ASSESSMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMPLIANCE IN ENTERPRISE AND SUPPLIER DEVELOPMENT THROUGH THE CAPABILITY APPROACH

NDOVHATSHINYANI MANDAVHA

Student number: 2009086733

Submitted in fulfilment of the requirements in respect of the doctoral degree

Doctor of Philosophy
with Specialisation in Development Studies

in the
Centre for Development Support
Faculty of Economic and Management Science
at the
University of the Free State

December 2022

Promoter: Professor Brownhilder Neneh
Co-promoter: Professor Deidre Van Rooyen

Bloemfontein

DECLARATION

I, Ndovhatshinyani Mandavha, declare that the thesis that I herewith submit for the doctoral degree, *Doctor of Philosophy with specialisation in Development Studies*, at the University of the Free State, is my independent work, and that I have not previously submitted it for qualification at another institution of higher education.

……

Ndovhatshinyani Mandavha

15 January 2023

Student number: 2009086733

ABSTRACT

Since the advent of democracy, the South African government has held transformation and empowerment at the helm of its objectives. The Broad-Based Black Economic Empowerment (B−BBEE) policy has been instrumental in the drive towards the transformation and empowerment of black people, particularly in business. The introduction of the B−BBEE Codes of Good Practice in 2007 was set to deliver on the key areas of the economy that the government had prioritised for transformation and empowerment. Government amended the B-BBEE Codes of Good Practice in 2013 to strengthen implementation and fast-track transformation and empowerment. Although the small, medium and micro enterprises (SMMEs) have always been regarded as instrumental to economic growth, the 2013 Codes placed emphasis on the support and inclusion of black-owned SMMEs through the enterprise and supplier development code. Enterprise and supplier development requires collaboration between the government, corporates and SMMEs because they are the key role players.

This study focused on the amended 2013 B−BBEE Codes of Good Practice, specifically the enterprise and supplier development code that came into effect in May 2015. The study analysed the implementation of enterprise and supplier development through the capability approach to understand the challenges and the perceptions of the government, corporates and SMMEs regarding enterprise and supplier development. The capability approach of Amartya Sen and Martha Nussbaum presents ideas that expand beyond traditional economic thinking and focuses on what human beings can achieve. The capability approach was found suitable for exploring whether B−BBEE enterprise and supplier development can and would potentially increase capabilities among corporates and SMMEs, in particular black-owned SMMEs. Existing literature in B−BBEE emphasises that the intentions of B−BBEE as a transformation and empowerment policy are to broaden empowerment and ensure economic inclusiveness. However, B−BBEE is faced with many challenges.

The study applied mixed methods research; qualitative data was collected through semi-structured interviews, whereas quantitative research employed a survey. Data

was collected in South Africa. Qualitative data was collected from two different population groups: the government and corporates. Semi-structured interviews were held with two government officials from Gauteng, whereas 20 corporates in the manufacturing sector were interviewed from Gauteng, Mpumalanga and the Western Cape province. The survey was issued to SMMEs operating in the manufacturing sector in Gauteng, Mpumalanga, North-West, Western Cape, Northern Cape, KwaZulu-Natal, and the Eastern Cape provinces. Non-probability sampling was used for the qualitative research, whereas respondents for the quantitative research were selected using simple random sampling. Qualitative research findings from the government indicated that government was cognisant that implementing B−BBEE, particularly enterprise and supplier development, would not be easy because corporates must use their resources in the implementation, and SMMEs need to be well positioned to benefit meaningfully. Qualitative findings from corporates indicated that there was a high B−BBEE compliance with enterprise and supplier development and that corporates aimed at maintaining their level of B−BBEE compliance. In contradiction to the high levels of compliance depicted by corporates, quantitative research findings from SMMEs indicated that the majority of SMMEs had not benefited from enterprise and supplier development. This depicts that the status quo for black-owned SMMEs has not improved; SMMEs still face many of the operational challenges that enterprise and supplier development intends to address.

Keywords: Broad−Based Black Economic Empowerment, Capability Approach, Corporates, Capabilities, Empowerment, Enterprise and Supplier Development, Small, Medium and Micro Enterprises, Transformation, South Africa.

ACKNOWLEDGEMENTS

I would not have made it without the support of my supervisor, Professor Brownhilder Neneh, who held my hand throughout this study. Your resilience kept me going during the tough times. I appreciate everything you did to get me this far.

My co-supervisor, Professor Deidre van Rooyen, thank you for your assistance and encouraging words.

To the government department, corporates and SMMEs that formed part of this study, thank you for assisting in every way. I appreciate your willingness to assist, even at short notice.

To my parents, Enos Mandavha and Humbelani Mphaphuli, thank you for everything. I thank my sisters, Tshifhiwa, Semani, Vhugala, Dembe, Mbeu and Dzangi, for always availing yourselves to me. My husband, Edgar, you have motivated me to study further since we met. My babies, Rivhawe and Mufhumudzi, my niece Mukonazwothe, thank you for understanding when I was busy and could not give you all the needed attention. My son Ovuledza, born in the midst of it all, your arrival gave me the courage to complete this research. My family at large and friends, you pulled together for me. I am grateful for your support.

DEDICATION

To God, my creator, who has given me the strength to carry out this research and for protection through this journey. Indeed, your way is much higher than our way.

To my late grandmother, makhulu wanga vho-Ntshavheni Mandavha (Ramaphalala), thank you for being a pillar of strength, encouragement, and your belief in me. Thank you for sharing your wisdom. I wish you could witness this day. However, God had other plans. Love always …

My late maternal grandmother, Vhakoma Vho-Masindi Mafenya Mphaphuli, thank you for imparting wisdom and the spirit of endurance. Love always …

CONTENTS

DECLARATION ..... **ii**
ABSTRACT ..... **iii**
ACKNOWLEDGEMENTS ..... **v**
DEDICATION ..... **vi**
CONTENTS ..... **vii**
LIST OF FIGURES ..... **xix**
LIST OF TABLES ..... **xxi**
LIST OF ABBREVIATIONS **1**
Chapter 1
INTRODUCTION AND BACKGROUND **2**
1.1 INTRODUCTION 2
1.1.1 2007 B−BBEE Codes of Good Practice 6
1.1.2 2013 Amended B−BBEE Codes of Good Practice 7
1.2 PROBLEM STATEMENT 10
1.3 PRIMARY AND SECONDARY OBJECTIVES 12
1.3.1 Research questions 12
1.3.2 Research objectives 13
1.4 SIGNIFICANCE OF THE STUDY 13
1.5 RESEARCH METHODOLOGY 15
1.5.1 Research methods 15
1.5.2 Population 16
1.5.3 Sampling 16
1.5.4 Data collection 17
1.5.4.1 Research setting 17
1.5.5 Data analysis 18
1.5.6 Delimitations of the study 18
1.5.7 Ethical consideration 18
1.6 CHAPTER SUMMARY 18
Chapter 2
THEORIES OF EMPOWERMENT AND TRANSFORMATION **20**
2.1 INTRODUCTION 20
2.1.1 Theories in the study 20
2.2 BACKGROUND BEHIND THE EMPOWERMENT THEORY 21

2.2.1 Defining empowerment 21
2.2.2 Structural empowerment 22
2.2.3 Psychological empowerment 23
2.3 THE PROCESS OF EMPOWERMENT 25
2.3.1 Empowerment theories 26
2.3.1.1 Access to information 26
2.3.1.2 Inclusion and participation 26
2.3.1.3 Accountability 26
2.3.1.4 Local organisational capacity 27
2.3.2 Advantages of the empowerment theory 29
2.3.3 Disadvantages of the empowerment theory 30
2.3.4 Relevance of the empowerment theory to the current research 31
2.4 BACKGROUND TO THE TRANSFORMATION THEORY 32
2.4.1 The process of transformation 33
2.4.2 Advantages of the transformation theory 37
2.4.3 Disadvantages of the transformation theory 38
2.4.4 Relevance of the transformation theory to the current research 38
2.5 OSTROM'S INSTITUTIONAL ANALYSIS AND DEVELOPMENT FRAMEWORK 40
2.5.1 Institutional analysis and development process 41
2.5.2 Advantages of institutional analysis and development 43
2.5.3 Disadvantages of institutional analysis and development 43
2.5.4 Relevance of institutional analysis and development to the current research 43
2.6 NORTH, WALLIS AND WEINGAST THEORY ON VIOLENCE AND SOCIAL ORDERS 44
2.6.1 The process of maintaining social order 44
2.6.2 Advantages of the North, Wallis and Weingast theory on violence and social orders 46
2.6.3 Disadvantages of the North, Wallis and Weingast theory on violence and social orders 46
2.6.4 Relevance of the North, Wallis and Weingast theory to the current research 47
2.7 CAPABILITY APPROACH: THEORETICAL BASIS OF THE STUDY 47
2.7.1 Sen's capability approach 49
2.7.2 Advantages of Sen's capability approach 50
2.7.3 Disadvantages of the capability approach 51
2.7.4 Nussbaum's capability approach 52
2.8 CAPABILITY APPROACH AND DEVELOPMENT 54

2.9 CAPABILITIES AS FREEDOMS 56
2.10 WHY THE CAPABILITY APPROACH IS IMPORTANT IN THIS RESEARCH 59
2.10.1 Empirical research on the capability approach 61
2.11 RELEVANCE OF THE CAPABILITY APPROACH TO THE CURRENT RESEARCH 62
2.12 THEORETICAL FRAMEWORK 63
2.13 CHAPTER SUMMARY 66

Chapter 3
INTERNATIONAL APPROACH TO EMPOWERMENT AND TRANSFORMATION 67

3.1 INTRODUCTION 67
3.2 LESSONS FROM INTERNATIONAL COUNTRIES 68
3.3 THE CASE OF MALAYSIA: NEW ECONOMIC POLICY 68
3.3.1 Background of Malaysia 68
3.3.2 The economy 68
3.3.3 Inequality and segregation 69
3.3.4 Implementation of the new economic policy 69
3.3.5 Successes of the new economic policy 70
3.3.6 Criticism of the new economic policy 71
3.3.7 Lessons for South Africa 72
3.4 INDIGENISATION IN ZIMBABWE 73
3.4.1 Background of Zimbabwe 73
3.4.2 Zimbabwe's collapsing economy 73
3.4.3 Empowerment through the indigenisation policy 74
3.4.4 Policy success 75
3.4.5 Criticism of the indigenisation policy 75
3.4.6 Lessons for South Africa 75
3.5 ANGOLA: ANGOLANISATION 76
3.5.1 Background of Angola 76
3.5.2 Political and economic stability in Angola 76
3.5.3 Economic inequality in Angola 77
3.5.4 Empowerment through Angolanisation 77
3.5.5 Successes of Angolanisation 78
3.5.6 Criticism of Angolanisation 79
3.5.7 Lessons for South Africa 79
3.6 NAMIBIA: NEW EQUITABLE ECONOMIC EMPOWERMENT FRAMEWORK 80

3.6.1 Background of Namibia 80
3.6.2 The economy of Namibia 80
3.6.3 Socio-economic status of Namibians 81
3.6.4 Empowerment through the New Equitable Economic Empowerment Framework 81
3.6.5 Success and criticism of the New Equitable Economic Empowerment Framework 84
3.6.6 Lesson for South Africa 84
3.7 BOTSWANA: CITIZEN ECONOMIC EMPOWERMENT POLICY 85
3.7.1 Background of Botswana 85
3.7.2 Economic growth in Botswana 85
3.7.3 Socio-economic status of the Tswana people 86
3.7.4 Implementing empowerment policy in Botswana 86
3.7.5 Empowerment policy successes in Botswana 87
3.7.6 Criticism of Botswana policy 87
3.7.7 Lessons for South Africa 88
3.8 BRAZIL: NEW DEVELOPMENTALIST POLICIES 89
3.8.1 Background of Brazil 89
3.8.2 Economy of Brazil 89
3.8.3 Racial exclusion in Brazil 90
3.8.4 Policy to address exclusion in Brazil 90
3.8.5 Successes of new developmentalism in Brazil 91
3.8.6 Criticism of new developmentalism 92
3.8.7 Lesson for South Africa 92
3.9 CHAPTER SUMMARY 98

Chapter 4
EMPOWERMENT AND TRANSFORMATION POLICY IN SOUTH AFRICA 99

4.1 INTRODUCTION 99
4.2 AN OVERVIEW OF SOUTH AFRICA'S PAST 99
4.2.1 Apartheid era 101
4.2.1.1 Racial segregation 101
4.2.1.2 Separate amenities 102
4.2.1.3 Homelands 102
4.2.1.4 Education 102
4.2.1.5 Suppression of black people 103
4.2.1.6 Restricted movement 103
4.2.2 Economic and political sanctions on the apartheid government 103
4.3 POST-APARTHEID SOUTH AFRICA 104

4.3.1 Transition into a democracy under the leadership of the African National Congress 105
4.3.2 Dichotomy of racial poverty, unemployment, and inequality 106
4.4 SOUTH AFRICA'S APPROACH TO EMPOWERMENT AND TRANSFORMATION 110
4.4.1 B−BBEE timeline 110
4.4.2 Black economic empowerment in South Africa 112
4.4.2.1 Achievements of BEE 113
4.4.2.2 Shortcomings of BEE 114
4.4.3 B−BBEE strategy 115
4.4.4 Broad-Based Black Economic Empowerment Act 53 of 2003 and the Codes of Good Practice 115
4.4.4.1 Successes of the B−BBEE 2007 Codes of Good Practice 118
4.4.4.2 Shortcomings of the B−BBEE 2007 Codes of Good Practice 119
4.4.5 Amended B−BBEE 2013 Codes of Good Practice 122
4.4.5.1 Compliance verification of B−BBEE Codes 123
4.4.5.2 Entities that must comply with B−BBEE Codes 125
4.4.5.3 Benefits of compliance with B−BBEE Codes 126
4.4.5.4 Empirical research on B−BBEE compliance 128
4.4.5.5 B−BBEE implementation status quo 129
4.5 CRITICISM OF B−BBEE 130
4.5.1 Increasing inequality 131
4.5.2 Enrichment of the elite 132
4.5.3 Impact on investment 133
4.6 CHAPTER SUMMARY 134

Chapter 5
APPROACHES OF CORPORATES AND SMMES TO IMPLEMENTATION OF ENTERPRISE AND SUPPLIER DEVELOPMENT 136

5.1 INTRODUCTION 136
5.2 DESCRIBING ENTERPRISE AND SUPPLIER DEVELOPMENT 137
5.2.1 Enterprise and supplier development according to B−BBEE 137
5.3 ENTERPRISE AND SUPPLIER DEVELOPMENT COMPLIANCE 138
5.3.1 Preferential procurement 142
5.3.2 Supplier development 143
5.3.3 Enterprise development 144
5.3.4 Verification of contribution to enterprise and supplier development 145
5.4 THE ROLE OF THE GOVERNMENT IN ENTERPRISE AND SUPPLIER DEVELOPMENT 145

5.4.1 Government as the regulator 146
5.4.2 Government as the enabler 147
5.5 THE ROLE OF CORPORATES AND SMMES IN THE SOUTH AFRICAN ECONOMY 148
5.6 THE ROLE OF CORPORATES IN THE IMPLEMENTATION OF ENTERPRISE AND SUPPLIER DEVELOPMENT 149
5.6.1 Benefits of enterprise and supplier development for corporates 151
5.6.2 Perceptions of corporates on enterprise and supplier development .. 152
5.6.2.1 Support the government's transformation agenda 152
5.6.2.2 Government's stringent process 155
5.6.3 Challenges facing corporates in enterprise and supplier development Implementation 156
5.6.3.1 Inadequate meaningful collaboration between large and small companies 157
5.6.3.2 Fronting 157
5.6.3.3 Insufficient capacity of SMMEs 158
5.7 DESCRIBING SMMEs 159
5.8 THE ROLE OF SMMEs IN ENTERPRISE AND SUPPLIER DEVELOPMENT 161
5.8.1 Benefits of enterprise and supplier development for SMMEs 162
5.8.2 Perceptions of SMMEs of enterprise and supplier development 165
5.8.3 Challenges facing SMMEs 167
5.9 THE MANUFACTURING SECTOR 174
5.9.1 The manufacturing sector in South Africa 175
5.9.1.1 Manufacturing sub-sectors in South Africa 176
5.9.2 Black empowerment within the manufacturing sector 177
5.9.2.1 Industrial Policy Action Plan 178
5.9.2.2 Black Industrialist Policy 180
5.10 CHAPTER SUMMARY 181

Chapter 6
RESEARCH METHODOLOGY 183

6.1 INTRODUCTION 183
6.2 RESEARCH METHODOLOGY 183
6.3 RESEARCH PARADIGM 184
6.3.1 Research reasoning 186
6.4 RESEARCH DESIGN 187
6.4.1 Types of mixed methods 190
6.4.2 Research methods for the study: Mixed methods, convergence parallel 191

6.5 RESEARCH POPULATION 193
6.5.1 Qualitative research population 194
6.5.2 Quantitative research population 195
6.6 SAMPLING 195
6.6.1 Probability sampling 196
6.6.2 Non-probability sampling 197
6.6.3 Qualitative research sampling 197
6.6.3.1 Including and excluding criteria for the qualitative research 198
6.6.3.2 Qualitative research site 199
6.6.4 Quantitative research sampling 199
6.6.4.1 Quantitative research site 200
6.6.4.2 Including and excluding criteria for the quantitative research 200
6.7 DATA COLLECTION 201
6.7.1 Secondary data 201
6.7.2 Primary data 201
6.8 QUANTITATIVE METHODOLOGY 202
6.8.1 Type of survey used in the study 202
6.8.2 Survey method for the study 202
6.8.3 Types of survey questions used in the study 203
6.8.4 Survey process for this research 204
6.8.5 Online survey 204
6.8.6 Preparing survey questions 204
6.8.7 Preparing the online survey 205
6.8.8 Survey administration 205
6.8.9 General observations 205
6.8.10 Limitations of a survey 205
6.9 QUALITATIVE METHODOLOGY 206
6.9.1 Interview 206
6.9.2 The interview process 207
6.9.3 Interview guide 207
6.9.4 Interview recording 207
6.9.5 Duration of the interview 208
6.9.6 Role of the researcher 208
6.9.7 General observations from the interviews 208
6.9.8 Limitations from the interviews 208
6.10 DATA ANALYSIS 209

6.10.1 Mixed methods data analysis 209
6.10.2 Qualitative data analysis 209
6.10.3 Quantitative data analysis 210
6.10.4 Reliability 210
6.10.5 Qualitative reliability 211
6.10.6 Quantitative reliability 211
6.11 VALIDITY 212
6.11.1 Qualitative validity 212
6.11.2 Quantitative validity 213
6.12 PILOT TEST 213
6.12.1 Qualitative pilot test 213
6.12.2 Quantitative pilot test 214
6.13 ETHICAL CONSIDERATION 214
6.14 CHAPTER SUMMARY 216

Chapter 7
DATA ANALYSIS AND INTERPRETATION 217

7.1 INTRODUCTION 217
7.2 PHASE 1 − SECTION A: INTERVIEWS WITH THE GOVERNMENT 218
7.2.1 Addressing South Africa's historical past 218
7.2.1.1 Development of a B−BBEE strategy (2003) 219
7.2.1.2 Amendment of the 2007 B−BBEE Codes of Good Practice 220
7.2.2 Monitoring implementation and compliance with enterprise and supplier development 223
7.2.2.1 Monitoring 223
7.2.2.2 Compliance 224
7.2.2.3 Penalties for non-compliance 225
7.2.3 Framework for enterprise and supplier development implementation 227
7.2.4 Government support of SMMEs, specifically in the manufacturing sector 228
7.2.4.1 Support for SMMEs in manufacturing 229
7.2.5 Challenges facing enterprise and supplier development implementation and government mitigation 230
7.2.5.1 Insufficient impact of the enterprise and supplier development programmes 230
7.2.5.2 Resistance to opening up opportunities for SMMEs 231
7.2.6 Government benchmark for economic empowerment and transformation 233

7.2.6.1 Learning from other countries 233
7.2.7 Summary of key findings: Interviews with government 235
7.3 PHASE 1 − SECTION B: INTERVIEWS WITH CORPORATES 236
7.3.1 Awareness of B−BBEE and the role of government 237
7.3.2 Compliance with B−BBEE 240
7.3.3 Implementation of B−BBEE 241
7.3.4 Impact of the B−BBEE legislation on the procurement needs of businesses 243
7.3.4.1 Exclusion of B−BBEE non-compliant companies in procurement 243
7.3.5 Perceptions of corporates and SMMEs regarding the implementation of enterprise and supplier development 245
7.3.5.1 Value in implementing enterprise and supplier development 245
7.3.5.2 Inclusion of SMMEs in the supply chain 247
7.3.5.3 Job creation 248
7.3.5.4 Financial and technical assistance to SMMEs 249
7.3.6 Challenges facing corporates in the implementation of enterprise and supplier development 251
7.3.6.1 Cost and time 252
7.3.6.2 Gap between objectives and impact 253
7.3.6.3 Lack of funding 254
7.3.7 Risks of dealing with SMMEs 255
7.3.7.1 Poor service delivery 256
7.3.7.2 Lack of commitment by SMMEs 256
7.3.7.3 Unethical business conduct 258
7.3.7.4 Lack of sustainability 260
7.3.7.5 Knowledge and skills gap 261
7.3.8 Sustainability of SMMEs through enterprise and supplier development 263
7.3.9 Types of support by corporates to SMMEs within the manufacturing sector 265
7.3.9.1 Funding and incubation 265
7.3.9.2 Mentorship 267
7.3.9.3 Infrastructure capacitation 268
7.3.10 Corporates' recommendations to the government and SMMEs 270
7.3.11 Summary of key findings: Interviews with corporates 272
7.4 PHASE 2 − QUANTITATIVE RESEARCH FINDINGS: SMMEs SURVEY 272
7.4.1 Response rate 273
7.4.2 Empirical data 273

