

- Saunders, M., Lewis, P. & Thornhill, A. 2012. *Research methods for business students*. Essex: Pearson Education.
- Shava, E. 2016. Black Economic Empowerment in South Africa: Challenges and prospects [Electronic version]. *Journal of Economics and Behavioral Studies*, 8(6):161-170. DOI: [https://doi.org/10.22610/jebbs.v8i6\(J\).1490](https://doi.org/10.22610/jebbs.v8i6(J).1490)
- Sibiya, D. & Barnard, B. 2019. Institutionalizing entrepreneurship: The case of B-BBEE based enterprise and supplier development In South Africa. Retrieved on 7 March 2022 from <https://www.researchgate.net/publication/337943474>
- Silverman, D. 2016. *Qualitative research*. 4th ed. London: SAGE Publications Ltd.
- Small Enterprise Development Agency (SEDA). 2016. Retrieved on 5 March 2022 from <http://www.seda.org.za/Publications/Publications/lmbadu%20June%202016.pdf>
- South African Government. 2021. *South Africa at a glance*. Retrieved on 28 April 2022 from <https://www.gov.za/about-sa/south-africa-glance>
- Stats SA. 2019. *How large is the small business footprint?*. Retrieved on 3 May 2022 from https://www.statssa.gov.za/?p=12264&gclid=CjwKCAjw9-KTBhBcEiwAr19iq_N24z0cbUH-S3LNy7-lrWLxQ7HNQLgbMM2sh4bf066vBiMvwojkYhoCdbwQAvD_BwE
- Stats SA. 2020. *Quarterly Labour Force Survey, Quarter 1: 2020*. Statistical release P0211. Pretoria: Statistics South Africa, Department of Statistics South Africa. Retrieved on 4 May 2022 from <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf>
- Steyn, P. 2020. Retrieved on 4 May 2022 from <https://www.werksmans.com/legal-updates-and-opinions/the-use-of-broad-based-black-economic-empowerment-bbbee-criteria-for-government-relief-funds-in-the-covid-19-crisis/>
- Taherdoost, H. 2016. Validity and reliability of the research instrument: How to test the validation of a questionnaire/survey in a research [Electronic version]. *SSRN Electronic Journal*, 5(3):28-36. DOI: [10.2139/ssrn.3205040](https://doi.org/10.2139/ssrn.3205040)

- Turner, D. 2020. Sampling methods in research design [Electronic version]. *Headache: The Journal of Head and Face Pain*, 60(1):8-12. DOI: 10.1111/head.13707
- Van Wyk, H. 2010. The impact of BBBEE on small and medium sized businesses in the Sedibeng region. Unpublished Master in Business Administration dissertation. North-West University.
- Van Zyl, I.E. 2012. *Research methodology for the economic and management sciences*. 8th ed. South Africa: Pearson Education Limited.
- Varela, C., Ruiz, J., Andrés, A., Roy, R., Fusté, A. & Saldaña, C. 2016. Advantages and disadvantages of using the website SurveyMonkey in a real study: Psychopathological profile in people with normal-weight, overweight and obesity in a community sample [Electronic version]. *E-methodology*, 2016(3):77-89.
- Vilakazi, T. & Bosiu, T. 2021. Black economic empowerment, barriers to entry, and economic transformation in South Africa [Electronic version]. *Structural Transformation in South Africa*, 189–212. DOI:10.1093/oso/9780192894311.003.0009.
- Vonk, J. 2017. Target population. Retrieved on 1 June 2021 from https://www.jennifervonk.com/uploads/7/7/3/2/7732985/lecture_6_sampling.pdf
- Wang, X. & Cheng, Z. 2020. Cross-sectional studies [Electronic version]. *Chest*, 158(1):S65-S71. DOI: 10.1016/j.chest.2020.03.012
- World Bank. 2021. *South Africa: Enterprises by size*. Retrieved on 2 December 2022 from <http://data.worldbank.org/indicator/IC.BUS.NDNS.ZS?locations=ZA>

APPENDICES

APPENDIX A: PERMISSION TO EXECUTE RESEARCH



police, roads & transport

Department of
Police, Roads and Transport
FREE STATE PROVINCE

REF: RFP/UFS/B01

ENQ: Mr. R. Thekiso

For attention: Me. Boitumelo Mancoe

**REQUEST FOR PERMISSION TO ACCESS AND UTILISE ROAD PROJECTS
INFORMATION AND DISTRIBUTE STRUCTURED QUESTIONNAIRES TO
SELECTED CONTRACTED SERVICE PROVIDERS FOR ACADEMIC AND/OR
POSSIBLE PUBLICATION PURPOSES ONLY**