7.4.2.1 Demographic statistics 273
7.4.2.2 Gender of respondents 274
7.4.2.3 Race of respondents 275
7.4.2.4 Education level of respondents 276
7.4.3 Business information 276
7.4.3.1 Reason for starting the business 276
7.4.3.2 Years in operation 277
7.4.3.3 Number of employees 278
7.4.3.4 Annual turnover 279
7.4.4 Perceptions of SMMES of enterprise and supplier development 280
7.4.5 Awareness and experience of SMMEs on enterprise and supplier development 280
7.4.5.1 Beneficiaries of enterprise and supplier development 281
7.4.5.2 Process of becoming a beneficiary 282
7.4.5.3 Barriers experienced in the process of becoming a beneficiary of enterprise and supplier development 283
7.4.5.4 Expectations from enterprise and supplier development 283
7.4.6 Challenges facing SMMES 284
7.4.6.1 Training of SMMEs 284
7.4.6.2 SMME research and development of products 285
7.4.6.3 Access to finance 286
7.4.7 Support provided by corporates to SMMES within the manufacturing sector 287
7.4.7.1 Corporate support provided for SMMEs in the manufacturing sector 287
7.4.7.2 Empowerment of SMMEs 288
7.5 Improved business as result of enterprise and supplier development 289
7.6 Possibility of doing business with corporates 291
7.7 RECOMMENDATIONS FOR CORPORATES AND GOVERNMENT 292
7.7.1 Recommendations for the government 292
7.7.2 Recommendations for corporates 293
7.8 SUMMARY OF KEY FINDINGS 293
7.9 CONVERGENCE AND DIVERGENCE OF THE FINDINGS 294
7.10 SYNTHESIS OF THE QUALITATIVE AND QUANTITATIVE FINDINGS 295
7.11 CHAPTER SUMMARY 297

Chapter 8
CONCLUSION AND RECOMMENDATIONS 299

8.1 INTRODUCTION 299
8.2 RESEARCH OBJECTIVES 299

8.3 SUMMARY OF PREVIOUS CHAPTERS 303
8.3.1 Chapter 1: Introduction and background 303
8.3.2 Chapter 2: Theories of empowerment and transformation 303
8.3.3 Chapter 3: International approach to empowerment and transformation 305
8.3.4 Chapter 4: Empowerment and transformation policy in South Africa 305
8.3.5 Chapter 5: Approaches of corporates and small, medium and micro enterprises to implementation of enterprise and supplier development 306
8.3.6 Chapter 6: Research methodology 306
8.3.7 Chapter 7: Data analysis and interpretation 307
8.3.8 Chapter 8: Conclusion and recommendations 308
8.4 Framework for the implementation of enterprise and supplier development through the capability approach 309
8.4.1 The role of government 310
8.4.1.1 Monitoring, reporting and tracking 310
8.4.1.2 Joint development initiatives 311
8.4.1.3 Facilitation platforms 311
8.4.1.4 Incentives for corporates 312
8.4.2 Corporate implementation 312
8.4.2.1 Programmes that add value 312
8.4.2.2 Increase access to the market 313
8.4.2.3 Provide financial and non-financial resources 314
8.4.2.4 Treat SMMEs at partners 315
8.4.2.5 Increase awareness on opportunities 315
8.4.3 Requirements for SMME development 315
8.4.3.1 Develop short-term and long-term goals 315
8.4.3.2 Understand the market 316
8.4.3.3 Join programmes that are specific to the industry 316
8.4.3.4 Value business relations 316
8.4.3.5 Hard work, commitment and dedication 317
8.4.4 Validation of the framework 317
8.4.4.1 Role of government 317
8.4.4.2 Corporates 318
8.4.4.3 SMMEs 318
8.5 KEY FINDINGS 319
8.6 CONTRIBUTION OF THE STUDY 320
8.6.1 Managerial implications 320

8.6.1.1 Government 320
8.6.1.2 SMMEs 321
8.6.2 Contribution to policy 321
8.6.3 Contribution to theory 322
8.6.4 Contribution to methodology 323
8.7 RECOMMENDATIONS 324
8.7.1 Recommendations for government 324
8.7.1.1 Improve coordination between government and other role players 324
8.7.2 Recommendations for corporates 325
8.7.2.1 Consistent and structured enterprise and supplier development programmes to actively participate in economic transformation and empowerment 325
8.7.2.2 Simplify the payment process 326
8.7.2.3 Collaborate with other corporates 326
8.7.3 Recommendations for SMMEs 326
8.7.3.1 Develop long-term goals 326
8.7.3.2 Industry alignment 327
8.8 LIMITATIONS 327
8.9 AVENUE FOR FURTHER RESEARCH 327
REFERENCES 329
APPENDIX 1
RESEARCH CONSENT LETTERS 417
APPENDIX 2
QUESTIONNAIRES 421
QUALITATIVE INTERVIEW SCHEDULE FOR GOVERNMENT 421
QUESTIONNAIRE FOR CORPORATES 423
QUESTIONNAIRE FOR SMMES 425

LIST OF FIGURES

Figure 1.1 Amended B−BBEE Codes of Good Practice of 2013 8
Figure 2.1 Theories 21
Figure 2.2 Institutional analysis and development framework 42
Figure 2.3 Evaluation of well-being 49
Figure 2.4 Capabilities and well-being 58
Figure 2.5 Theoretical framework 64
Figure 4.1 Map of South Africa 105
Figure 4.2 Unemployment rates from 1996 to 2020 107
Figure 4.3 Unemployment rates from 2020 to 2022 108
Figure 4.4 B−BBEE timeline 112
Figure 4.5 Areas of transformation 118
Figure 5.1 Priority components 142
Figure 5.2 Value sought by buyers from SMMEs 158
Figure 5.3 Resources and successes of SMMEs 170
Figure 5.4 Market dynamics 171
Figure 5.5 Manufacturing sub-sectors 176
Figure 6.1 Research methodology 184
Figure 6.2 Abductive approach 187
Figure 6.3 Convergent parallel mixed methods design 193
Figure 7.1 Gender of respondents 274
Figure 7.2 Race of respondents 275
Figure 7.3 Education level of respondents 276
Figure 7.4 Reason for starting the business 277
Figure 7.5 Years in operation 278
Figure 7.6 Number of employees 278
Figure 7.7 Annual turnover 279
Figure 7.8 Awareness 280
Figure 7.9 Beneficiaries 281
Figure 7.10 Process of becoming a beneficiary 282
Figure 7.11 Barriers 283
Figure 7.12 Expectations 284
Figure 7.13 Training of SMMEs 285

Figure 7.14 Research and development 285
Figure 7.15 Access to finance 286
Figure 7.16 Support 287
Figure 8.1 Proposed framework for enterprise and supplier development implementation 309

LIST OF TABLES

Table 1.1 B−BBEE 2007 Codes of Good Practice 6
Table 2.1 Building blocks of the capability approach 50
Table 2.2 Nussbaum's list of capabilities 53
Table 3.1 Empowerment pillars..... 82
Table 3.2 Summary of international policies 94
Table 4.1 B−BBEE 2007 Codes of Good Practice 117
Table 4.2 The eight levels of B−BBEE 124
Table 5.1 2013 Amended Codes 139
Table 5.2 Compliance elements..... 141
Table 5.3 Size of enterprise 160
Table 5.4 Challenges affecting SMMEs 168
Table 6.1 Strengths and weaknesses of mixed methods research 191
Table 6.2 Types of reliability 211
Table 6.3 Types of validity 213
Table 7.1 Sample breakdown of government..... 218
Table 7.2 Demography of corporate participants 237
Table 7.3 Sample breakdown of SMMEs 273
Table 7.4 SMME sub-sectors..... 274
Table 7.5 Views on enterprise and supplier development..... 280
Table 7.7 Empowerment 288

LIST OF ABBREVIATIONS

ANC	African National Congress
B−BBECOMM	Broad-Based Black Economic Commission
B−BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
DPME	Department of Planning, Monitoring and Evaluation
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
DTIC	Department of Trade, Industry and Competition
EME	Exempted Micro Enterprise
GDP	Gross Domestic Product
GLC	Government-linked company
IAD	Institutional Analysis and Development
IEEA	Indigenisation and Economic Empowerment Act
IPAP	Industrial Policy Action Plan
JSE	Johannesburg Stock Exchange
M&Ls	Medium and Large Enterprises
NEEEF	New Equitable Economic Empowerment Framework
NEP	New Economic Policy
NGOs	Non-governmental organisations
NUMSA	National Union of Metalworkers of South Africa
PPPFA	Preferential Procurement Policy Framework Act
QSE	Qualifying Small Enterprise
SABS	South African Bureau of Standards
SAHO	South African History Online
SAHRC	South African Human Rights Commission
SEDA	Small Enterprise Development Agency
SMEs	Small and Medium Enterprises
SMMEs	Small, medium and micro enterprises
SPSS	Statistical Package for the Social Sciences
Stats SA	Statistics South Africa
TIPS	Trade and Industrial Policy Strategies
UNDP	United Nations Development Programme

Chapter 1
INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Despite improvements in the economic conditions in South Africa, there is evidence that political, economic, and social systems have increased rather than reduced poverty and inequalities (Pillay et al., 2018). Globally, there is a growing consensus to improve people's standards of living through broad-based economic growth (South Africa, National Planning Commission, 2012; Breene, 2016; Pike, Puchert and Chinyamurindi, 2018). Inclusive growth presents all segments of society with opportunities and facilitates the equitable distribution of income and non-income gains. However, pursuing inclusive growth requires full respect for human rights (United Nations, 2015; Lieberman, 2018).

Since human rights apply to all human beings, many countries have laws that seek to protect these rights. The Programme on Women's Economic, Social and Cultural Rights (2015) published a handbook on the *International Covenant on Economic, Social and Cultural Rights* of 1976, which stated that human rights can be civil, political, economic, social, and cultural and are recognised as a universal, inherent, inalienable, indivisible, and interdependent body of rights. Furthermore, it stated that everyone has a right to self-determination and the freedom to determine their political status and pursue economic, social, and cultural development.

In 2015, the United Nations published the *Universal Declaration of Human Rights*, which asserted that all human beings are born free and equal in dignity and rights. The declaration provides economic, social, political, cultural, and civic rights that underpin a fear-free life. The African Charter on Human and Peoples' Rights of 1986 stipulates that freedom, equality, justice, and dignity are essential to the achievement of the legitimate operations of African people. The charter reaffirms the eradication of all forms of colonialism from Africa to coordinate and intensify efforts to achieve a better life for the people of Africa. Gurusamy (2016) pointed out that exclusion of certain people in society has an impact on their social class, educational status, living

standards and overall access to opportunities. Therefore, various countries developed policies to reduce poverty and eradicate discrimination and inequality. These policies are underpinned by the historical experiences of each country, the polices are geared towards all aspects related to empowerment and transformation in order to empower those who have been disempowered.

Similar to other countries with a history of segregation, South Africa has developed proactive policies to address the imbalances from the apartheid era, with human rights provided for in the Constitution of the Republic of South Africa, 1996 [hereafter the Constitution, 1996], which is the supreme law of the country. More than two decades after freedom, only one percent of the population owns 42% of the total wealth (Tonheim and Matose, 2013; Finn, Leibbrandt and Oosthuizen, 2014; Mclntyre-Mills, Romm and Corcoran-Nantes, 2019). Despite a general decline in poverty between 2006 and 2011, poverty levels in South Africa rose in 2015, with more than half of the South African population remaining poor (Statistics South Africa [Stats SA], 2017a; Mokoena, 2018). Furthermore, the *White Paper on Families in South Africa* mentioned that poverty rates in South Africa remain unacceptably high (South Africa, Department of Social Development, 2021). Stats SA (2022a) reported that the population was recorded at 60.6 million South Africans, and over 30.3 million were living in poverty. Chutel (2017) concluded that poverty is prevalent among black South Africans. Stats SA (2017b) reported that the country's total unemployment rate stood at 26.7% in a population of 56.6 million. By the end of the first quarter of 2018, unemployment remained at 26.7% (Stats SA, 2018); however, an unemployment rate of 30,1% was recorded in the first quarter of 2020 (Stats SA, 2020). A daunting fact is that Stats SA (2022a) reported unemployment at 33.9% in the second quarter of 2022. These figures mean that the number of unemployed people has increased.

It is worth noting that before 1994, certain policies confined black people to specific areas. Section 1, subsection 'a' of the Native Land Act 27 of 1913 prohibited natives from entering into any agreement or transaction for the purchase, hire, or other acquisition from a person other than a native, of any such land or any right to it, interest therein, or servitude there over (South African History Online [SAHO], 2013). The Act defined natives as any African, male or female. Through this Act, black people were dispossessed of their land and prohibited from obtaining any other land (SAHO, 2013).

The Bantu Authorities Act 68 of 1951, endorsed the separate development of black and white people.

Homelands were established and traditional leaders were authorised to allocate land in these homelands. In return, the traditional leaders cooperated with the white government (SAHO, 2013). The Natives Abolition of Passes and Co-ordination of Documents Act 67 of 1952 was implemented by the government to control and limit the movement of black people (SAHO, 2016). Government also changed the system from regional to national pass laws. To address the legacy of apartheid and to redress the past imbalances, the African National Congress (ANC) government introduced Black Economic Empowerment (BEE), which was later modified to Broad-Based Black Economic Empowerment (B−BBEE) (Acemoglu, Gelb and Robinson, 2007).

In 2003, the B−BBEE strategy was published and thereafter enacted as the B−BBEE Act 53 of 2003 (Department of Trade and Industry [South Africa, DTI], 2003). The first phase of BEE saw many white companies selling a proportion of their establishments to a few identified black purchasers, mainly those with high political profiles (Mudenda, 2013). Sanlam and Anglo American were among the first companies to transfer shares to a few black people (Cenfed, 2016b). However, BEE was criticised for not providing opportunities for most previously disadvantaged people. As a result, the government introduced a more clearly defined policy, B−BBEE (Acemoglu et al., 2007). The B−BBEE Act 53 of 2003 aims at redistributing control of the economy by creating opportunities for the groups that were disadvantaged by the apartheid policies (South Africa, 2003).

The B−BBEE Act supports black-owned small, medium and micro enterprises (SMMEs) (Jenkins, Gilbert and Baptista, 2014). An article published by GoLegal (2016) pointed out that B−BBEE aims at ensuring economic transformation and redistribution within the South African corporate sector by creating a platform for previously marginalised people. However, B−BBEE intervention remains a debatable matter, a report by the Black Economic Empowerment Commission (2001) indicated that by the year 2000, black-controlled companies accounted for about 1.7% of the market capitalisation of the Johannesburg Stock Exchange (JSE). Furthermore, the report indicated that black people owned less than 19% of the JSE equity and were still excluded from owning the means of production, thus remaining unable to

participate in economic activities (Black Economic Empowerment Commission, 2001). In October 2015, South Africa's third largest political party, the Economic Freedom Fighters, marched to the JSE to protest against racism and continued economic racial imbalances (Joubert et al., 2015).

B−BBEE Act is fundamental to economic empowerment and transformation; it aims at integrating those previously excluded by the apartheid system into the mainstream economy. Although the B−BBEE Act is set to decrease poverty and inequality and advance economic transformation, it is critical to ensure that this process does not hamper economic growth. Empowerment and transformation should be the expansion of people's capabilities. The study applied various theories as a baseline to guide explanations and understanding of the research; these are the empowerment theory; the transformation theory; Ostrom's (2010) institutional analysis and development theory (IAD); North, Wallis and Weingast's theory on violence and social orders; and the capability approach. Therefore, it is critical to assess whether B−BBEE is managing the gap for inclusiveness, particularly to ensure that black-owned SMMEs are integrated into the mainstream economy.

However, an occasional paper published by the Parliamentary Liaison Office (2014) indicated that the DTI acknowledges that five out of seven small businesses fail within a year. Cramer, Sender and Oqubay (2020) concurred that failure rates for small businesses are high globally. Department of Small Business Development (South Africa, DSBD, 2022) also added that South Africa is among the countries with the highest rate of new small businesses failures. This affirms the need to provide training and development initiatives for SMMEs in South Africa because the promotion of SMMEs is critical in transforming South Africa's socio-economic status. SMMEs can address high levels of unemployment and inequality in terms of business opportunities and the creation of sustainable livelihoods (Kaiser, 2009; Tshuma, 2022). Musambayana and Mutambara (2022) indicated that another B−BBEE objective was to facilitate processes that can improve the state of SMMEs in South Africa.

1.1.1 2007 B−BBEE Codes of Good Practice[1]

In 2007, the B−BBEE Act 53 of 2003 introduced seven Codes, namely ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. According to a Summit Report published by the DTI (South Africa, 2013), these Codes were meant to provide a standard framework for measuring B−BBEE compliance across all sectors of the economy and were declared compulsory for all public and state-owned entities. Such a directive affects the transactions of a company, specifically those that want to do business with the government and government entities (Kleynhans and Kruger, 2014). Table 1.1 presents the 2007 Codes.

Table 1.1 B−BBEE 2007 Codes of Good Practice

Element	Code series	Weighting
Ownership	100	20 points
Management control	200	10 points
Employment equity	300	15 points
Skills development	400	15 points
Preferential procurement	500	20 points
Enterprise development	600	15 points
Socio-economic development	700	5 points
Total		100 points

Source: South Africa, DTI (2007)

The DTI (2007) used these Codes to measure compliance through a scorecard (Verwey, 2011). Points accumulated in the scorecard determine the B−BBEE status of a company, which is reflected on a B−BBEE certificate. According to the South African National Accreditation System (SANAS, 2017), only accredited verification agencies can issue B−BBEE certificates of compliance. The Codes changed the business landscape by empowering greater black economic participation. Goose (2012) as well as Moodley and Arcangeli (2022) also noted that the Codes facilitated broad-based transformation by opening up opportunities for previously marginalised groups. However, the South African Institute of Race Relations (2012) and the Mapungubwe Institute for Strategic Reflection (Sefalafala, 2020) revealed that various institutions argued that B−BBEE has not helped previously marginalised South African

[1] The Codes of Good Practice are hereafter referred to as the Codes.

groups but has benefited a small elite and indicated that there were calls for the reform of the 2007 Codes. Consequently, the South African Government amended the 2007 Codes to tighten B−BBEE implementation. According to Dongwana (2016), the 2007 Codes did not successfully redress the economic imbalances that remained a legacy of apartheid. There were implementation challenges such as fronting,[2] which impeded the objective of transformation.

1.1.2 2013 Amended B−BBEE Codes of Good Practice

Kgalema, Marock and Allais (2021) as well as Makgoba (2022) indicated that the amendment of the Codes indicates the government's intention to transform the economic landscape and ensure meaningful participation of black people. The amended Codes present three priority elements: Ownership, skills development, and enterprise and supplier development.

Dongwana (2016) opined that the 2013 amended Codes required corporates to assess the degree to which they comply with B−BBEE, particularly the enterprise and supplier development element, since it carries the heaviest weighting of 40 points. In addition, Accelerate Cape Town (2017) indicated that corporates are encouraged to comply in a quest to keep a competitive B−BBEE compliance level. The Codes were amended in line with the government's key priorities. All companies, except Exempted Micro Enterprises (EMEs), must comply with the five Codes (enterprise and supplier development, management and control, ownership, skills development, and socio-economic development) as indicated in Figure 1.1 (South Africa, DTI, 2015a).

[2] A situation in which some business people, especially white individuals, use a black person as their proxy to create the façade of conforming to affirmative action.

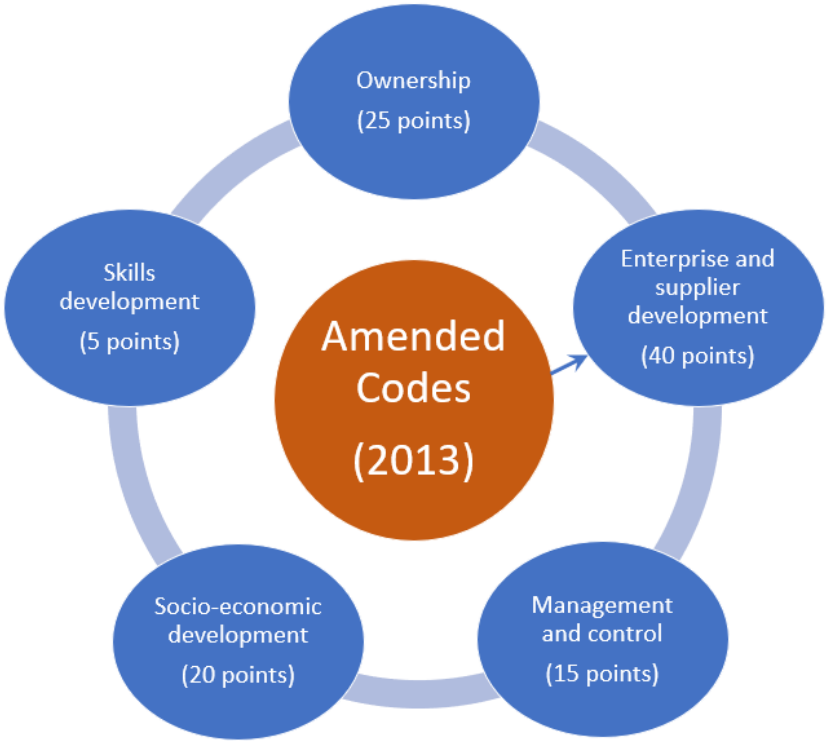

Figure 1.1 Amended B−BBEE Codes of Good Practice of 2013
Source: DTI (2015a)

GoLegal (2016), Wagner (2019) and Dreyer et al. (2021) indicated that to earn a good score, companies must comply with the following 2013 amended Codes:

OWNERSHIP

This pertains to voting rights and shareholding and promotes equal opportunity and fair treatment in employment. Furthermore, affirmative action is implemented to redress the unequal employment opportunities between races and gender inherited from apartheid. This code places significant pressure on company owners since compliance increased to 25 points and voting rights of black people are given additional points (Krensel, 2013; GoLegal, 2016; Dreyer et al., 2021a; Masvinge, 2021).

MANAGEMENT CONTROL

Management control considers the level at which black people hold voting rights on the board and have control of the executive board in addition to the percentage of black people in senior management. This code emphasises the need for black people in management positions (Krensel, 2013; GoLegal, 2016; Dreyer et al., 2021b).

SKILLS DEVELOPMENT

This element considers the extent to which a company invests in and works towards improving the skills and competencies of the black workforce (GoLegal, 2016). In addition to training staff members, specifically black and disabled employees, companies earn points through training black people and their subsequent absorption into full employment. Training, in this case, is through learnerships, internships, and/or vocational training (Krensel, 2013; GoLegal, 2016; Dreyer et al., 2021b).

ENTERPRISE AND SUPPLIER DEVELOPMENT

By its design, enterprise and supplier development requires participation from the government, corporates and SMMEs. Enterprise and supplier development requires corporates to integrate SMMEs in their procurement strategies and value chains and give them business opportunities, provide support and mentoring (Pooe, 2016; Accelerate Cape Town, 2017). Corporates are required to develop the capacity of SMMEs that are 51% black-owned or more, and to buy from suppliers that are B−BBEE compliant (SERR Synergy, 2021).

Enterprise and supplier development focuses on how small, black-owned companies are supported and developed (GoLegal, 2016). This Code carries the highest weight of 40 points and is the most critical element because companies are expected to buy from black SMMEs and are required to develop black SMMEs (Krensel, 2013; GoLegal, 2016; Dreyer et al., 2021b). Enterprise development and supplier development are two different concepts. Enterprise development focuses on developing the entrepreneur that runs the business to foster small business integration into the mainstream economy. Supplier development focuses on improving the efficiency, capability and competency of suppliers (Pooe, 2016; Webb, 2017). However, the amended Codes merged the concepts to form enterprise and supplier development, which includes preferential procurement. This Code is defined in various ways. In South Africa, it is described as establishing and maintaining small businesses through creating opportunities and access for black entrepreneurs and black-owned businesses and ensuring participation and benefit from economic mainstreams (Enterprise Room, 2017). It is a government strategy towards meeting national development goals and promoting black-owned businesses by creating links with the

supply chains of larger corporates (Sebati, 2014). Enterprise and supplier development weighs 40% in the B−BBEE scorecard, which means corporates are expected to make significant contributions to achieve a good score (Pooe, 2016; SME South Africa, 2016).

Enterprise and supplier development benefits businesses that are at least 51% black-owned and have a maximum turnover of R50 million per annum (BEE Institute, 2015). To score full points, companies must spend 3% of the net profit after tax per annum, 2% on supplier development and 1% on enterprise development. This is meant to facilitate skills transfer from established corporates to newer businesses, with large companies contributing effectively to black-owned suppliers (Sibiya and Barbard, 2019).

SOCIO-ECONOMIC DEVELOPMENT

This element determines how much social investment initiatives a company carries out (GoLegal, 2016). In South Africa, a higher portion of the population is unemployed and has limited access to other means of uplifting their lives. Furthermore, rising inequalities, coupled with the high unemployment rate, make it appear as if wealth creation strategies and policies have little impact, with poverty and inequality passed from generation to generation (World Bank, 2018a; United Nations, 2020a). Shava (2016) and Miemiec (2019) opined that economic empowerment in South Africa was implemented as a way of redressing the socio-economic impacts of apartheid. The BEE Chamber (2022) added that the socio-economic development element of the B−BBEE scorecard consists of monetary and non-monetary contributions that support income-generating activities. These are activities that potentially influence the ability of black people to meaningfully participate in the economy.

1.2 PROBLEM STATEMENT

Before the amended 2013 Codes, corporates had adjusted to the 2007 Codes and were attaining significant levels of compliance (BDO South Africa, 2019). The amended Codes were effective on 1 May 2015 and require corporates to re-align how they implement and comply with the B−BBEE, particularly on priority Codes, which are ownership, skills development and enterprise and supplier development (Werth, 2018). Furthermore, Rees (2016) and Makgetla (2021) indicated that the amended

Codes require corporates to prioritise compliance in enterprise and supplier development because they risk losing their current B−BBEE levels, or dropping a level or two, or even becoming non-compliant B−BBEE contributors. Moreover, Van de Rheede (2022) pointed out that enterprise and supplier development is among the priority Codes and corporates need to earn more points on the priority elements than before. It has become more difficult to achieve an outstanding level of compliance.

According to Gwynne-Evans (2020), the government is responsible for formulating the B−BBEE policy and plays a role in facilitating the B−BBEE policy implementation as well as monitoring compliance thereof. Kgalema et al. (2021) indicated that the progress and success of the B−BBEE is measured through a scorecard. However, Shai, Molefinyana, and Quinot (2019) indicated that the B−BBEE policy implementation lacks mechanisms because there are no monitoring and evaluation systems that outline how performance is monitored and how implementation and impact will be measured. As a result of this gap, there are no channels for corporates or the government to hold SMMEs accountable as beneficiaries of enterprise and supplier development programmes. Sibiya and Barnard (2019) concurred that South African companies spend millions of rands on enterprise and supplier development programmes; however, the outcome remains marginal. In support of this view (Wijnberg, 2018; Miemiec, 2019; Gwynne-Evans, 2020; Makgetla, 2021; Fele, 2022) asserted that corporates spend billions of rands on enterprise and supplier development to meet the requirements of the amended Codes, but there are no significant changes in the state of SMMEs in South Africa. Although corporates are playing their part in enterprise and supplier development, the DSBD (2018) pointed to the fact that there is resistance from corporates to open opportunities and give market access to SMMEs. Resistance by corporates is a barrier to the effectiveness of enterprise and supplier development, thus slowing the transformation rate. Engineering News (2021) reported that the criteria are not well designed for black-owned SMMEs to access Enterprise and Supplier Development programmes, or for corporates to assist in unlocking black-owned enterprises' participation. Bowmans (2020) indicated that although B−BBEE is designed to increase the number of blacks who manage, own and control the country’s economy and decreasing racially based income inequalities, B−BBEE is also not an obligation for companies. This means that

corporates can choose to comply or not. Therefore, not all corporates are spending on enterprise and suppler development.

According to Letsema (2019) implementing enterprise and supplier development is complicated and requires planning, resource allocation and willingness from all the stakeholders. SME South Africa (2019) reported that there is a misalignment in the expectations of enterprise and supplier development programmes in terms of what corporates and SMMEs expect from each other compared to the reality on the ground. As a result, the type of assistance offered by corporates may have little transformative impact on SMMEs. The Broad-Based Black Economic Empowerment Commission [hereafter B−BBEE Commission] report (2023) confirmed that there is a need for alignment between the preferred forms of contribution by corporates to enterprise and supplier development, such as, financial support in the form of grants, early payments to suppliers and the requirements of enterprise and supplier development support such as operational effectiveness, market penetration and sustainability. Therefore, this highlights the need to link investment with impact. Following the aforementioned problem, it is important to assess the implementation of enterprise and supplier development from the government, corporate and SMMEs perspectives and develop a framework.

1.3 PRIMARY AND SECONDARY OBJECTIVES

1.3.1 Research questions

Seven research questions were formulated for this study:

1. What is the role of the South African government in B−BBEE implementation, specifically in facilitating enterprise and supplier development?
2. What is the impact of B−BBEE legislation on the procurement needs and compliance of businesses?
3. How did international countries approach empowerment and integrating those previously marginalised into the mainstream economy, particularly in business?
4. How does the capability approach relate to the theoretical background of B−BBEE?
5. What are the perceptions of corporates and SMMEs on the implementation of enterprise and supplier development?

6. What challenges do corporates and SMMEs face in implementing enterprise and supplier development?
7. What is the contribution of corporates towards assisting SMMEs within the manufacturing sector?

1.3.2 Research objectives

The primary objective of the study was to analyse B−BBEE compliance in enterprise and supplier development using the capability approach. The following secondary objectives were set:

1. To analyse the role of the South African government in terms of B−BBEE implementation, specifically in facilitating enterprise and supplier development.
2. To analyse how B−BBEE legislation affects the current procurement needs and compliance of businesses.
3. To assess how international countries approached empowerment and the integration of those previously marginalised into the mainstream economy, particularly in business.
4. To analyse the theoretical background of B−BBEE through the capability approach.
5. To analyse the perceptions of corporates and SMMEs in the implementation of enterprise and supplier development.
6. To analyse the challenges facing corporates and SMMEs in implementing enterprise and supplier development.
7. To measure the contribution that corporates have made in assisting SMMEs within the manufacturing sector.

1.4 SIGNIFICANCE OF THE STUDY

Sebati (2014) noted that enterprise and supplier development intends to empower black-owned businesses by creating links with the supply chains of larger corporates. Therefore, successful implementation is entirely dependent on collaboration between government, corporates, and SMMEs. Lindsay (2015) noted that many aspiring black business people regard B−BBEE as a viable route for growth. Established businesses generally claim to understand the need for B−BBEE, they regard it as a significant impediment to growth and efficiency. Dongwana (2016) and Niekerk (2019) opined

that the amendment of the B−BBEE Codes is an indication that B−BBEE is not entirely practical and that there are implementation challenges.

According to Sanchez (2006), initial research on BEE was conducted in the 1990s, prior to its evolution to B−BBEE. Francis and Valodia (2021) indicated that research on BEE was modelled by the BEE components, and these were direct empowerment, human resource development and indirect empowerment. Furthermore, researchers (Ponte, Robers and Sittert, 2018; Francis and Valodia, 2021) indicated that, although BEE intended to increase the number of black ownership of shares in large corporates, there was no progress because only a small number of politically affiliated people benefited. Vilakazi and Ponte (2022) also opined that BEE created black elite with a strong hold in large businesses.

Studies by Rungani and Potgieter (2018) pointed out that research conducted in the area of B−BBEE has been particularly looking into successes, failures and barriers of B−BBEE. Furthermore, Magagane (2012), Mahlangu (2016), Wachira (2019) and Southern Centre for Inequality Studies (SCIS, 2021) added that existing research on B−BBEE analyses the policy from an implementation perspective, pointing out what has worked, what failed and who has benefited. The Southern Centre for Inequality Studies (2021) also pointed out that there is a need for further research on B−BBEE that goes beyond analysing the successes and failures of B−BBEE, but what is also needed is research that is suggestive and models that is needed to pursue inclusive growth paths.

This study analysed compliance to the B−BBEE enterprise and supplier development through the capability approach. Burger, Mcaravey and Van der Berg (2015) noted that the capability approach evaluates how public services and partners work together as positive social conversion factors to transform social injustice into social justice outcomes. BonelliErede (2015) opined that the capability approach can evaluate the impact of B−BBEE on the lives of individuals. Furthermore, the researcher has not encountered a similar study analysing B−BBEE through the capability approach, this study explored the perspectives of key role players in enterprise and supplier development, namely government, corporates and SMMEs. Furthermore, the research investigated the aspects related to compliance, which some corporates found easy, while others viewed it as onerous. The focus of the research is on the

manufacturing sector because it is a key sector of most economies, as was also found by Attiah (2019).

This research provided insight into challenges of B−BBEE compliance in enterprise and supplier development. the government, corporates, and SMMEs will likely benefit from this study because to successfully implement enterprise and supplier development, it requires both implementers and beneficiaries to align ideologies.

1.5 RESEARCH METHODOLOGY

Researchers (Sustrina, 2009; Morse and Niehaus, 2016; Patel and Patel, 2019) referred to research methodology as the principles and procedures involved in a study, consisting of tools that can be used to realise the research objectives. Joyner, Rouse and Glatthorn (2013) and Lust and Blume (2016) added that research methodology is specific techniques used to collect data for the research problem. Furthermore, Adedoyin (2020) added that research methodology entails understanding the research process, including the research paradigm, research approach, research design, research population and data collection.

1.5.1 Research methods

There are various research methods, namely qualitative research, quantitative research, and a mixed methods research design (Creswell and Creswell, 2017).

This study applied mixed methods research, convergence parallel and adopted the pragmatic approach. Tariq and Woodman (2013) and Morse and Niehaus (2016) indicated that mixed methods are most suitable for answering broad and complex questions with multiple facets that qualitative or quantitative methods may not fully explore. Mixed methods research, therefore, brings complementary development. The suitable paradigm for the study was pragmatism. Kivunja and Kuyini (2017) indicated that pragmatism was developed to support and explain the use of mixed methods to understand human behaviour. Patel (2015) and Callingham and Hay (2018) also indicated that pragmatism believes that reality is constantly renegotiated, debated, and interpreted. Therefore, there is no single way of reality because people have different and unique interpretations. The type of mixed methods research design selected for the study was a convergence parallel design.

In convergence, parallel, qualitative and quantitative data is collected concurrently (Ngulube, 2021). The research was conducted in two concurrent phases, phase one consisted of qualitative research and phase two was the quantitative research. Qualitative research enabled the researcher to conduct semi-structured interviews; considering that B−BBEE is broad and influenced by various factors, qualitative research was most suitable. Quantitative research allowed the researcher to gather statistical data through conducting a survey.

1.5.2 Population

Population refers to a collective group from which a sample is selected for a study (Japheth, 2014; Tille, 2020). The population for this study consists of government officials in senior and executive roles from the department that is responsible for B−BBEE, officials occupying various roles within corporates who are responsible for B-BEE and managers or owners of SMMEs. The corporates and SMMEs in this study are in the manufacturing sector, sub-sectors: the manufacturing of Coke, refined petroleum products, and nuclear fuel; manufacturing of chemicals and chemical products; manufacturing of rubber and plastic products; manufacturing of electrical machinery and apparatus national electrical code (n.e.c.); manufacturing of basic metals, fabricated metal products, machinery and equipment, and office, accounting, and computing machinery; and manufacturing of transport equipment (Avenyo et al., 2021).

The study focused on these sub-sectors because the South African government identified manufacturing as a key sector for growth, with the potential to increase job creation and economic growth (Taylor, 2013; Avenyo et al., 2021; Department of Trade, Industry and Competition [South Africa, DTIC], 2021).

1.5.3 Sampling

A sample is a manageable section of the population selected for a study (Japheth, 2014). According to Valliant, Dever and Kreuter (2018), a sample can be designed and selected. In this study, non-probability sampling was used for the qualitative research and sampled two government officials from a government department and 20 participants representing 20 corporates. The respondents for the quantitative

research were sampled using simple random sampling and 400 SMMEs were sampled.

1.5.4 Data collection

Data collection refers to the process of gathering information to address the research question. This research used both primary and secondary data. Primary data is data that has been collected first-hand, whereas secondary data consists of publications in the form of books, articles, journals, and relevant reports (Kabir, 2016). Primary data was collected through:

- **Interviews**

Semi-structured interviews were used to collect the qualitative data. Blaxter et al. (2010) and Kabir (2016) indicated that interviews occur in natural settings and can be shaped by conversations. Saunders et al. (2012) and Kadasah et al. (2022) added that interviews enable the researcher to probe answers, participants can elaborate their responses, and the researcher can read unspoken words such as body language.

- **Survey**

Kabir (2016) indicated that a survey consists of predetermined questions given to a sample to represent the larger population. Quantitative data collection was conducted through an online survey.

1.5.4.1 Research setting

The research setting plays a critical role in research as it also determines the level at which information is accessed (Groundwater-Smith et al., 2014). Qualitative data was collected in Gauteng, Mpumalanga and the Western Cape provinces. The selected areas harbour some of the largest corporates within the manufacturing sector and the headquarters of the corporates are dominantly in the selected provinces. B−BBEE compliance and implementation are designed to be the same everywhere. This implies that there would be no significant differences between data collected from other provinces, furthermore the DTI national office is in Gauteng. Interviews were scheduled according to the availability of the participants. For the quantitative data, the survey was issued to SMMEs in Gauteng, Mpumalanga, the North-West, Western

Cape, Northern Cape, KwaZulu-Natal, and Eastern Cape provinces. Free State and Limpopo provinces ware not selected because there is no density of manufacturing activities.

1.5.5 Data analysis

In this study, qualitative data applied thematic analysis using NVivo software. Hilal and Alabri (2013) and Miles, Huberman and Saldana (2018) indicated that qualitative data analysis brings order, structure, and meaning to the mass of collected data, which is not easy.

Quantitative data was analysed using the IBM SPSS Statistics for Windows. Hallebone and Priest (2009) indicated that statistical data presents occurrence and proportion. Quantitative data was presented through tables, graphs, histograms, pie charts, and percentages.

1.5.6 Delimitations of the study

The study was limited to the government department that manages the B−BBEE policy. Participants from the government were sampled from management personnel; they were invited to participate and accepted the request. The corporates for the study were limited to large manufacturing corporations, currently implementing enterprise and supplier development programmes. The SMMEs were limited to those that operated in the manufacturing industry.

1.5.7 Ethical consideration

Lust and Blume (2016) indicated that when working with humans, ethical and legal issues must be considered to prevent human participants from being misinformed. For this study, it was important, especially when discussing traditional knowledge and business practices. Ethical clearance was obtained from the General Human Research Ethics Committee (GHREC) at the University of the Free State, Bloemfontein, South Africa.

1.6 CHAPTER SUMMARY

This introductory chapter provided the background of the study and the research context. The chapter presented the objectives and the research questions that the

research aimed to address. Furthermore, the research problem was defined, and the motivation for undertaking the study was indicated. The research method that was used in conducting the research was described. The following is an outline of the study chapters:

Chapter 1 provided an overview of the phenomenon in the study.

Chapter 2 provides the main concepts and theories explored in the study and how the theories relate to B−BBEE.

Chapter 3 provides an analysis of how international countries addressed issues of transformation and empowerment through implementing various policies.

Chapter 4 provides and overview of South Africa's history of the apartheid era, the transition into democratic governance and the introduction of BEE, which was promulgated as the B−BBEE.

Chapter 5 investigates the implementation of enterprise and supplier development, which is a major Code in the amended B−BBEE Codes. Furthermore, providing the perceptions of the government, corporates and SMMEs in the implementation of enterprise and supplier development, as well as the challenges with which they are faced.

Chapter 6 provides the research methodology and the research paradigm for the study. Furthermore, the research site and population, the research design, collected data collection and analysis are discussed.

Chapter 7 provides the analysis of quantitative and qualitative data collected.

Chapter 8 provides a summary of all the chapters in the study together with conclusions that encompass the findings presented in the previous chapter. The chapter proposes a framework to guide implementation of enterprise and supplier development.

Chapter 2
THEORIES OF EMPOWERMENT AND TRANSFORMATION

2.1 INTRODUCTION

The previous chapter provided an outline of the study. The introduction and background of the study, the research problem, the research questions and objectives, and the significance of study were presented.

This chapter provides the theoretical basis for the study. Various theories have been studied to underpin ideologies that inform transformation and empowerment initiatives (Weidenstedt, 2017). These theories are the empowerment theory, the transformation theory, Ostrom's (2010) IAD theory, North, Wallis and Weingast's theory on violence and social orders, and the capability approach. The theories have been selected to explain the philosophy of transformation and empowerment. These have been understood and undertaken in implementing policy. Although several theories were reviewed, the basis for the study was the capability approach. Ponce, Cancio and Sánchez (2018) indicated that the capability approach can be applied in various fields and has been widely applied in the developmental discourse, welfare economics, social policy and political philosophy.