1. Your application for the above-mentioned purpose has been approved. Permission is granted to access and use road projects data and distribute questionnaires to contracted service providers for academic and/or possible publication purposes only.
2. You will be provided with confidential information from respondents participating in your project in the duration of this research project, and it is your responsibility as a researcher to protect the confidentiality of information received from respondents.
3. As you may be aware, depending on how this information is handled, this position of confidentiality may be violated, resulting in irreversible damage to the Department's image, as well as legal action instituted by these respondents against the employer for failing to guarantee their confidential responses.
4. With due consideration of the above-mentioned, it is evident that there is a significant responsibility placed on you and it is imperative to safeguard the confidentiality of the information your respondent will give. Furthermore, that can rely on your positive contribution in this regard.
5. If you concur with the contents of this letter, please acknowledge receipt of this letter in writing by signing annexure A (acknowledgement of permission letter) attached hereto and return same to the designated officials indicated in Annexure A.

Yours faithfully

Mr. R. Thekiso

ACTING HOD: POLICE, ROADS AND TRANSPORT

Date: 2022/05/20

Chief Directorate Roads

P.O. Box 119, Bloemfontein, 9300, Republic of South Africa

Medfontein Building, 3rd Floor, Room 324, St. Andrews Street, Bloemfontein

Tel: +27(0)51 409 8579 Fax: +27(0)51 409 8594 Email: thekisor@freetrans.gov.za

www.fs.gov.za

APPENDIX B: ETHICAL CLEARANCE



GENERAL/HUMAN RESEARCH ETHICS COMMITTEE (GHREC)

22-Aug-2022

Dear Mrs Boitumelo Mancoe

Application Approved

Research Project Title:

The impact of B-BBEE on small- medium sized enterprises in the Civil Engineering sector: Mangaung region

Ethical Clearance number:

UFS-HSD2022/0860/22

We are pleased to inform you that your application for ethical clearance has been approved. Your ethical clearance is valid for twelve (12) months from the date of issue. We request that any changes that may take place during the course of your study/research project be submitted to the ethics office to ensure ethical transparency. Furthermore, you are requested to submit the final report of your study/research project to the ethics office. Should you require more time to complete this research, please apply for an extension. Thank you for submitting your proposal for ethical clearance; we wish you the best of luck and success with your research.

Yours sincerely

Dr Adri Du Plessis

Chairperson: General/Human Research Ethics Committee

Dr Adri
du
Plessis

Digitally
signed by Dr
Adri du Plessis
Date:
2022.08.25
11:53:26
+02'00'

205 Nelson Mandela
Drive
Park West
Bloemfontein 9301
South Africa

P.O. Box 339
Bloemfontein 9300
Tel: +27 (0)51 401
9337
duplessisA@ufs.ac.za
www.ufs.ac.za



APPENDIX C: DATA COLLECTION INSTRUMENT (QUESTIONNAIRE)

Dear Participant

My name is Boitumelo Mancoe, a Master in Business Administration student at the University of Free State under the supervision of Mr Thandekile Madikane. I hereby invite you to take part in my questionnaire-based research. My master's thesis is titled "The impact of B-BBEE on small and medium-sized enterprises in the civil engineering sector: Mangaung region".

South African SMEs experience serious challenges considering that the country's institutional environment is still developing. The development of most economies is influenced by small and medium enterprises in terms of job creation and output growth, including income generation. As much as the goal of B-BBEE was to stabilise and eventually mitigate the prejudice created by the apartheid regime, the focal point of this study is aimed at the establishment of whether the implementation of the B-BBEE does not nullify the objective of developing and promoting small and medium-sized enterprises to achieve the creation of jobs and income development.

The questionnaire will enable the researcher to analyse the impact of B-BBEE on small and medium-sized enterprises in the civil engineering sector within the Mangaung region and make recommendations to the small and medium enterprises in terms of how to manage the Black Economic Empowerment in their businesses. Furthermore, the following research questions will be answered:

- Are emerging and existing businesses benefitting due to the B-BBEE policy and to what extent?
- Would black-owned SMEs remain successful should the policy be revoked?

It should take roughly 25 minutes to complete the questionnaire. Participants' personal information will be kept confidential. You are encouraged to complete the questionnaire on your own time. The questionnaire is completely voluntary. If you would like a summary of the findings of this study, I would be pleased to email it to you.