2.1.1 Theories in the study

Currently, there are no specific theories on B−BBEE; however, the objective of B−BBEE is to redress apartheid imbalances through the empowerment and transformation of communities, individuals and institutions. The selected theories are central in explaining how South Africa's B−BBEE was developed, understanding the events and the role of institutions in implementing empowerment and transformation policies. Figure 2.1 illustrates the theories that informed this study.

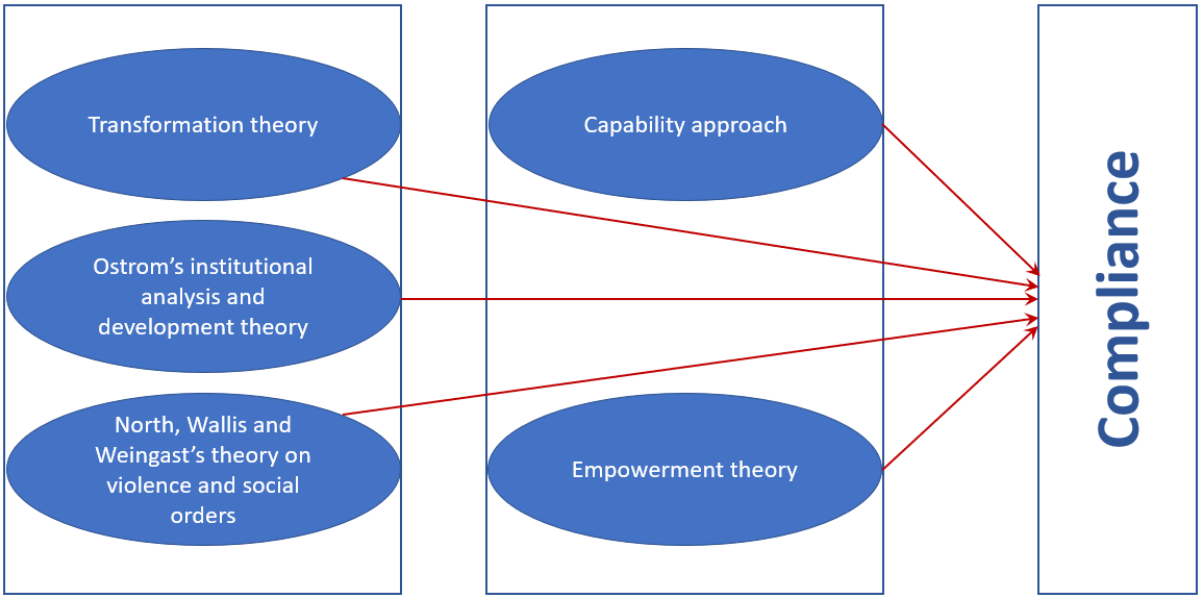

Figure 2.1 Theories

Source: Author's own (2022)

According to Grant and Osanloo (2014), theories are the foundation of all knowledge for research. The selected theories provided a structure to support the study's rationale, the problem statement and the literature review.

2.2 BACKGROUND BEHIND THE EMPOWERMENT THEORY

Calves (2009) indicated that the term *empowerment* has been in use since the 1970s. It has been applied by academics, aid workers, social services, social psychology, public health, adult literacy and community development. In addition, the term *empowerment* gained traction in business and political spaces.

The empowerment theory explains the efforts made by marginalised individuals or communities to exert control and influence to transform their personal and communal lives (Rappaport, 1981; Zimmerman, 2000; Weidenstedt, 2017). According to Joseph (2019), "empowerment has arguably been one of the most – if not the most – commonly used theoretical frameworks by scholars and researchers".

2.2.1 Defining empowerment

The term *empowerment* has been widely applied across various disciplines (Perkins and Zimmerman, 1995; Hicks, 2015). A wide range of definitions has been designed to accommodate different contexts in fields such as psychology, health care, nursing,

and industry (Carr, 2011). Rappaport (1981) defined empowerment as a construct linking individual strengths, competencies, natural helping systems, and productive behaviours to social policy and change. Kieffer (1984) described this concept as a gradual process that involves stages aimed at fostering the participation of marginalised groups. Furthermore, Zimmerman and Rappaport (1988) regarded empowerment as an individual's ability to gain control socially, politically, economically and psychologically through access to information, knowledge and skills, decision-making, individual self-sufficiency, community participation, and perceived control. Gibson (1991) defined empowerment as helping people assert control over factors that affect their lives (Weidenstedt, 2017). According to Bellack and Hersen (1998), empowerment is a process that enables individuals to gain control over their lives by influencing their interpersonal and social environments. The World Bank (2002) defined *empowerment* as expanding poor people's assets and capabilities to engage, negotiate, influence, control, and hold accountable the institutions that affect their lives. Rappaport and Zimmerman (1988) are the two leading researchers in developing the empowerment theory. Rappaport (1981) indicated that empowerment includes considering people's needs, rights, and choices and captures the breadth of concern with the powerlessness that many groups experience. Ngqeza and Dhanpat (2021) added that empowerment can be structural or psychological. Theories by Kanter (1977;1993) dominated literature in structural empowerment and psychological empowerment. The theory maintained that structural empowerment occurs when the organisation empowers employees to do their work freely. The employees must have access to information, offered assistance, have access to resources that are required to do their work and have the opportunity to learn and grow. On the other hand, psychological empowerment is described as a condition which employees need to obtain in order to realise empowerment because its prospect depends on management.

2.2.2 Structural empowerment

Structural empowerment is one of the most successful ways to improve workplace outcomes such as motivation, organisational commitment, and job satisfaction (Ngqeza and Dhanpat, 2021). People within an empowered environment can perform powerful tasks. They develop initiative, work in teams and individually, are rewarded

for participation, have the opportunity for risk-taking, and receive support regarding work−life integration, increasing their workplace behavioural level. Structural empowerment represents a powerful approach to creating a workplace that attracts and retains individuals to organisations. Individuals allowed to contribute to organisational goals are likely to become more loyal towards their organisations. However, Avolio et al. (2004) asserted that there is no evidence to support claims of a causal relationship between structural empowerment and positive workplace outcomes such as organisational commitment. Bailey (2009) opined that structural empowerment focuses on empowerment pertaining to organisations, structures, policies and practices. However, Bailey (2009) also indicated that structural empowerment was refuted by psychological empowerment theorists because of its strong perception that empowerment is predominantly a management practice, where decision-making shifts from higher to lower level of authority. Dixon and Pusparini (2020) added that structural empowerment does not give attention to the quality of the individual itself. Structural empowerment focuses on powerful individuals sharing and transferring power to the lower-level individuals without power. Bailey (2009) indicated that providing psychological authority that promotes responsibility, self-determination, and professional growth encourages personnel to regard commitment and improved productivity.

2.2.3 Psychological empowerment

Psychological empowerment refers to the perception that one has the knowledge, capability, and authority to be an active agent in one's life and the surrounding community (Joseph, 2019; Ngqeza and Dhanpat, 2021). Psychological empowerment was originally studied by examining power and control (Conger and Kanungo, 1988). The earliest forms of the concept focused on maximising the organisational effectiveness of managerial practices in the workplace. To Conger and Kanungo (1988), empowerment is a guiding concept that examines the power struggle between employers and employees and establishes how to improve their relationships. Psychological empowerment is essential in cultivating self-efficacy and control for disadvantaged groups (Bolton and Brookings, 1998). Others have described empowerment as the result of engagement in confidence- and efficacy-building activities. Psychological empowerment is viewed as one's perceived competency,

self-control, and agency (Menon, 1999). A recurring characteristic of these perspectives, irrespective of whether they are considered processes or outcomes, is the fundamental importance of individuals gaining an understanding of and control over their lives. Berry (2011) indicated that researchers continually build upon previous conceptualisations of psychological empowerment to facilitate its application to various research questions and areas of interest. Zimmerman (1995) provided a theoretical foundation for understanding various intrapersonal characteristics that affect an individual's self-perceived power and subsequent behaviour. Nawrin (2016) and Monje-Amor, Xanthopoulou, Calvo and Vazquez (2021) indicated that psychological empowerment consists of four cognitive constructs. These are meaning, competence, self-determination and impact. Meaning indicates the degree to which individuals perceive their work as significant or meaningful. Competence refers to one's ability, skills and capabilities to accomplish their work. Self-determination is an employee's perception of having choice at work and freedom on how they do their job. Impact concerns the perceived influence of one's work on the organisation or department. Furthermore, Monje-Amor et al. (2021) indicated that management has an effect in how the four dimensions of psychological empowerment emerge. Therefore, psychological empowerment can be criticised for it is dependent on the actual surrounding environment.

The empowerment theory has been applied by researchers (Laschinger, Gilbert, Smith and Leslie, 2010) to explain workplace empowerment in nursing to incorporate both workplace empowerment of nurses and patients in the same study. The study provided guidance for creating high-quality practice environments in nursing workplaces to ensure positive outcomes for both nurses and their patients. Structural empowerment was used to depict that empowering nurses could promote a patient's health by ensuring that the patient has access to empowering conditions, whereas psychological empowerment was applied to show that patients that have access to information, support, resources and opportunities to learn and grow, enable them to consider their health as a priority. Liaqat, Awan, Sharif and Bibi (2020) also conducted a study and applied the empowerment theory in nursing and health care. The study indicated that structural empowerment provided nurses with organisational support and access to resources and information, while psychological empowerment ensured personal perception of control over situations and a sense of being powerful. Furthermore,

Echebiri, Amundsen and Engen (2020) applied the empowerment theory in a business environment to assess employee-driven innovation. The study revealed that both structural and psychological empowerment have a direct impact on employee-driven innovation. Also, to realise employee-driven innovation within an organisation, it is required that both employers and managers empower ordinary employees to not only be creative, but to also include them in the implementation of ideas. It is without doubt that the empowerment theory is applicable to various disciplines because the process of empowerment is continuous and is fundamental to growth, either that of organisations or the employees. The disposition of empowerment is to maintain the capabilities of organisations and individuals to fulfil their work and make a positive impact.

2.3 THE PROCESS OF EMPOWERMENT

Weidenstedt (2016) indicated that empowerment aims at improving people's lives by transferring power resources. This entails structural changes such as education, employment opportunities, health care, and housing. Lord and Hutchison (1993) described empowerment as a process of change that allows people to take power, gain information about themselves and their environment, and be willing to identify and work with others for a change. This study did not aim at developing a new construct to define empowerment, but, however, adopted the definition by Zimmerman and Rappaport (1988) that indicated that empowerment is an individual's ability to gain control socially, politically, economically and psychologically through access to information, knowledge and skills, decision-making, individual self-sufficiency, community participation, and perceived control. This definition contains elements that South Africa's B−BBEE aims to address through the empowerment of those that were previously marginalised, hence it was considered suitable for this study.

Empowerment is a gradual process from marginal to substantial structural participation stages. Kieffer (1984) and Aguiar (2012) added that steps are critical for the active participation required for continuous community involvement and proactive leadership, thus building a future for themselves and the community. Kieffer (1984) opined that skills and competencies are developed during the process. However, empowerment is not simply about competencies but participatory competencies, a convergence of

the practice of all aspects of competence. Lord and Hutchison (1993) identified four common underlying assumptions of empowerment:

- Individuals are assumed to understand their needs better than anyone else and, therefore, should have the power to define and act upon them.
- All persons possess strengths upon which they can build.
- Empowerment is a lifelong endeavour.
- Personal knowledge and experience are valid and useful in coping effectively.

2.3.1 Empowerment theories

The World Bank (2002) indicated that although there are various empowerment strategies, each theory must underline institutional reform. These include (1) access to information, (2) inclusion and participation, (3) accountability, and (4) local organisational capacity.

2.3.1.1 Access to information

Information is critical because informed citizens are well positioned to explore opportunities, access services, exercise their rights, negotiate effectively, and hold the state and other actors accountable. People cannot act effectively without information. Informed people can make better choices regarding how they want to shape their lives. They develop an edge to succeed. Therefore, information can be ascribed to knowledge.

2.3.1.2 Inclusion and participation

Inclusion and participation determine who must be included, how they must be included, and their role. Including poor people and other traditionally excluded groups in priority setting and decision-making is critical in demonstrating a commitment to change. Participation is a significant indicator of empowerment; empowering means allowing people to make decisions.

2.3.1.3 Accountability

Accountability is holding the government, the private sector, and other actors accountable for their policies, actions, and use of funds. This type of accountability

can be linked to social justice, meaning that empowered people can identify issues that affect their well-being.

2.3.1.4 Local organisational capacity

Local organisational capacity refers to the possibility of people uniting, organising themselves, and mobilising resources to solve common interest problems. Organised communities are more likely to have their voices heard and their demands met than disorganised communities.

Although empowerment is underpinned by several elements, as indicated above, Zimmerman (2000b) and Aguiar (2012) indicated that it encompasses three primary aspects: participation, control, and critical awareness. Participation refers to an individual's action that contributes to community contexts and processes. Awareness is the ability to influence decisions, and critical awareness denotes the capacity to analyse and understand the social and political environment. Furthermore, Sadan (1997) indicated that empowerment is categorised into three levels: individual, community, and organisational.

1. EMPOWERMENT AT INDIVIDUAL LEVEL

At an individual level, empowerment focuses on what happens in an individual's life. It is a personal development process, optimising skills, abilities, resources, and life opportunities. Balcazar, Keys and Vryhof (2019) concurred that empowerment allows people to exercise control and increase self-sufficiency. Self-sufficiency implies that people develop a sense of personal power, strength, or will to act upon situations in which they once did not have power. Kaiffers (1984) indicated that at an individual level, empowerment has four stages:

- **Entry:** This stage is shaped by an individual's experiences and is motivated by situations that the individual wants to escape. These factors raise the need for empowerment.
- **Advancement:** This stage is influenced by mentoring, relationships, and supportive peer relationships within an organisation. It entails having support structures in the process of empowerment.
- **Incorporation:** This stage is the development of growing consciousness.

- **Commitment:** At this stage, individuals apply their acquired skills to meet the expanding areas of their lives.

These stages imply that empowered individuals can remove themselves from unfavourable and unproductive conditions to more conducive situations in which they can change their lives. Individuals can become self-motivated if they have a broad knowledge of and access to resources, but powerless individuals cannot attempt to change their lives; they are demotivated and do not see the possibility of change in their lives (Balcazar et al*.,* 2019). However, Balcazar et al*.* (2019) stressed that self-sufficiency that does not generate a real difference in an individual's life is not empowerment. The impact of empowerment is determined by noticeable changes in people's lives.

2. EMPOWERMENT AT COMMUNITY LEVEL

At the community level, empowerment refers to the collective action meant to improve the community's quality of life and increase connections among community organisations (Perkins and Zimmerman, 1995). According to Sadan (1997), the community investigates collective processes and social change. Balcazar et al*.* (2019) indicated that at the community level, empowerment occurs when the community is equipped with resources and talent to manage its affairs and to control and influence relevant groups and forces within and outside the community. Indicators of community empowerment include collected reflection on social participation and political discussions and outcomes such as adequate resources for improving the community's well-being and social justice. Kieffer (1984) and Kamruzzaman and White (2018) indicated that empowerment involves proactive and adequate participatory practices in a community. In concurrence, Balcazar et al. (2019) indicated that an empowered community can influence structures and policies that affect people's lives.

3. EMPOWERMENT AT ORGANISATIONAL LEVEL

Thomas and Velthouse (1990) argued that empowerment entails employees' perceptions of empowerment, not only empowering structures of the organisation but also generating positive worker outcomes. According to Sadan (1997), at organisational level, empowerment refers to professional intervention efforts meant to deal with social problems. This level includes processes and structures that enhance

member participation and improve goal achievement for an organisation. Balcazar et al. (2019) agreed that empowerment involves an organisation's ability to gain and use resources to support its people and activities.

In this study, all three levels of empowerment were applicable because B−BBEE is set to empower a designated group of people who were socially, politically, and economically marginalised during apartheid. Therefore, the empowerment process cannot be discriminatory of any level because access to resources and access to information and opportunities are required in order for individuals, communities and organisations to perceive power. In relation to South Africa's history, both structural and psychological empowerment are essential for individuals and communities to grow, and an organisation to provide environments that facilitate empowerment.

2.3.2 Advantages of the empowerment theory

The empowerment theory has transcended disciplinary demarcations and applied them in psychology, sociology, education, economics, and community development (Quah, 2017). The theory's evolution has confounded critics who dismissed it as a fad (Joseph, 2019). The empowerment theory encompasses principles that call for the facilitation of opportunities for marginalised people.

Sadan (1997) observes that since the 1980s, four ideological approaches have been prominent in empowerment discussions. First, the ethnocentric approach aims at solving complex social problems based on ethnicity. Ethnocentric staffing involves recruiting expatriates from the home country of the foreign-based company into key positions. Expatriates are often believed to represent the interests of the home office better and would thus ensure that the foreign offices are aligned with those of the home country. In addition, communication is more accessible because there are no language and cultural barriers.

Moreover, the organisation may transfer employees with a clear performance record, which provides a measure of guaranteed results. Nonetheless, local employees may help to overcome unique hurdles in each foreign office. In addition, recruiting expatriates tends to be more expensive than hiring locally, and a high ratio of expatriates may create local resentment toward foreign subsidiaries, which may hurt the company's morale. Second, a conservative−liberal approach aims at solidifying

the community as a social unit that must also consider weak citizens. Schoonvelde et al. (2019) indicated that liberals and conservatives have different outlooks on life. Liberals exhibit a carefree attitude. They demonstrate creativity and are open to diversity, whereas conservatives are conventional and neat and live a well-structured life that displays high levels of order. As a result, these differences are identifiable in many aspects, including interactions. Liberals are open and use tentative and longer words, whereas conservatives use more formal language and express themselves with a rich vocabulary. Third, there is the socialist approach that promotes equity and social responsibility in addressing social problems. Wright (2006) elaborated that civil society should be considered the arena of activity, sociability, and communication, viewed from a position of power.

Fourth, the democratic worldview justifies the empowerment theory on the basis that empowerment is a profound and professional implementation of democracy. Sorensen (2002) further elaborated that empowerment means transforming individuals into citizens and increasing the ability of each individual to internalise a holistic perspective on societal governance and to develop their social and intellectual capacities.

Empowerment makes a valuable contribution to those being empowered in terms of material resources such as money, and psychological resources such as information and responsibility. There is the potential that empowerment differs between the empowered and the empowered. The empowerer expresses power from a level of assets, while the empowered does not appear on a material level of resources but rather on an emotional level. As such, situations may not always transpire as the empowerer envisages (Weidenstedt, 2016).

2.3.3 Disadvantages of the empowerment theory

Although empowerment has been widely used across disciplines, it has also been criticised as being “paradoxical” (Weidenstedt, 2016; Joseph, 2019). This is because the empowerment of marginalised people depends on the participation of those in power. It is believed that empowerment worsens the marginalisation of disadvantaged people by benefiting those who are connected to the elite and not disadvantaged. Weidenstedt (2016) added that the empowerment theory lacks discussions on power. Three characteristics of power are identified by Weidenstedt (2016):

- **Power as a resource:** Power as a resource is more applicable in settings that involve political, economic, or organisational leaders, authorities, and elites. It also implies that whatever form of empowerment is transferred it needs to be owned.
- **Power limits agency:** This implies that the people who possess more power than others have the advantage.
- **Power is zero-sum:** Power is zero-sum explores the transferability of power and if the transfer of power leaves the transferor with less energy.

Weidenstedt (2016) added that empowerment may affect those empowered through material resources such as money and psychological resources such as information. However, it may also weaken and be costly for the empowering party.

2.3.4 Relevance of the empowerment theory to the current research

Empowerment is a diverse concept; therefore, the empowerment theory can be applied in various disciplines. Various definitions have been designed to accommodate the variants. Aji et al. (2010) maintained that empowerment encompasses the ability of people to understand and control themselves and their environment (including social, economic, and political factors); thus, expanding their capabilities and horizons and elevating themselves to greater levels of achievement and satisfaction. Aji et al. (2010) posited that the empowerment theory refers to the power of a person, community, or organisation to obtain the necessary strength, skills, and competency to control the internal and external environment in making positive change, thus gaining the authority, skills, status, and confidence to progress to undertakings that are more incredible and increasing the rewards. Empowerment entails the transfer and sharing of power with individuals, communities, and institutions that are less powerful. The vulnerable group is voiceless, lacks resources, and has no freedom or political standing (Alvarez et al., 2018). Although empowerment takes place at three levels – individual, community, and organisational (Sadan, 1997) – in this study, the empowerment process finds appropriation at community level because it promotes participation in achieving community goals, control, and access to justice and improving standards of living. Furthermore, the theory emphasises that

empowerment implies that people can access valuable resources and the necessary opportunities for change.

Since the beginning of democracy in South Africa, empowerment has been at the top of government's plans (Mosala, Venter and Bain, 2017). The quest for empowerment emphasises the need for inclusive growth and the inclusion of previously disadvantaged people in the mainstream economy to foster empowerment at all levels: individual, community, and institutional. In addition to the need for empowerment, many black people in South Africa still suffer from the impact of the apartheid government. Therefore, transformation is crucial.

2.4 BACKGROUND TO THE TRANSFORMATION THEORY

Jack Mezirow (1997) developed the transformation theory in the late 1990s to describe how people develop and use critical self-reflection to consider their beliefs and experiences, which leads to a change in how they view the world (Mezirow and Taylor, 2009). Mezirow (1997) indicated that the theory was developed to transform adult learning and defines transformation as a process of effecting change in a frame of reference. Kollmorgen (2010) defined transformation as a specific type of social change with specific process structures to change all levels and relevant spheres simultaneously, from the economy to legislation and policy to the arts and science.

Mezirow (1997) pointed out that people transform their frame of reference through critical reflection on the assumptions upon which their interpretations, beliefs, habits of mind, and points of view are based. Any transformation theory needs to identify significant agents of change (Pickel, 2002). During transformation, change can apply to specific groups through short- or long-term growth or continuous or non-continuous change. The sociological explanation of the difference is related to the structure that changes and the elements that cause the change. Societies, institutions, and forms such as the economic and legal orders comprise the surface of a system. The inner structure consists of cultural features such as norms and values, worldviews, and cultural narratives. Kollmorgen (2010) indicated that societal transformation represents a specific type of social change that should be understood as an alternative formational change compared with classical forms such as the formation of modern

democratic and capitalist societies in the Northwest hemisphere over the last 300 years.

2.4.1 The process of transformation

Krause (2014) indicated that there is a typical pattern that reveals the essence of the transformation process in which the key features essential for transformation are crisis and unpredictability. First, characteristics of crisis are usually apparent in the fragility of the economic and financial systems, with devastating impacts on the uncontrollable dynamics that disconnect with the needs. Second, features of unpredictability are before transformation; thus, it is impossible to understand when and how the transformation will happen or which shape the new system will take (Krause, 2014). The beginning of transformation is an unsettling process of destabilisation and disintegration of familiar structures and institutions. Thought patterns that have been widely accepted and dominant no longer serve society, and new conditions are introduced (Krause, 2014). Transformation is not a contented process because some must transfer to others what they identify as possessions in the form of power, skills, ownership, and resources.

Khondker and Schuerkens (2014) described social transformation as a fundamental societal change that can be viewed as incremental changes over time. Rabie (2013) described the transformation as restructuring all aspects of life from culture to social relations and politics to economy. From time to time, societies have been transformed from small associations of individuals tied together by instincts, need, and fear too small communities tied together by circumstances, kinship, traditions, and religious beliefs to nations tied together by history, politics, ideology, culture, and laws. Changes can apply to specific groups through short- or long-term growth or continuous or non-continuous change. Khondker and Schuerkens (2014) linked the sociological explanation of the difference to the structure that changes and the elements that cause the change. Change causes society to move from one situation to another. It is crucial to identify the elements that must change and comprehend the final situation: transformation. All aspects of the social system that form the given structure must be considered for transformation to be effective.

Kollmorgen (2010) indicated that social transformation is caused by the following:

- The attempt of a radical, systematically controlled, and staged social change that includes all levels and spheres of society: The central goal is accelerated modernisation, allowing for catching-up with leading nations in the global community.
- The capabilities of control and steering of specific new elites: There is a struggle against the old regime; elites depend on secular social movements and rest upon bureaucratic institutions to control the system change.
- New elite's clear orientation in models of successful and hegemonic modern societies in the world system wherein imported and borrowed institutions of different national systems are mixed and re-combined with elements of the old order.
- The idea of institutions is first where basic institutions are implemented by the elites and are to be subsequently interiorised by the masses.
- The unit of the nation-state that integrates societal transformation in regional and global hegemonic projects of change.

Mezirow (1997) indicated that transformation explains how individuals may be empowered to learn how to free themselves from ideas that hinder their judgement and action. According to Calleja (2014), transformation leads a learning person from a moment of disorientation to a transformative self-reflection, resulting in perspective transformation. Calleja (2014) further described the perspective transformation as becoming critically aware of how and why presuppositions have come to constrain the way people perceive, understand, and feel about the world. Formulating these assumptions allows for a more inclusive, discriminating, porous, and integrative perspective of making decisions or acting upon new understandings.

Calleja (2014) identified 10 phases in the process of transformative learning, and these are listed below:

- **Phase 1: A disorientated dilemma**: A person's current meaning structure does not match the previous experience, causing a disorienting dilemma.
- **Phase 2: A self-examination with feelings of guilt or shame**: After a disorienting dilemma, learners do a self-test of their beliefs and understandings

and think about how past experiences connect to the recent dilemma. Individuals who learn, acquire a perspective transformation when they realise that their perspective may not be the only perspective.

- **Phase 3: A critical assessment of epistemic, sociocultural, or psychic assumptions**: Past assumptions need to be assessed and reviewed critically, and their validity needs to be checked. This helps individuals to accept that some of their assumptions were wrong and to keep an open mind to new information.
- **Phase 4: Recognition that one's discontent and the process of transformation are shared**: An employee can recognise that one's discontent in the transformation process can be shared since others have experienced similar situations.
- **Phase 5: Exploration of options for new roles, relationships, and actions**: In a transformative learning process, individuals can seek new roles compatible with new skills. They also create deeper relationships with colleagues as they look to them for assistance to complete tasks in their new positions.
- **Phase 6: Planning a course of action**: While following a transformative learning path, individuals should also build confidence in their beliefs and understanding. This enables individuals to make their own decisions.
- **Phase 7: Acquisition of knowledge and skills for implementing one's plans**: After understanding how past beliefs may have been wrong or misguided, employees undergo a perspective transformation and plan a course of action. This plan demands the learning types required to understand the entire situation.
- **Phase 8: Provision for trying new roles**: In transformational learning, real learning happens as individuals advance their plans. Significant work and effort are required in learning and considering new perspectives.
- **Phase 9: Building competence and self-confidence in new roles and relationships**: The key to success in transformational learning is an exploration and understanding of all things. It is beyond regular learning and involves actively working on gaining new experiences.

- **Phase 10: Reintegration into one's life based on conditions dictated by one's perspectives**: This allows the successful integration of individuals into a life based on their new perspectives, which enable them to develop an implementation plan. They gain the knowledge and skills needed for this plan.

According to Mezirow (1997), adult learning is intricate and education means more than acquiring knowledge. However, adult learning also transforms action and changes the community in which the learning takes place. Daszko and Sheinberg (2017) added that transformation occurs when people view the world through a new lens of knowledge and can create an infrastructure that leads to the future. The authors further opined that the transformation theory calls for significant changes in structure that must yield new results. Breisinger and Diao (2008) said transformation is the modernisation of a country's economy, society, and institutions. It fundamentally affects human life and requires the necessary adjustments in society and institutions. Shifts in the production structure lead to changes in incentive structures, educational requirements, and relative positions of different groups in society. Transformation entails differences in the way of doing things; new ways are introduced and policy adjustment is inevitable. Breisinger and Diao (2008) also pointed out that sources of transformation are interlinked and have grouped them into four aspects:

- **Technology-led productivity growth**: Productivity growth characterises transformation and the move from a traditional economy to a modern one. Advancing innovation and technology is, therefore, a permissive source that is a necessary condition for development. Entrepreneurship and human capital are essential parts of the process (Breisinger and Diao, 2008). This demonstrates that although transformation is a critical societal process, it must be coupled with productivity.
- **Rapid capital accumulation**: Deepening of capital in the economy is an integral part of the transformation, and capital investment in the industry is an essential means for rapid growth and transformation (Breisinger and Diao, 2008). Change is a fundamental source of transformation because there is nothing to redistribute in the absence of development.

- **The role of linkages**: Productivity growth and capital accumulation are critical elements of transformation that enhance economic inter-linkages during the transformation process (Breisinger and Diao, 2008).
- **The role of the market, institutions, and governments in transformation**: Institutional change and market development are necessary parts of transformation. Transformation does not require extensive institutional reform; institutional reform should be an endogenous part of the transformation process (Breisinger and Diao, 2008). Transformation cannot be an isolated process and its success cannot be defined without growth. Apart from the sources identified above, two key features are essential for transformation: crisis and unpredictability (Krause, 2014). The features of crisis are usually apparent in the fragility of the economic and financial systems and the devastating impacts of the uncontrollable dynamics that disconnect with needs. These features increase inequality and worsen situations, resulting in social tensions. To this, Krause (2014) added the characteristics of unpredictability; before transformation, it is impossible to understand when and how the transformation will happen or which shape the new system will take. The disintegration of an old system implies loss of control, agony, inner and outward conflict, disorientation, and depression. Fisher (2016) added that transformation is not an easy, comfortable process; it is a process that most people would prefer not to undertake if they had their way.

The process of transformation gives structure to what needs to be done. Transformation advocates change and specify the type of change that must occur and the desired outcomes. As such, the theory of transformation is commended for its applicability in giving people new perspectives.

2.4.2 Advantages of the transformation theory

The transformation theory has evolved and been applied by many scholars because it provides a solid theoretical basis for understanding complex learning phenomena (Hoggan, Malkki and Finnegan, 2016). The theory offers opportunities for critical thinking by providing content that introduces new gist and allows people to question their assumptions and beliefs critically (Christie et al*.,* 2015). The theory also provides

opportunities to relate to others undergoing the same process. Furthermore, it allows people to develop new perspectives and act on them (Christie et al., 2015). Transformation may be considered necessary for elevating individuals; however, it will always face criticism from those who benefit from the situation that needs to change.

2.4.3 Disadvantages of the transformation theory

According to Christie et al. (2015:13), the major flaw of the transformation theory is its failure to account for context. The theory needs a contextualised view of rationality that maintains the essential link between meaning and experience. Furthermore, the theory does not recognise the socially constructed nature of development. Christie et al. (2015) criticised the theory for emphasising rationality at the expense of other ways of acquiring knowledge, such as employing somatic, intuitive, and spiritual methods.

It is one thing to rally support for the overall vision but another to actualise it with clear operational strategies (Thompson, 2017). One of the main weaknesses of the transformational theory is that it is too conceptual and misses the task focus that some employees need to guide them as they perform their duties. Thompson (2017) added that change becomes disruptive if it happens too frequently and detrimental if the leader takes excessive or unnecessary risks. Companies often hire transformational leaders to bring about change within the organisation. However, it poses problems if the transformational leader fixates on the change as the end game instead of as something positive for the organisation.

2.4.4 Relevance of the transformation theory to the current research

Many theories and models describe the transformation process from different contexts, and these serve different purposes. According to Pickel (2002), a transformation theory needs to identify major agents of change. The transformation theory, in the political sense, is in place to mobilise and empower certain groups and individuals. In social science, it calls for an explanation rather than an endorsement. The need for the transformation theory is derived from the practical concerns of these various actors.

Social institutions and structures such as economic and legal orders are the surfaces of a system. The inner structure consists of cultural features such as norms and values, world views, and cultural narratives. Therefore, the transformation theory makes an excellent contribution because it supports critical thinking on how people adapt their view of the world and align it with their desired outcomes such as inclusivity, social justice, and equity. The theory shows that transformation occurs when there is learning of new things, with a person adopting new ways for what they already know (Kitchenham, 2008). Furthermore, the transformation theory can support leaders in designing the process of transformation in terms of structures and ensure that they do not completely and hastily eliminate old ways since this may have unintended consequences that can destroy the process.

In South Africa, transformation relates to social and economic change, overcoming apartheid, and redressing inequality. Despite the vast inequalities in the distribution of wealth, income, and other economic resources, those who were marginalised due to race, gender, sexuality, ethnicity, and political affiliation are now free to pursue their interests (Ginsburg, 1996). The value of the transformation theory in this study does not simply lie in demonstrating how South Africa can improve its prospects for economic growth. The theory also provides a theoretical framework for understanding how transformation emerged as an institutional response to changes in the South African political economy after the apartheid era and how it subsequently evolved with changes in the elite structures of a post-apartheid society. After its National Policy Conference in 2017, the ANC conceded that although there have been achievements, more work is required amid the economic transformation policies to improve the lives of millions of people living in poverty and despair (ANC, 2017). This points to the view mentioned above that transformation is a process of change.

Transformation is a guided process; therefore, the policy is important to facilitate transformation and the outcomes thereof. Furthermore, the government has to ensure that transformation is sustained.

2.5 OSTROM'S INSTITUTIONAL ANALYSIS AND DEVELOPMENT FRAMEWORK

Ostrom's IAD framework was developed in the 1980s by Elinor Ostrom (Hess and Ostrom, 2005). In its early years, the IAD framework was applied in research to establish how diverse political science paradigms affected people's views on public administration and metropolitan organisations. This became the foundation for many empirical studies (Polski and Ostrom, 1999).

Polski and Ostrom (1999) added that the IAD framework is a systematic method for organising policy analysis activities compatible with various and more specialised analytical techniques applied in the physical and social sciences. They clarified that IAD is not a replacement for other techniques but assimilates work done by various people, including those directly involved in policy situations and interested in policy outcomes (Polski and Ostrom, 1999). When applied, IAD streamlines the work of analysts into manageable activities, in essence, preventing downfalls that cause policy failures.

According to Hess and Ostrom (2005), this framework has been used by communities to manage common-pool resources and their governance without government involvement (Hess and Ostrom, 2005). The framework challenges the notion that government must oversee shared resources for the resources to be sustainable and shared usefully. Furthermore, the framework has been applied in various studies on how people organise themselves across organisational and state boundaries to manage shared resources such as forests and fisheries. These fisheries extend beyond borders (Hess and Ostrom, 2005).

Polski and Ostrom (1999) indicated that IAD has been applied in the following policy analyses:

- Economic developmental issues, including infrastructure, privatisation, fiscal policy, credit allocation, health and human services, and resource management.
- Common-pool resource management, including forests, fisheries, irrigation, water resources, and grazing.
- Local and metropolitan public services and governance.

- State, regional or provincial public services and governance.
- Federal public services and governance.
- Constitutional design.
- International relations.

Research by McGinnis (2017) indicated that the IAD framework was used to evaluate the use of commons (community management, or governance of resources) because the IAD framework is applicable to various policy settings. In this study, the IAD framework helped in analysing the full range of factors and dynamic processes that are necessarily involved in the operation and sustainable management of a resource's commons. Furthermore, commons do not exist in isolation, therefore resources, rules and people are interconnected, and thus rules and communities mutually influence each other. This means that there are no institutions that are not based on something. Therefore, policymakers introduce interventions into existing ecosystems of institutional arrangements. Joustra (2021) analysed the influence of institutional rules from the IAD framework on collective action. The study revealed that different rules contribute to collective action; however, it does not guarantee that a collective action will be taken. Furthermore, a single rule state does not determine collective action but a combination of multiple rule states that determine collective action.

2.5.1 Institutional analysis and development process

Ostrom's IAD framework postulated that all institutions are built upon and nested within other institutions (Lindsay, 2015). Institutions are the prescripts that humans use to organise all forms of repetitive and structured interactions within families, neighbourhoods, markets, firms, sports leagues, churches, private associations, and government, at all scales (Hess and Ostrom, 2005). The IAD framework has two critical parts: the exogenous variables and the action arena. The action arena forms the model's core and comprises the action situation in which the activity in question takes place and the various participants involved in the process. The exogenous variables in an institutional process that give rise to a particular action arena continue to influence processes within that action arena. Hess and Ostrom (2005) identified three key groupings: the social-political environment in which the institution is

operating, the various communities and organisations that are involved, and the broader cultural 'soup' in which all these elements float around and interact.

According to the IAD framework, institutions are governed by rules that individuals establish. According to Imperial and Yandle (2005), institutions are structured by rules, norms and strategies in addition to the physical world, and regulations differentiate institutional analysis from other forms of organisational analysis. The IAD framework is presented in Figure 2.2.

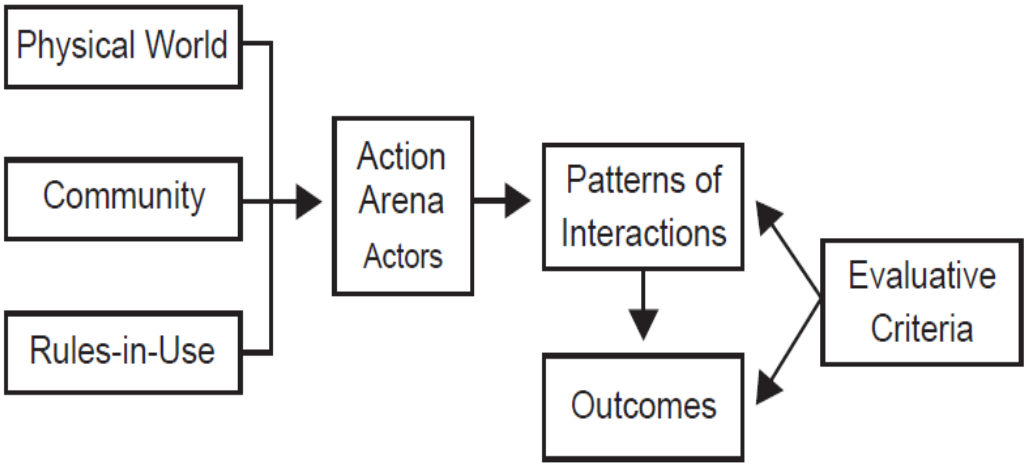

Figure 2.2 Institutional analysis and development framework
Source: Polski and Ostrom (1999)

Polski and Ostrom (1999) indicated that when analysing a policy, it is important to identify three areas: the physical world, the community, and rules-in-use. These areas influence the behaviour of individuals and groups, which compels analysts to think carefully about a wide range of issues that are essential aspects of a particular policy problem. Polski and Ostrom (1999) explained further:

- The physical world consists of human and material resources and capabilities essential to producing goods and services. These influence policy action and constrain institutional arrangements in important ways.
- The community consists of community attributes that affect a policy action. These are demographic features of the community and generally accepted norms about policy activities, including values, beliefs, and preferences about policy-orientated strategies and outcomes.

- Rules-in-use implies that policy analysts must consider the rules needed to explain policy-related actions, interactions, and outcomes.

2.5.2 Advantages of institutional analysis and development

The IAD have influenced several studies, including developing models of social−choice situations and subjecting them to empirical tests in experimental laboratories (Polski and Ostrom, 1999). Applying IAD during policy analysis provides a higher chance of incorporating a wide range of participants in policy analysis and design, thus bringing an understanding of social situations. Scholars have applied IAD to study various social dilemmas (Bernstein et al., 2019).

2.5.3 Disadvantages of institutional analysis and development

According to Imperial and Yandle (2005), the institutional analysis focuses on problems that individuals or organisations face and how rules solve issues. In addition, the analysis focuses on who makes the decisions, how they are made, the rules used to allocate and distribute the resources, and the rules that govern behaviour and enforcement. Although IAD acknowledges the role of power and participation within institutions, it has been criticised for not paying attention to power, conceptualising power, and management as influence and control (DeCaro, 2011).

2.5.4 Relevance of institutional analysis and development to the current research

The IAD applies to the transformation and empowerment arena because it explores how various elements influence the lives of those who set the rules and the lives of others. The transformation and empowerment process entails amending or repealing unjust laws; new laws are developed and institutions foster their implementation and people's compliance. Lindsay (2015) indicated that exogenous variables in the South African context consist of social, political, and economic rules that influenced conditions during the apartheid era (1948–1994). Laws were meant to serve the interests of their creators, the apartheid government. The action arena depicts post-apartheid practices from the formation of the South African Constitution to the establishment of a policy that addresses empowerment and transformation, the B−BBEE Act 53 of 2003.

The IAD framework helps policymakers who intend to work on issues related to how different governance systems enable individuals to solve problems democratically. (Ostrom, 2005). Furthermore, the literature points out that successful democracy and civil rights act in unison (North, Wallis and Weingast, 2009).

2.6 NORTH, WALLIS AND WEINGAST THEORY ON VIOLENCE AND SOCIAL ORDERS

The North, Wallis and Weingast theory on violence and social order was conceptualised by the Nobel laureate and economist Douglass North who is well known for his work on the role of institutions as agents of economic change (Bates, 2010). According to Snyder (2010), North, Wallis and Weingast developed the theory on violence and social order intending to explain democracy, economic development, and domestic social peace. Faundez (2016) added that the theory had an impact on various disciplines, including economics, politics, history, and sociology, due to its interdisciplinary perspective.

2.6.1 The process of maintaining social order

According to the theory of violence and social order, three levels demonstrate the capacity of governments to support the development of successful organisations. The first level is the fragile state, wherein the state cannot guarantee peace. The second level is the basic natural state in which organisations are formed within the state, and the third level is the mature natural state that supports the development of commercial and civic organisations outside the country (Snyder, 2010).