Please feel free to contact me on 078 956 3075 or 2009 020 237@ufs4life.ac.za

pertaining to any queries you may have, or my supervisor, Mr Thandekile Madikane
061 028 2008 or e-mail thandekile.madikane@gmail.com.

SECTION A: DEMOGRAPHIC INFORMATION

Please mark the applicable block with a cross

Please indicate the number of years that the company has been in operation?

0–5 years	6–10 years	11–15 years	16–20 years	20 years and above
--------------	---------------	----------------	----------------	--------------------------

What is your gender?

Male	Female
------	--------

What is the position you hold in the company?

Owner	Partner	Manager	Worker	Other (Specify)
-------	---------	---------	--------	--------------------

What is your population group?

Black	
White	
Indian/Asian	
Colored	
Other (Specify)	

Percentage shares owned in the business?

Please indicate the type of organisation you work in:

Consultant	
Contractor	

How many permanent employees are employed by the enterprise?

What is the annual turnover of the enterprise?

< R1m	R2–R5m	R6–R10m	R11–R35m	R36–R100m	>R100m
-------	--------	---------	----------	-----------	--------

SECTION B: AWARENESS OF THE B-BBEE

1. Please mark the suitable answer with a cross (X)

	Yes	No
I am familiar with the contents of the B-BBEE policy		
I know about all the seven elements of the codes of good practice		
The fact that qualifying small enterprises only have to adhere to four of the seven elements of the codes of good practise is known to me		

SECTION C: ADVANTAGES TO THE BUSINESS

Strongly Disagree: SD
 Disagree:D
 Slightly disagree:SD
 Neutral view:NV
 Slightly agree:SA
 Agree:A
 Strongly Agree: STA

10. Please indicate to what extent you agree or disagree with the following statements. Mark the applicable answer with a cross (X)

	SD	D	SD	NV	SA	A	STA
The B-BBEE policy is an enabling factor to your business for accessing finance							
The B-BBEE enhanced the implementation of employment equity in my business							
The B-BBEE encourages internal skills development in my organisation							
B-BBEE has encouraged preferential procurement from business that are black owned or managed							
The business's annual turnover increased after the implementation of the B-BBEE policy							

	SD	D	SD	NV	SA	A	STA
More jobs have been created by the B-BBEE							
The B-BBEE has placed black people in a better position in terms of seniority since the business implemented B-BBEE							
B-BBEE can help the business to achieve its social responsibility towards the community							

SECTION DISADVANTAGES TO THE BUSINESS

SECTION E: GOVERNMENT SUPPORT AND SUGGESTIONS

12. *Please indicate to what extent you agree or disagree with the following statements. Mark the applicable answer with a cross (X)*

	SD	D	SD	NV	SA	A	STA
Adequate information on the issue of B-BBEE is available from Government and its departments							
The Government has taken small and medium-sized businesses into consideration with the development of B-BBEE legislation.							
B-BBEE should not be applicable to qualifying small enterprises (with an annual turnover of less than R50 m).							
The skills development aspect of B-BBEE should weigh more on the scorecard than management participation.							

Thank you

APPENDIX D: CONFIRMATION OF TECHNICAL EDITTING

CORNELIA GELDENHUYS

083 2877088
corrieg@mweb.co.za

19 April 2023

TO WHOM IT MAY CONCERN

Herewith I, **Cornelia Geldenhuys (ID 521114 0083 088)** declare that I am a qualified, accredited language practitioner and that I have edited the final copy of the following MBA dissertation:

THE IMPACT OF B-BBEE ON SMALL- AND MEDIUM-SIZED ENTERPRISES IN THE CIVIL ENGINEERING SECTOR: MANGAUNG REGION

by

Boitumelo Mancoe

All changes were indicated by track changes and comments **for the author to verify, clarify aspects that are unclear, make the necessary adjustments and finalise.** The editor takes no responsibility in the instance of this not being done. The document remains the final responsibility of the author.



.....
C GELDENHUYS
MA (Lin) cum laude, MA (Mus), BA Hons (French), HED, HDL, UELM

Accredited member/Geakkrediteerde lid, SATI, Membership/Lidmaatskap: 1001474 (A/E-E/A)
Full member/Volle lid, Professional Editors Guild (PEG, Membership GEL001)
Mediterranean Editors and Translators (MET: Membership 02393)
European Association of Scientific Editors (EASE: Membership 5523)