“All societies are subject to random and unexpected change, so they must deal with the possibility of violence, and they do so in different ways” (North et al., 2009). This may require a renegotiation of the distribution of privileges and rents within the dominant coalition and changes in the coalition’s membership as new powerful interests arise and old interests are weakened. This unfolding of events is known as the open-access order and the limited-access order (North et al., 2006). Snyder (2010) explained that open-access order is based on impersonal rules that provide universal access to the benefits of political and economic organisations. In contrast, limited-access order is regarded as the natural state of a society undergoing a transition towards an open-access system. Kurawa (2012) indicated that limited-

access order generates reliable and cumulative knowledge with the order in its subject matter. Only orderly, regular patterns can be discerned in social phenomena. Therefore, sociologists are expected to find order and regularity in stable societies and smoothly functioning organisations and in bitter social conflict, bloody uprisings, and periods of rapid, unplanned, and superficially chaotic transformation. Social order involves unravelling complex forces of dependence and interdependence, cooperation and conflict, strength and weakness, alliance and divisions and others within people, groups, or nations.

Central to understanding these complex forces is the ability to appraise and comprehend the division of labour in societies. Open-access order societies often limit violence through institutions that uphold rules that discourage violence and call for the prosecution of those who flout regulations (North et al., 2009). Open-access order is considered sustainable when a society can produce three outcomes: entry into economic, political, religious, and educational activities is available to all citizens without restriction; there is support for the organisations in each of these activities; and the rule of law is enforced impartially for all citizens. Entry into economic activities is open to all citizens and potential entrepreneurs, and there is support for organisations such as partnerships, corporations, and contract law.

In limited-access order, society members of the dominant coalition include economic, political, religious, and educational leaders (elites) who are privileged to create rents. The rents hold agreements between organisations and shape players' interests in the coalition (North et al*.,* 2007). Kling (2015) indicated that no one can form an organisation that challenges powerful interests. Limited-access order presents special offers based on personal ties of kinship, patronage, social networks, and cultural identities. The creation of privilege for one person or group means denying access and opportunities to another individual or group (North et al., 2007). Leaders and collation members are never entirely sure of the implications of their actions and periodically make serious mistakes. Externally unpredictable changes such as relative prices, climate disasters, and technological changes are part of the world (North et al., 2009).

2.6.2 Advantages of the North, Wallis and Weingast theory on violence and social orders

Faundez (2016) pointed out that this theory had a major impact on contemporary development thinking, leading development agencies in the early 1990s to shift their attention from technical and economic issues to broader institutional concerns. The theory is the subject of a World Bank-sponsored research project spanning several countries (North et al., 2007), and the first collection of country case studies from this project affirmed the value of the theory as a vehicle for interpreting development patterns in a variety of contexts. Some countries have undergone significant changes and others have experienced violence. The cases exhibit remarkable change over time, at times growing and peace and, at times, experiencing decline and extreme violence. South Korea and the Philippines in East Asia experienced similar situations in the 1950s, although the Philippines were slightly less affected. At first, South Korea demonstrated limited-access order but shifted towards the open-access order. In contrast, the Philippines initially progressed but regressed towards a limited-access order in which personal connections and organisations played a larger role in a more unstable environment (North et al., 2007).

In South Asia, Maharashtra, West Bengal, and Bangladesh have had different developmental paths, although emanating from similar legal and institutional origins. Mexico and Chile have experienced different outcomes but share high inequality ratios, mineral export sectors, prolonged histories of the electoral process, and periods of authoritarian rule. African countries such as Zambia, Mozambique, and the Democratic Republic of the Congo were ruled by one party and had the same leader for many years after independence (North et al., 2007).

2.6.3 Disadvantages of the North, Wallis and Weingast theory on violence and social orders

Douglass North has been criticised for relegating the law below economic and political processes, although he acknowledged it is an originator of institutions. Faundez (2016) indicated that the theory of violence and social order fails to recognise institutions, especially legal institutions, as part of a complex network of institutions because the operation of a single institution rarely causes institutional and societal outcomes.

Although the theory may be intricate to a non-specialist reader, it does not explain the link between economic and political processes in contemporary societies.

2.6.4 Relevance of the North, Wallis and Weingast theory to the current research

The theory contributes to the interpretation of developmental patterns in a variety of contexts. Transformation and empowerment find a position in this theory because it provides a framework for understanding the importance of developing policies that respond to change. This theory plays a significant role in defining the components required to maintain social order. Furthermore, the theory proves a correlation between peace, stability, and development, implying that countries with social order are primarily developed. According to North et al. (2006), the connection between economics and politics is a fundamental part of the development process. For countries in the process of transformation and empowerment, it is critical to allow open-access orders. This fosters competition between economic and political organisations and avoids rent creation. Furthermore, political dominance that remains unchallenged cannot support transformation and empowerment. Additionally, North et al. (2006) pointed out that all economically developed countries are politically developed. Development requires the transition from limited to open access. The North, Wallis and Weingast framework acknowledges that political and economic systems are closely related and are both parts of the same social order (North et al., 2006).

The theory contributes to the interpretation of developmental patterns in a variety of contexts. The South African context provides a framework for understanding the importance of developing policies that respond to change. South Africa is one of the few African countries that embraced the transition from apartheid to democracy in a peaceful manner.

2.7 CAPABILITY APPROACH: THEORETICAL BASIS OF THE STUDY

The capability approach was developed by Amartya Sen in 1979 and was further expanded by Martha Nussbaum (Calitz, 2015a). It emerged as a leading alternative to standard economic frameworks regarding poverty, inequality, and human development (Alkire, 2002). Sen (1999) indicated that functions and capabilities are at

the core of the capability approach. Capability is “a person’s ability to do valuable acts or to reach valuable states of being” and “represents the alternative combinations of things a person can do or be” (Sen, 1993). Alkire (2002) and Naz (2016) added that the capability approach is a moral framework that proposes that social arrangements should be evaluated according to the extent of the freedom that people have to promote or achieve the functionings they value. Ntibagirirwa (2012) added that the capability approach focuses on achieving social justice above a threshold, recognising people’s agency and diversity. Agency is a person’s capacity to act. Sen (1990) is criticised for regarding all people as agents rather than patients of development. However, Clark (2005) indicated that some scholars say that the capability approach framework concerns human capability and freedom and reiterates the relationship between commodity, capability, function, and utility.

Nussbaum (2000) expanded the capability approach to include human functioning and a procedure of objective evaluation through which functionings can be assessed for their contribution to human life (Nussbaum and Glover, 1995). Kleist (2010) described the capability approach as the intuition of a dignified life whereby people can pursue their conception of the good in cooperation with others (Walker and Unterhalter, 2007). Nussbaum (2011) disputes Sen’s distinction between agency and well-being, arguing that one should be able to reflect on one’s life and make choices. This is confirmed by Keleher (2014) confirmed that people should have the freedom to choose. People should be recognised as sources of the agency entitled to rights and with plans and lives to live. Walker and Unterhalter (2007) noted that the capability approach examines whether some people acquire more opportunities than others to convert their resources into capabilities. However, Kleist (2010) pointed out that although people may have similar capabilities, they may participate in radically different functions. Clark (2005) added that quality of life depends on what people can achieve. However, people are different, and societies differ in their capacity to convert income and commodities into valuable achievements.

The capability approach encompasses the views of two writers, Amartya Sen (1999) and Martha Nussbaum (2000). Therefore, explaining each view and identifying the similarities and contrasts is important.

2.7.1 Sen's capability approach

Sen's capability approach defined capabilities as opportunities and the freedom to achieve that which an individual reflectively considers valuable: "capability is, thus, a set of vectors of functionings (beings and doings) reflecting a person's freedom to lead one type of life or another … to choose from possible livings" (Sen, 1992). Sen's capability approach distinguishes between the means and the ends of well-being and development. Only the ends are of fundamental value; the means are simply considered a vehicle to reach the goal of increased well-being and development. The well-being and development of people depend on their capabilities to function, that is, their effective opportunities to undertake the actions and activities in which they want to engage (Robeyns, 2005). The capability approach not only focuses on individuals but also considers the role of institutions (Lozano et al., 2012). Sen (1999b) remarked that "we individuals live and operate in a world of institutions, of which we are not always aware, many of which transcend national boundaries today". The capability approach helps to evaluate various aspects of well-being, ensuring that people change their lives into lives they value. The capability approach addresses various concerns regarding contemporary approaches to evaluating well-being (Wells, 2013), as indicated in Figure 2.3.

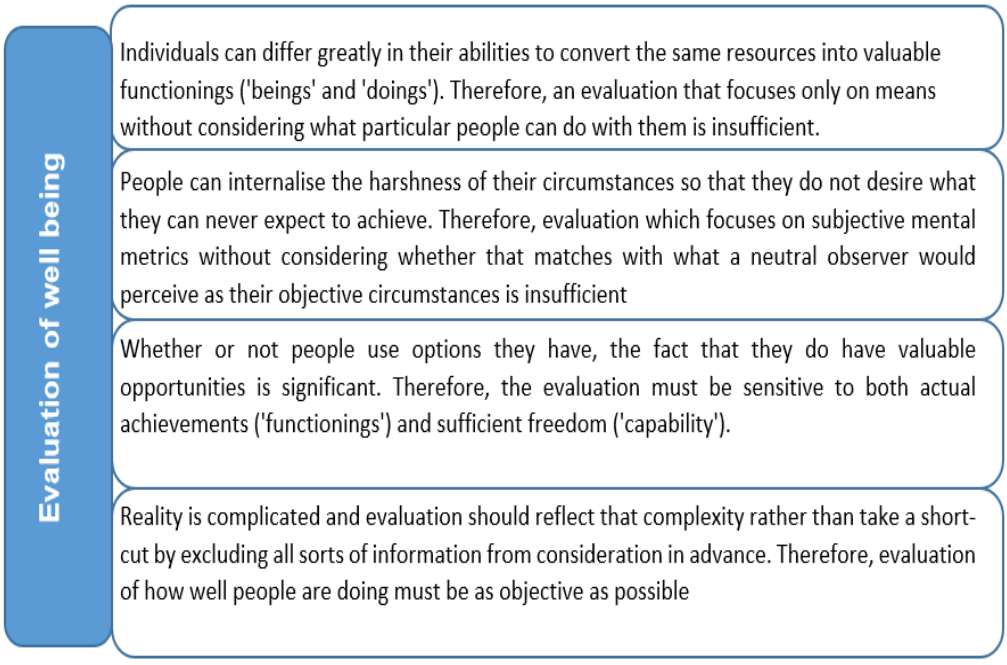

Figure 2.3 Evaluation of well-being

Source: Wells (2013)

Goerne (2010) indicated that the capability approach consists of five conceptual building blocks. These are commodities, functionings, capability sets, conversion factors and choice, as indicated in Table 2.1.

Table 2.1 Building blocks of the capability approach

Commodities	Resources that individuals can dispose of, such as money or other material goods. However, non-material items such as skills are also considered as commodities.
Functionings	What people really "do and are" are considered as a concept superior to commodities. Individuals are different because of their unique personal, environmental and social backgrounds.
Capability set	Contains a set of individual's capabilities, what people can do and be. These are the materialised options of life chances of an individual.
Conversion factors	Social structures that enable individuals to turn commodities into functionings.
Choice	Internal limitations and the individual's agency that can determine which commodities and how they can be turned into functionings.

Source: Goerne (2010)

Goerne (2010) asserted that these building blocks have been applied in various and diverse ways to analyse the level of individuals' outcomes concerning social and public policies. Concepts that underpin the capability approach apply to transformation and empowerment because they depict the link between well-being and agency. Thus, empowerment means that people have the freedom to gain the skills and opportunities that enable them to realise functionings.

2.7.2 Advantages of Sen's capability approach

Sen's capability approach can be applied in many fields (Saigaran, Karupiah and Gopal, 2015), although it is mainly applied in the development discourse, welfare economics, social policy, and political philosophy (Robeyns, 2005). This capability approach defines capabilities as opportunities and the freedom to achieve what an individual considers valuable. It can be used to evaluate a wide range of aspects regarding people's well-being, such as individual well-being, inequality, and poverty. This allows an open diagnostic approach to determine what is going well or poorly in people's lives that can be used to reveal unexpected shortfalls or successes in different dimensions without aggregating them into one number (Wells, 2013).

Bangeni and Kapp (2017) maintained that Sen developed the capability approach to think about and evaluate human well-being and matters of social justice.

This study applied the capability approach since it is considered as the most important theory that can be implemented in different contexts such as the conceptualisation and measurement of development; theories of justice; rights; issues about poverty, gender, social exclusion and disability; and empirical work. Academics and practitioners have used the capability approach in various fields, including equalities and human rights, employment activation, education, organisational talent management, and mental health (Panzironi and Gelber, 2012).

Robeyns (2005) regarded the capability approach as an alternative to mainstream cost−benefit analysis and a framework to develop and evaluate policies ranging from welfare state design in affluent societies to developing policies by government and non-governmental organisations (NGOs) in developing countries.

2.7.3 Disadvantages of the capability approach

As with many other theories, the capability approach is debated. According to Wells (2013). Sen's list of capabilities is not comprehensive, resulting in the capability approach being under-theorised. However, Clark (2007) was concerned with what the theory identifies as basic capabilities, stating that Sen was selective about those capabilities. Furthermore, the limitations are that it is focused on evaluating development and does not express a theory of good living. Additionally, Sen's capability approach fails to distinguish between commodities and goods and services in the discussion of well-being; these words are used interchangeably.

Wells (2013) listed the criticisms against Sen's capability approach as follows:

- **Illiberalism:** Liberal scholars criticise Sen's capability approach for its focus on the ability to achieve the type of lives that people have reason to value, stating that it seems to impose an external valuation of the good life and whatever people may value.
- **Under-theorisation:** Critics are concerned that the content structure of Sen's capability approach is under-theorised, which makes it unsuitable as a theory of justice. In addition, Sen does not indicate which capabilities are necessary

or how they must be distributed. Therefore, without an objectively justified list of valuable capabilities, it is difficult to identify the goal that a just society should be aiming towards, to assess how well a community is doing, and to criticise shortfalls.

- **Individualism:** Sen's capability approach has also been criticised as individualistic and lacking interest in communal values and ways of life because it is largely focused on individuals.
- **Information gap:** The capability approach is believed to assess people's ways of living from various angles. However, it is difficult to obtain information about certain aspects, such as people's choices.

2.7.4 Nussbaum's capability approach

Although Martha Nussbaum is popular for expanding Sen's capability approach, it is worth noting that her work has been influenced by the need to provide philosophical underpinnings for the basic constitutional principles that are to be respected and implemented by governments of all nations as a minimum towards human dignity. However, Nussbaum accepted that the best way to approach the idea of a basic social minimum is provided by an approach that focuses on human capabilities, in essence, what people can do and be, and thus, a life worthy of human dignity (Nussbaum, 2000). Deneulin (2006) believed that Nussbaum's capability approach emerged as an attempt to hold on to a universalist approach to development. Stewart (2013c) reasoned that although Nussbaum argued Sen's perspectives on the capability approach, there are central agreements between the two, particularly regarding the notion that people need to be and do a variety of things, that human agency and dignity are essential to capabilities, and that there is a list of capabilities that cannot be compromised.

Nussbaum (2000) accepted Sen's (1999) distinction between capabilities and functionings but not his distinction between agency and well-being. However, she does not claim that Sen's distinction is unimportant to the capability approach, although she believes that capabilities influence one's ability to reflect on one's life and to make choices about how one lives. Crocker (1992) and Crocker (2009) indicated that Nussbaum's perception of functionings is that valuable functionings and valuable

capabilities to function are interconnected and distinguishable as sources of value. Functionings must also allow people to choose freely because human beings function at certain minimal levels and should be able to advance beyond or retreat from that level. Crocker (1992) and Crocker (2009) observed that Nussbaum's view of functionings is that an actual functioning would be based on or include general powers that can be acquired, developed, maintained, exercised, impeded, diminished, lost, and restored. This means that although internal power is important for functioning, it is adequate because one also needs access to certain external and social conditions. Deneulin (2006) and Ponce et al. (2018) pointed out that, according to Nussbaum, people should not be made to believe in certain functionings as constituencies of their good living. Functionings and capabilities cannot be fixed because what people consider valuable and relevant could result from their surrounding environment and the disparities thereof.

Nussbaum (2000) modified Sen's capability approach and developed a list of capabilities. However, Sen (2005) argued that a complete list of capabilities could not be drawn because a list is subject to review. Table 2.2 presents the list of Nussbaum's (2000) central capabilities.

Table 2.2 Nussbaum's list of capabilities

1.	Life	The ability to reach one's life expectancy and to live a life that is worthwhile
2.	Bodily health	The ability to have a good life that includes reproductive health, nourishment and shelter
3.	Bodily integrity	The ability to change location freely and to have sovereignty over one's body, which includes protection from assault (e.g. sexual assault, child sexual abuse, domestic violence) and the opportunity for sexual satisfaction.
4.	Senses, imagination and thought	The ability to use one's feelings to imagine, think, and reason in a "truly human way" as informed by an adequate education; the ability to produce self-expressive works and engage in religious rituals without fear of political ramifications; the ability to have pleasurable experiences and to avoid unnecessary pain; and finally, the ability to seek the meaning of life
5.	Emotions	The ability to form attachments outside oneself, which includes being able to love others, to grieve at the loss of loved ones, and to be angry when it is justified
6.	Practical reason	The ability to conceive the good and to reflect upon it critically

7.	Affiliation	Firstly, the ability to live with and to show concern for others (to empathise and to show compassion) and the ability to demonstrate justice and friendship, institutions help develop and protect forms of affiliation; and secondly, the ability to possess self-respect and not to be humiliated by others (i.e. to be treated with dignity and as an equal). At the very least, this entails protection against discrimination based on race, sex, sexuality, religion, caste, ethnicity, and nationality. In work, this means entering relationships of mutual recognition.
8.	Other species	The ability to have concern for other animals, plants, and the environment at large.
9.	Play	The ability to laugh, play, and enjoy recreational activities.
10.	Control over one's environment	The ability to participate effectively in a political life that includes having the right to free speech and association; the ability to own property, not only formality but also materially (i.e. as a real opportunity); the ability to seek employment on an equal basis with others; and freedom from unwarranted search and seizure

Source: Nussbaum (2000)

According to Deneulin (2006), each capability mentioned in the Nussbaum list of capabilities is essential to human life, meaning that a life without any of these capabilities will not realise a good human life. Universally, human life consists of certain fundamental characteristics, with the list of capabilities establishing a normative practical agenda. Policies should be structured to provide enabling conditions for people to live flourishing human lives, and the list of capabilities serves as an assessment of the success of these policies in meeting their targets. The list sets limits within which human freedoms are to be exercised and provides a guide as to the institutions necessary for people to live worthwhile human lives. It also stresses the importance of laws that protect freedom.

2.8 CAPABILITY APPROACH AND DEVELOPMENT

Igbal and You (2001) and Crocket (2009) maintained that democracies generally have many embedded institutional advantages that support economic development; however, these advantages may be neither apparent nor real for developing countries. Hence, there is a direct relationship between good governance and economic development. Andrews et al. (2015) argued that building the state's capability to implement economic development involves broad sets of agents that design and implement locally relevant solutions to locally identified and prioritised problems. This entails building and sustaining broad coalitions of stakeholders at both the political and implementation levels. Andrews et al. (2015) further indicated that many developing

countries cannot implement policies and programmes and that human development is hindered. Moreover, Tourougui (2017) pointed out that a key challenge for developing countries is building the state's capability to implement aspects such as health care, justice, regulations, taxation, and land administration on a large scale.

Development creates an enabling environment for people to enjoy long, healthy, and creative lives. Panzironi and Gelber (2012) added that the basic purpose of development is to enhance people's choices, enabling people to gain greater access to income, knowledge, better nutrition and health services, secure livelihoods, protection against crime and physical violence, fulfilling leisure hours, political and cultural freedoms, and a sense of participation in community activities. Panzironi and Gelber (2012) asserted that a capability lens can critically examine poverty alleviation strategies that inform development. Robeyns (2005) suggested that the well-being and development of people depend on their capabilities to function and consist of significant opportunities to undertake the actions and activities in which they wish to engage. Clark (2005) agreed that people's quality of life depends on what they can achieve. However, people are different and societies differ in their capacity to convert income and commodities into valuable achievements.

Ntibagirirwa (2012) and Naz (2016) believed that in the capability approach, people are agents rather than patients of development. Therefore, the capability approach evaluates what people do and what substantive alternatives people can achieve. Thus, people must be empowered to encompass the capabilities, assets, and activities used to earn a living. More importantly, empowerment should include the means of production available to communities to generate an income. Empowerment requires actions that build individual and collective assets and improve the efficiency and fairness of the organisational and institutional context that governs the use of these assets.

Makwiramiti (2011) and Vuba (2019) opined that economic empowerment is important in improving livelihoods and reducing poverty in previously disadvantaged people. Implementation of economic empowerment must equip people with the skills that enable them to explore economic opportunities and become economically active, especially regarding the poor. The correlation between empowerment and capabilities means that those empowered must have equitable access to justice, markets and

business services, assets, and freedom of choice. Empowerment is fundamental in making significant decisions towards people's development. Furthermore, empowered people can transform as they connect with other groups and gain information that enables them to work with others towards change.

When the ANC gained power in South Africa, the party adopted reformist policies to relieve the inhumane conditions in which many people live. Economic policy focused on deracialising the economy and empowering black people (Turok, Chang and Feraz, 2011; Ntsaluba, 2020). The public policies and the legislative environment implemented since 1994 aim at including human development and socio-economic justice (Hofmeyr, 2011). Igbal and You (2001) and Joustra (2021) added that development requires a change in mindset, specifically, acceptance of the change. However, Hofmeyr (2011) and Van Heerden (2017) indicated that state capacity and organisations are the primary constraints to South Africa becoming a full-fledged development state. The slow progress towards poverty reduction and expanding human capabilities may be due to inadequate state capacity.

2.9 CAPABILITIES AS FREEDOMS

Igbal and You (2001) and Portocarero (2021) indicated that development should be broadly understood as the process by which society can enjoy various freedoms, including civil and political rights, income security, and the right to transact in the market, which is enhanced. These authors identified three roles that democracy should play towards the broad development goal. First, democracy should enrich the lives of citizens by providing more political and civil freedoms. Second, democracy offers political incentives for rulers to respond positively to the needs and demands of the people. Third, democracy must constructively provide the opportunity for debate and discussion to help formulate a system of values and priorities. Igbal and You (2001) added that democracy requires the protection of liberties and freedoms, respect for legal entitlements, and the guarantee of free discussion and the uncensored distribution of news. This means that democracy must be exercised in voting, including open dialogue and broadly active civic engagement. In the case of South Africa, this is implemented through citizens being given the opportunity to comment on public policy and other dialogues. South Africa has many civil society organisations representing citizens in various conferences and policy issues. Furthermore, the

country holds national elections every five years, with voter participation being the only way to elect a ruling party (Newman and De Lannoy, 2014).

Makwiramiti (2011) and Vuba (2019) opined that freedom must come with empowerment, exposing people to the development pillars and enabling them to participate in economic activities to improve their standard of living. Economic empowerment can only reach maximum potential if the political, economic, social, or legal systems build on the full potential of all people and communities. Furthermore, Panzironi and Gelber (2012) identified three areas of participation that are targets for the inclusion of every individual in a society – economic, educational, and spatial participation.

Figure 2.4 illustrates the factors of capabilities and well-being according to the three areas of social participation: capabilities for expanded economic, educational, and spatial participation. Based on these capabilities, economic participation ensures that development intervention makes a substantial difference to economic viability by changing the economy's structure and transforming the structures that marginalise and disempower people. Educational participation requires significant investment, a capability focus that will deliver access to education, and the freedom to convert education into a key resource that will expand opportunities. Spatial participation encompasses expanding opportunities to align with spatial and social boundaries. Spatial participation benefits depend on spatial freedom (Panzironi and Gelber, 2012).

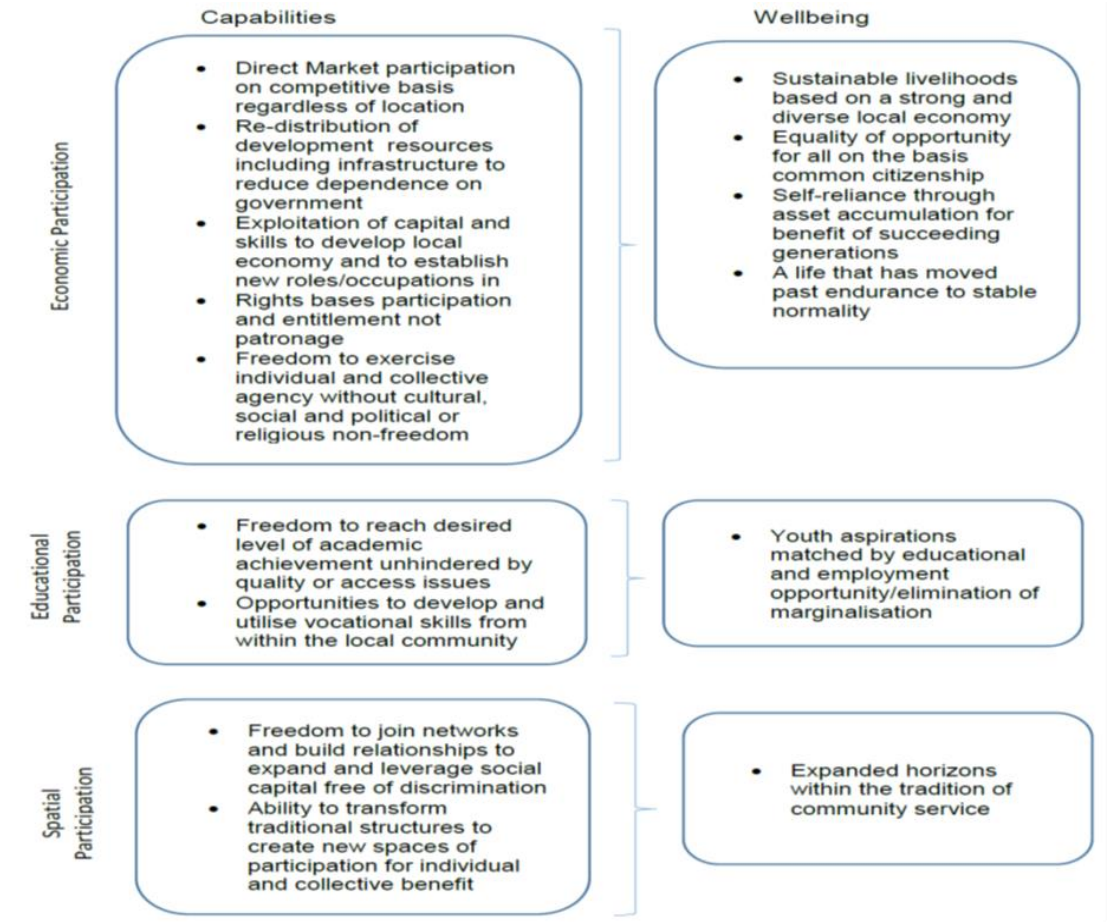

Figure 2.4 Capabilities and well-being

Source: Panzironi and Gelber (2012)

Chell and Karataş-Özkan (2014) pointed out that opportunity is a relative concept because opportunities vary among individuals and for individuals over time and because individuals have different desires and consider themselves to have different capabilities. Moreover, current and future expectations regarding the desires of individuals may differ. In other words, capabilities vary depending on skills, training, and competitive environment. Furthermore, possibilities become opportunities when they are perceived as both desirable and feasible, which implies that, in reality, there are no opportunities without possibilities (Lozano et al., 2012).

Capabilities need enabling social structures; hence, individual capabilities cannot be achieved independently. Notably, the capability approach not only focuses on individuals but also considers the role of institutions. Sen (1999a) indicated that “our opportunities and prospects largely depend on existing institutions and how they operate. Institutions do not only contribute to our freedoms but must be assessed

according to their contribution to our freedoms." From this dimension, it is apparent that institutions must provide individuals with freedom and opportunities in addition to a political system that facilitates the implementation of effective public policies. Panzironi and Gelber (2012) also acknowledged the importance of institutions such as NGOs and cooperative entities for people's freedoms and recognise the need to develop and support a plurality of institutions to incorporate private initiatives, public arrangements, and other structures. Capabilities focus on achieving social justice above a threshold, recognising people's agency and diversity.

The capability approach affirms that development is about the well-being of people and their capabilities, which implies that policy cannot be formulated by technocrats, only by the democratically organised public. Democracy is a net institution that promotes high-quality establishments, which promote growth (Acemoglu et al*.,* 2019). The capability approach goes beyond institutionalists and states that democracy is not just a means of promoting economically effective institutions. Furthermore, Sen's capability approach clarifies the need for discussions to understand economic needs and their content and force. Panzironi and Gelber (2012) added that a capability lens examines strategies for poverty alleviation that inform development.

2.10 WHY THE CAPABILITY APPROACH IS IMPORTANT IN THIS RESEARCH

Robeyns (2005) indicated that the capability approach is a broad normative framework for evaluating individual well-being and social arrangements and investigates how social policies and proposals for social change are designed. The capability approach is applicable in various fields and is often applied in development, welfare economics, social policy, and political philosophy. Furthermore, it is critical to recognise the fundamental role of the capability approach in designing policies. Robeyns (2005) added that the capability approach can be used as an alternative to mainstream cost-benefit analysis or as a framework to develop and evaluate policies ranging from a welfare-state design in affluent societies to policies by government and NGOs in developing countries.

An individual's opportunities and prospects largely depend on existing institutions and how they operate. Institutions contribute to one's freedom and must be assessed according to their contribution. From this dimension, it is apparent that institutions must

provide individuals with rights and opportunities and a political system that can carry out effective public policies. The capability approach allows a wide range of dimensions of advantage to be positively evaluated. It can evaluate many aspects of well-being, such as individual well-being, inequality, and poverty. This allows for an open diagnostic approach to determine what is going well or badly in people's lives that can be used to reveal unexpected shortfalls or successes in different dimensions without aggregating them into one number (Wells, 2013).

The capability approach can be applied to evaluate how public services and partners work together as positive social conversion factors to transform social injustice into social justice outcomes (Burger et al., 2015). The capability approach also represents the opportunity available to realise certain states or achieve certain ends (Burger et al*.,* 2015) and evaluates well-being and quality of life in terms of what people can do and be, while acknowledging that well-being is inherently multidimensional. The capability approach seeks social justice for individuals and social groups.

The ANC has admitted that many black entrepreneurs would be more successful if they had targeted financial support such as tax breaks and improved market access (ANC, 2017). This shows that although individuals can start businesses, other factors may negatively influence their course of action. The SMMEs are expected to play critical roles such as poverty alleviation and employment creation, but in a developing country such as South Africa, they face challenges and often do not have the means to overcome constraints.

The B−BBEE targets that economic empowerment and transformation are achieved through the participation of previously disadvantaged people. The policy objectives of B−BBEE are evaluated according to the Codes (Van Wyk, 2010). The B−BBEE scorecard currently measures inputs and outputs but does not extend to measuring the outcomes of B−BBEE initiatives on direct beneficiaries and the impact thereof on society (Broad-Based Black Economic Commission [hereafter B−BBEE Commission], 2018).

To realise the vision of the Constitution (1996), South Africa needs transformation that opens a path to inclusive economic growth and development. Growth without transformation will exacerbate inequalities, whereas transformation without economic

growth is detrimental and counter developmental. As such, the government must not focus solely on transferring ownership of assets or opportunities, but also on changing the economy's structure to the broad-based transformation that promotes growth, mobilises investment, creates jobs, and empowers citizens (South Africa, National Treasury, 2017a). Inclusive and sustained economic growth can improve the quality of life, empowering people and reducing inequalities (UNDP, 2014). Owing to the legacy of apartheid imbalances, it is critical to ensure that access to economic opportunity for black-owned SMMEs is enhanced. Because of challenges and barriers to economic access, this process does not happen seamlessly. South Africa must place equal importance on promoting inclusivity and creating a viable economy (Woolley, 2014). Although B−BBEE is set to decrease poverty and advance economic transformation, it is critical to ensure that this process does not hamper economic growth.

According to Clark (2005), the capability approach details that economic growth and expanding goods and services are necessary for human development. However, poverty is regarded as an impediment to the capacity to live a good life, whereas development is regarded as capability expansion. Walker and Unterhalter (2007) noted that the capability approach examines if some people receive more opportunities to convert their resources into capabilities than others. Kleist (2010) pointed out that although people may have similar capabilities, they may participate in radically different functionings.

2.10.1 Empirical research on the capability approach

Research by Gries and Naude (2010) applied the capability approach to evaluate entrepreneurship and human development, which used the capability approach to model entrepreneurship in development. The capability approach provided a basis to understand the role of entrepreneurship in human development, maintain that entrepreneurship is a resource and a process as providing the ability to work, to earn incomes, and to accumulate wealth. The capability approach further indicated that being entrepreneurial is considered a valuable human functioning; however, entrepreneurship as a choice depends on having agency. Where entrepreneurship is not by choice, it is no longer a valued functioning. The disposition maintained by the capability approach is that the value of entrepreneurship would be reflected in whether

people have the choice not to be an entrepreneur. Furthermore, even in instances where entrepreneurship is valued, there could be misalignment between the business idea and the existing opportunities as well as other hinderances in the business environment.

Van Heerden (2017) applied the capability approach as a foundation to research on craft self-help enterprises in South Africa. In the research, according to the capability approach, human development should consist of substantiative freedoms. The freedom should reflect the ability of a country to create an environment that provides people with the opportunity to flourish. The capability approach maintains that although agency is central to individual development, it is also dependent on having certain freedom. Personal, social and environmental circumstances impact on the ability to meet obligations and responsibilities. The research indicated that substantiative freedom improves people's capability, and thus stimulate development. Therefore, improved capabilities have bearing on enhanced productivity and earning power. The capability approach does not focus on what a person has, but rather on what a person can do. The research indicated that an acceptable measure of capabilities should encompass real available opportunities or being able to access such opportunities. The capability approach indicated that even through craft, prototypes were often produced after training, it does not guarantee that produced products will be commercialised if there are no appropriate markets for those products. The capability approach does not focus on the means, it puts emphasis to the end, and thus what people are able to value.

2.11 RELEVANCE OF THE CAPABILITY APPROACH TO THE CURRENT RESEARCH

Capabilities evaluate well-being and quality of life in terms of what people can do and be, while acknowledging that well-being is inherently multidimensional. The capability approach concerns individuals and social groups in securing social justice. Igbal and You (2001) indicated that the government, economic development, and political and cultural values are interconnected and often influence each other. The capability approach found a position in this study because its underlying concepts are relevant to empowerment and transformation since they are linked to well-being and agency. Empowerment is the basic capability that expands other capabilities.

The capability approach not only provides an alternative way to explore a broad range of ideologies at the interface of transformation and empowerment, but also analyses processes of transformation and empowerment, thus guiding policies. The capability approach also suggests the need to rethink the dynamics between government institutions and ordinary people from a freedom-based perspective. Panzironi and Gelber (2012) argued that a freedom-based view can change how governments plan and design policies. Sen (1999a) referred to this freedom as capability and the various beings, whereas Nussbaum (2000) indicated that the doings that people can achieve are functioning. Panzironi and Gelber (2012) indicated that individuals need the opportunity and power to perform various combinations of functions,.and added that the process aspect of freedom concerns the freedom involved in the process, for example, whether one is free to choose and if others have hindered or interfered with the process aspect of liberty (Panzironi and Gelber, 2012).

According to Panzironi and Gelber (2012) the capability approach addresses the full potential of issues in that it views living standards and incorporates both material and non-material elements to achieve valuable functionings. This implies that better living standards secure access to the achievement of the relevant functioning. The policy should provide conditions that enable all people to reach a capabilities threshold, at which point they can choose how to live and who they want to be. Furthermore, the United Nations (2014) indicated that inclusive and sustained economic growth can empower people and improve their quality of life and well-being, reducing inequalities.

2.12 THEORETICAL FRAMEWORK

The theoretical framework incorporates the theories and the B−BBEE. It links the theories and the key concepts in the study and presumes relationships among them (Latham, 2005). The main objective of B−BBEE is to achieve broad-based empowerment and transformation. It is perceived that this objective will be met through compliance with the B−BBEE (Dongwana, 2016). Figure 2.5 illustrates the theoretical framework.

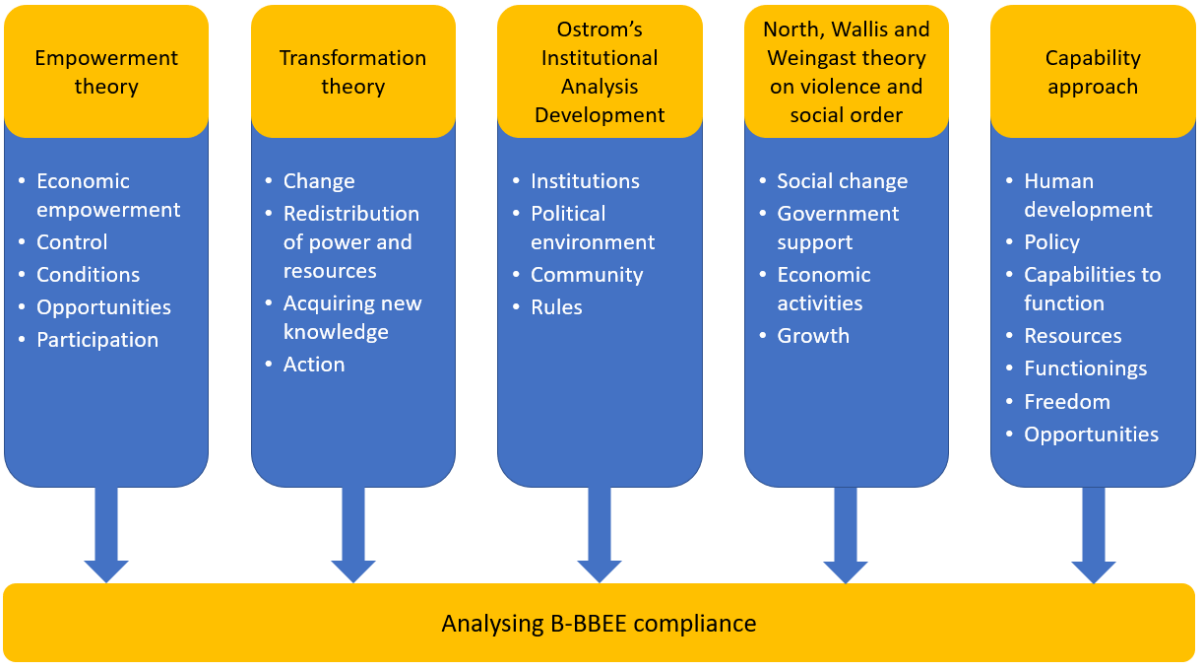

Figure 2.5 Theoretical framework

Source: Author's own (2022)

As concepts, *transformation* and *empowerment* relate to redressing previous political and socio-economic disparities administered by previous sovereignty in the lives of individuals, communities and institutions. In B−BBEE compliance, change must be visible between those being empowered and those empowering. The empowerment theory supports empowerment; however, it shows that for empowerment to happen, the condition must be favourable for both parties. Opportunities must be presented and those being empowered must have the capability to participate. Empowerment, specifically economic empowerment, is central to B−BBEE.

Although different authors developed these theories, a common aspect is that they all advocate for change and that it comes through people and institutions, further suggesting that change is for the people. Furthermore, the commonalities between the empowerment and transformation theories are that they concur with aspects relating to socio-economic development, transformation and economic development, historical legacies and institutional factors. However, Ostrom's IAD and the North, Wallis and Weingast theory on violence and social orders find a position in that they all describe the relationships between human activities, institutions and rules. The North, Wallis and Weingast theory on violence and social orders express that human activity requires individuals to cooperate because cooperation and coordination directly affect

productivity and the ability to support complex, sophisticated organisations, which is central to economic growth. Furthermore, it emphasises that economic and political development are interconnected (North et al., 2006). Ostrom's IAD focuses on how different governance systems enable individuals to solve problems democratically. An important feature of Ostrom's IAD is that it identifies an action situation and the results of the interactions and outcomes in addition to evaluating the outcomes (Ostrom, 2011).

The capability approach not only provides an alternative way to explore a broad range of issues at the interface between the expectations of ordinary South Africans and the government's policymaking authority (Panzironi and Gelber, 2012), but also to assess processes of transformation and empowerment. In South Africa, with its history of apartheid, there are still factors that inhibit individuals' freedom to participate in the economy. Therefore, the capability approach encourages rethinking dynamics between government institutions and ordinary South Africans from a freedom-based perspective. Such a perspective can change how governments plan and design policies. Panzironi and Gelber (2012) referred to freedom as *capability*, whereas the various beings and doings people can achieve are referred to as *functionings*. Furthermore, Panzironi and Gelber (2012) pointed out that individuals need the opportunity and power to achieve various combinations of functions.

Moreover, Panzironi and Gelber (2012) indicated that it is essential that policy is orientated towards providing the conditions within which all individuals can reach a capabilities threshold and become capable of choosing how to live and who to be. Inclusive and sustained economic growth can improve the quality of people's lives and well-being and empower marginalised people to reduce inequalities (United Nations, 2014). This indicates that the South African government needs to ensure that its inclusivity policies do not damage the economy (Woolley, 2014). According to Panzironi and Gelber (2012), the capability approach addresses the full potential of issues in that it views living standards and incorporates both material and non-material elements to achieve valuable functionings. This implies that better living standards secure access to the achievement of the relevant functioning.

2.13 CHAPTER SUMMARY

This chapter has studied various theories to provide a foundation for the study. These theories included the empowerment theory, transformation theory, Ostrom's IAD framework, the North, Wallis and Weingast theory on violence and social orders and the capability approach. The theories guide the understanding of the philosophy of empowerment and transformation. Although various theories were studied, the basis of the current study was the capability approach propagated by Amartya Sen. The capability approach can be used to evaluate a wide range of aspects regarding people's well-being, such as individual well-being, inequality, and poverty. The theory focuses on what individuals can do and defines capabilities as opportunities and the freedom to achieve what the individual reflectively considers valuable. Therefore, the capability approach considers empowerment and transformation as an expansion of people's capabilities.

The South African Constitution is freedom-based and depicts the human rights that society is entitled to, regardless of race and gender. However, according to the status quo, many aspects hinder the majority of South Africans from reaching capability. The policy itself hampers transformation and empowerment. Furthermore, apartheid imbalances are still apparent in many sectors of the economy. Therefore, a critical role for the government entails enabling access to economic opportunities. Hence, South Africa needs a transformation that facilitates inclusive economic growth and development.

The following chapter discusses how various international countries approached transformation and empowerment. South Africa should draw on the experiences of these countries and apply the lessons learnt in improving the country's implementation of transformation and empowerment.

Chapter 3
INTERNATIONAL APPROACH TO EMPOWERMENT AND TRANSFORMATION

3.1 INTRODUCTION

The previous chapter provided the theoretical framework of the study. Several theories were selected because the researcher found them applicable in illustrating how transformation and empowerment have evolved.

Inequality is a significant challenge in many countries (Gradin, Leibbrandt and Tarp, 2021). In almost every country in the world, people of different races and ethnic groups have experienced some form of marginalisation or oppression, mainly in economic, political, and social activities. Hence, this chapter drew from international experiences of policies that are meant to empower previously disadvantaged groups. Many countries were oppressed through colonisation by an authoritarian regime that had control over citizens, monetary systems, natural resources, and other aspects linked to human and civil rights (Reddy, 2015). Stuchtey (2011) explained that colonialism is characterised by dominance over the political and economic affairs of another and is accompanied by actual settlement. Schmidt (2018) added that this is mainly achieved through coercive hegemony in which those upon whom the authority is imposed have no power or control over the political, social, cultural, and economic aspects that affect their lives. Schmidt (2018) further explained that the hegemony is identified as the state that possesses comprehensive, superior, material capabilities, including military, economic, and diplomatic power. Colonialists enforce the laws from their countries of origin, which means that the colonies operate as satellites of the colonisers' native countries.

Europe had more colonies than any other continent since 1492 (Wesseling, 2004; Stuchtey, 2011). All European countries, directly and indirectly, contributed to the colonial division of the world (Wesseling, 2004). According to Nyathi (2016), colonialism in Africa saw the oppression and suppression of Africans. The African population had no power to control issues relating to their well-being and no access to

economic resources. They were denied basic services, and their education was sub-standard and only suitable for menial jobs. Furthermore, Nyathi (2016) indicated that despite the end of colonialism, many countries still experience disparities between citizens.

3.2 LESSONS FROM INTERNATIONAL COUNTRIES

This chapter provides insight into the extent and nature of policies that various countries have formulated to address economic inequalities. The chapter particularly looks into policies implemented in Malaysia, Zimbabwe, Angola, Namibia, Botswana, and Brazil. South Africa is a unique case, experiencing colonisation and apartheid. However, international experiences are important since there are lessons that South Africa can learn from a policy perspective in the drive towards empowerment and transformation policy, such as the B−BBEE Act 55 of 2013.

3.3 THE CASE OF MALAYSIA: NEW ECONOMIC POLICY

3.3.1 Background of Malaysia

Malaysia gained independence from the British in 1957 (World Bank, 2019c). It is a multicultural country consisting of Malays (Bumiputera), Indians, and Chinese, but Malays comprise most of the population (Mihlar, 2011). Statistics published by Worldometer (2019b) indicated Malaysia's population at approximately 32 million people in 2019. According to the World Bank (2019c), the country had a high pay gap, but it was gradually declining due to the government implementing measures to support the poor and the vulnerable. Ideally, the distribution of wealth should not be characterised by a vast difference between the rich and the poor. However, the World Population Review (2021) reported Malaysia's Gini coefficient at 41% across a population of 32 million. When measured statistically, this indicates that income inequality is highly prevalent.

3.3.2 The economy

Before its independence, the economy of Malaysia was based on agriculture, forestry, and fisheries (Abdullah, 2012). The country's economy has grown due to the structural transformation that has taken place since independence (Asadullah, Masor and Sovia, 2019). Malaysia has successfully transformed its economy from an agriculture-based

economy to a commodity-based economy. The country is a manufacturing and services sector giant and is one of the leading exporters of electrical appliances, electronic parts, and components (World Bank, 2019c). According to the Department of Statistics, Malaysia (2021), the manufacturing sector contributes 42.4% to employment generation, and the services sector is increasing. Employment creation further reduces poverty and is a good indicator of economic growth.

3.3.3 Inequality and segregation

Malaysia has been characterised by segregation and economic inequalities between ethnic groups (Ravallion, 2019), with the Chinese engaging in business activities and having higher living standards than the Malays and Indians. Malaysia's independence in 1957 signalled the beginning of the reduction of the economic inequalities that had benefited the Chinese more than the other groups (Mokhtar, Ai Reen and Singh, 2013). While the Chinese occupied urban locations, poverty was highly prevalent among the Malays and Indians who resided in the rural parts of the country. Khalid and Yang (2019) observed that the dominant ethnic minority largely holds power in many developing countries.

3.3.4 Implementation of the new economic policy

In 1970, the government implemented the new economic policy (NEP) to address inequality and segregation. This was an affirmative action policy that aimed at empowering most of the marginalised population. The policy had two main objectives: to eradicate poverty among all races in the country; and to eradicate economic imbalances and income distribution among different ethnic groups (Mokhtar et al., 2013). This entailed balancing employment patterns and ownership in the corporate sector, creating the Bumiputera commercial and industrial community, and establishing growth centres in rural areas. Asadullah et al. (2019) indicated that NEP was a redistributive intervention meant to help the Bumiputera in obtaining parity with the non-Bumiputera regarding income and wealth. Ravallion (2019) noted that Malays received preferential treatment regarding access to education, housing, public sector employment, and corporate share ownership. The NEP focused on increasing the Bumiputera share of the economy without reducing the size of the share of the non-Bumiputera.

Furthermore, Simpson (2005) indicated that implementing NEP brought economic growth and, at the same time, achieved most of its redistributive affirmative action goals. Malaysia carefully planned how they were going to tackle empowerment and transformation. What is more outstanding is that NEP was implemented to redistribute wealth and eradicate poverty among races. Eradicating poverty implies empowering people by giving them access and the means to change and improve their living standards.

3.3.5 Successes of the new economic policy

Ravallion (2019) indicated that implementing NEP narrowed the income gap between the different ethnic groups, and Malays experienced higher growth rates in income. Malaysia's progressive policy managed inequality more successfully than most developing countries. An outstanding fact is that while reducing poverty and redistributing wealth, the country focused on growing the economy. Inspiration can be drawn from the success of this policy. It can be concluded that the policy gave Malays many opportunities and much support to become successful in business and entrepreneurship.

Furthermore, DTI (2015) indicated that specific interventions were taken to encourage increase in the Malay share of the economy, and these included:

- Companies listed on the Kuala Lumpur Stock Exchange must have 30% Bumiputra ownership of equity to satisfy listing requirements. Foreign companies that operated in Malaysia must also adhere to this requirement.
- A basket of government-run (and profit-guaranteed) mutual funds are available for purchase by Bumiputra buyers only.
- Many government-tendered projects require that companies submitting tenders be Bumiputra-owned. Projects were earmarked for Bumiputra contractors to enable them to gain expertise in various fields.
- A fund allocated by the government to assist Bumiputra small and medium enterprises (SMEs) to finance the acquisition of subsidiaries from government-linked companies (GLCs) engaged in non-core activities.

- A financing facility allocated by the government to assist credible Bumiputra companies to take over listed companies or companies with the potential to be listed on the Malaysian Stock Exchange.
- A fund to provide financing to Bumiputra entrepreneurs who have been awarded contracts or projects by the government, government-related agencies, statutory bodies and reputable private or public companies.
- An entrepreneurs retail project fund to enhance and upgrade Bumiputra entrepreneurs' participation in the retail business.
- A financing scheme to promote and develop Bumiputra entrepreneurs in the agricultural sector, particularly in the production of food crops, processing and marketing of agriculture products, except for rubber, oil palm, tobacco, cocoa, pepper, forestry, drinks and vegetable oil.

Furthermore, to create a capable pool from Malays to manage the economic affairs, NEP adopted educational subsidies and loans, quotas, exclusive admission to certain institutions and the usage of Malay language as primary learning language (Mandla, 2006). The NEP was also applied in education to impose a balance to access to education in placement of the students through the quota system. The significant impact was that a high number of Malays were enrolled in higher education (Cheong, Hill and Leong, 2016).

3.3.6 Criticism of the new economic policy

Ramli, Kamarunzaman and Ramli (2013) pointed out that the objectives of NEP have not been fully achieved. The NEP did not incorporate all races; hence, other ethnic groups still experience marginalisation in aspects such as economic planning, scholarships, and employment in areas ranging from the agriculture sector to industrial enterprises and from contracts and licensing to foreign investment. Zubedy (2012) also pointed out that the policy failed to include many non-Bumiputeras, particularly Indians. Furthermore, Ramli et al. (2013) considered the policy controversial since the government has been accused of practising economic discrimination towards non-Bumiputeras. Hence, the government needs to acknowledge the needs of all races to ensure that the redistribution of the economy is fair among ethnic groups. The fact that

NEP has not fully achieved its goals indicates a need to enhance policy and the opportunities and facilities for Malays to increase performance. Ramli et al. (2013) added that another aspect for consideration is the issue of skills, specifically financial skills, to enable people to manage businesses. Cheong et al. (2016) also pointed out that the implementation NEP led to the exclusion on the non-Bumiputerian students from government schools and many had to enrol at private schools for education, at a much higher cost. The NEP was a policy to eliminate segregation in various sectors, it was also political because politicians had their interests served through NEP; politics influenced the fixation of the ethnic quotas.

3.3.7 Lessons for South Africa

The government of Malaysia conducted the process in a very practical manner, making key policy changes as circumstances changed (Snodgrass, 1996). The government of Malaysia prioritised economic growth, stating that it was essential for a successful redistributive policy. It is worth noting that the country redistributed the growth increment while leaving the underlying distribution of existing assets intact, and as a result, policymakers redistributed a positive sum (Emsley and Mahadea, 1996). A major lesson for South Africa is the importance of growth and growth-enhancing strategies such as the development of SMMEs. Furthermore, the International Labour Organisation (2011) shows that implementing policies that address human resource development to develop a highly skilled technical workforce is essential for strong, sustainable, and balanced growth. Therefore, South Africa must consider investment in improving its capacity for research and development as implemented in Malaysia through strengthening and capacitating higher education. Another aspect South Africa must draw lessons from is that availability of market information is important. Malaysia's strategy of redirecting economic activities from agriculture to a commodity-based economy worked progressively towards growth. Therefore, it is important that South Africa learns that building and growing the economy is as critical as transformation and empowerment. Solely focusing on redistribution without growth will likely cripple the economy. The NEP not only focused on balancing ethnic inequalities but also shifted towards a more growth-focused strategy to reduce poverty. Therefore, South Africa's B−BBEE must be cautiously implemented to avoid a swift dismantling of existing economic growth activities in the redistribution process because, without

growth, there will be nothing to redistribute. Implementation of empowerment and transformation must be coupled with sustainable growth strategies, and most significantly, the strategies must be effective.

3.4 INDIGENISATION IN ZIMBABWE

3.4.1 Background of Zimbabwe

Records by SAHO (2011c) show that Zimbabwe was a British colony until 1965 and gained official independence as Zimbabwe in 1980. Zimbabwe is situated in Southern Africa and is a landlocked country (Mutasa, 2019). Zimbabwe's mineral resources include platinum, diamonds, and gold (Kanyenze, Chitambara and Tyson, 2017). According to Worldometer (2019d), the country's population was approximately 14 million in 2019. Zimbabwe has undergone land reform programmes addressing land injustices and inequality from the colonial era. However, the issue of land reform has been controversial and an impediment to sustainable development (Mutasa, 2019). Furthermore, the country has been experiencing economic problems, infrastructure and regulatory deficiencies, indigenisation pressure, debt burdens, and a lack of formal employment (Mutasa, 2019).

3.4.2 Zimbabwe's collapsing economy

Many countries in sub-Saharan Africa have experienced broad-based economic growth to a certain extent, including structural and economic growth, diversification, and increasing political stability; however, Zimbabwe is an exceptional case. The economy has been battling to grow and the collapse of the economy has resulted in several other factors:

- The country's economy was vulnerable to volatile inflation and fluctuation of commodity prices, in addition to the international demand for commodities.
- The economy was suffering from de-industrialisation because resources have been shifted from high- to low-productivity sectors and there was deepening informalisation of the economy. As a result, poverty was on the rise due to falling wages.

- A failing economy has led to a collapse in savings and investment rates. The political economy and lack of clarity and consistency have largely contributed to these extreme conditions.
- Weakening public institutions are characterised by corruption, fiscal and debt mismanagement, and infrastructure and public service degeneration. Poor fiscal management and over-indebtedness have strained public goods, services, and infrastructure (Kanyenze et al., 2017).

According to Cross (2018), Zimbabwe is the same as many other Global South countries, with many citizens living below the poverty line, experiencing food shortages, and lacking almost everything. Magocha (2019) added that inequality in Zimbabwe was a major contributor to the high unemployment situation that hindered the poor from investing in basic aspects such as education and health. The World Population Review (2021) reported Zimbabwe's Gini coefficient at 44.3% across a population of 15 million. Furthermore, there were limited entrepreneurial opportunities due to unfavourable macroeconomic conditions. The wealth distribution and resources were held by a few, leaving the majority living as poor citizens.

3.4.3 Empowerment through the indigenisation policy

The Indigenisation and Economic Empowerment Act (IEEA, 2008) was implemented in Zimbabwe to involve the indigenous Zimbabweans who were excluded from the country's economic activities before 18 April 1980 (Government of Zimbabwe, 2011). The policy aims at ensuring that indigenous Zimbabweans can participate in the mainstream economy and own and use their resources for economic growth (Chowa and Mukuvari, 2013). Magaisa (2015) added that indigenisation has been adopted to correct inherited colonial ownership and wealth distribution patterns. According to the Government of Zimbabwe (2008), the IEEA, which has been at the helm of indigenisation, required that all foreign-owned companies operating in Zimbabwe offer 51% ownership to the indigenous Zimbabweans through partnerships, community share trusts, and worker share trusts. Nyathi (2016) added that the IEEA intended to broaden the economic base by bridging the inequality gap, specifically integrating those excluded by the colonial system.

3.4.4 Policy success

Empowerment of indigenous Zimbabweans has been at the centre of the indigenisation policy, ensuring that local communities acquire shares in companies undertaking mining activities in their location. Apart from providing indigenous Zimbabweans with the opportunity to participate in economic activities, indigenisation has changed the ownership structure of mining companies (Machinya, 2014). Nyathi (2016) added that the policy aimed at empowering ordinary Zimbabweans. It opened a platform for Zimbabweans to explore business opportunities and generated a new economy controlled and owned by indigenous Zimbabweans. The country planned to reclaim the economic power lost during colonial rule through these policy intentions.

3.4.5 Criticism of the indigenisation policy

Magaisa (2015) argued that indigenisation is perceived to be contrary to investment, especially foreign investment since the country is currently in dire need of such investment to improve the declining economy. Nyathi (2016) asserted that the policy's negative impact was driving away investors due to conditions that required foreign companies to surrender 51% of ownership to indigenous Zimbabweans, thus resembling a *take-all process* and dismantling economic anchors in the aspiration to redistribute. The process was unfavourable to investors because it meant losing the power of the business. Apart from crippling the economy, the policy has been criticised for enriching the ruling party's elite. Magaisa (2015) maintained that the country could not renew its economy; foreign investment was required to rebuild the industries. Unlike Malaysia, Zimbabwe failed to adequately articulate growth strategies and implement steep redistribution measures. The lack of balance between growth and redistribution resulted in an economic freefall. Furthermore, the policy excluded skills, research, and development issues, meaning that the policy's beneficiaries were not adequately capacitated to manage the new beginnings.

3.4.6 Lessons for South Africa

According to Becker (2018), the government amended the IEEA to promote foreign investment and thus boost the economy. The amended policy dropped ownership by indigenous Zimbabweans to 51%. This can be a lesson to South Africa that a rushed takeover approach does not yield economic gains for the country. Furthermore,

inconsistent implementation of the indigenisation policy undermined business confidence in Zimbabwe, and foreign and domestic investment has since been extremely scarce. South Africa's B−BBEE also has inconsistencies in its implementation and uncertainties because investors fear that B−BBEE is coercive regarding business-ownership structures and possible business partners.

3.5 ANGOLA: ANGOLANISATION

3.5.1 Background of Angola

Angola is known for its mineral wealth, oil, gas, and mining, and foreign investment has been focused on these industries for decades (De Pina and Brigolas, 2011). However, similar to many African countries, Angola is both a rich and a poor country because the people of Angola have not been benefiting from their national wealth. Oyewole (2018) substantiated this by indicating that many African resource-rich developing countries have not benefited fairly from the exploitation of their natural resources.

Statistics from the World Bank (2019a) indicated that most of Angola's population was poor and lacked access to basic services. According to Worldometer (2019a), the population was approximately 32 million. Hanson (2008) maintained that Angola gained independence from Portugal in 1975, but thereafter experienced a civil war with different movements contending to lead the county. The civil war destroyed the infrastructure built during colonisation, such as roads, railways, bridges, and agricultural infrastructure.

3.5.2 Political and economic stability in Angola

The civil war in Angola ended in 2002 and since then, the government has had the opportunity to promote transparency (Hanson, 2008). The World Bank (2012) indicated that the country has maintained political stability since the end of the 27-year civil war. In 2010, the country established a Constitution with a limit of two five-year presidential terms. Angola has gained international recognition due to its commitment to peace and stability and, according to Hanson (2008), the government played a critical role in stabilising the economy, reducing inflation, and paying debts. However, the World Bank (2019a) indicated that although Angola has made substantial

economic and political progress, it still faces huge developmental challenges that include reducing its dependency on oil and diversifying the economy, rebuilding infrastructure, and improving institutional capacity, governance, the public financial management system, human development indicators, and the living conditions of the population. However, the overreliance on oil makes it difficult for the country to diversify its economy (Hanson, 2008). Golub and Prasad (2016) added that the country's economy is vulnerable to fluctuations in world oil prices and indicated that the oil-fuelled growth has created only a few employment opportunities and most of the population has not benefited from it.

3.5.3 Economic inequality in Angola

According to the World Bank (2019a), most of the population was poor and lacked access to basic services. Golub and Prasad (2016) indicated that while the oil-fuelled growth has created some employment opportunities, most of the population has not benefited. Oil is Angola's main source of revenue, but the oil industry has been creating wealth for certain sectors only, while other sectors remain strained. According to De Pina and Brigolas (2011), there was a wide disparity between those possessing natural resources and the rest of the economy. Furthermore, the World Population Review (2021) reported Angola's Gini coefficient at 51.3% across a population of 33 million. The disparity between sectors implies that opportunities have only been accessible to those with strong financial resources. According to De Pina and Brigolas (2011), when the civil war ended in 2002, the country created legal and business frameworks that embraced the Angolanisation principle, which was to create wealth and keep it in the country. All industries conformed to Angolanisation, which is apparent in the practices and businesses of Angola's private and public entities.

3.5.4 Empowerment through Angolanisation

Angolanisation has been set to ensure that all Angolans are involved in the oil industry and can secure work at all levels (De Pina and Brigolas, 2011). Thouvenot (2013) pointed out that the objective of Angolanisation is to ensure preferential treatment of Angolan business people. Furthermore, the policy required that all companies conform to the ratio of 70% national workers to 30% foreign workers. Oyewole (2018) added

that Angolanisation stipulates that oil companies operating in the country develop the Angolan workforce by 70% to 90% and advance the local supplier market.

3.5.5 Successes of Angolanisation

According to De Pina and Brigolas (2011), the Angolanisation policy has succeeded because it prioritised the employment of Angolans and were favoured by preferential procurement of goods and services. In addition, the policy required companies to pay levies towards developing Angolan human resources (De Pina and Brigolas, 2011). Additionally, De Brito (2018) confirmed that Angolanisation centralises local content, improving upon what has been done, built, and manufactured in Angola. Furthermore, organisations must give more opportunities to Angolans and locals are promoted on merit.

Ferguson (2016) pointed out that the oil and gas industry relies on foreign expertise, and Angolanisation requires that the local workforce be prioritised. Another principal factor that largely contributed to the success of Angolanisation was the government's attitude towards transparency (Hunter and McIntosh, 2017). Oyewole (2018) maintained that the following three key elements of Angolanisation have had a great impact on the economy:

- **Employment:** This has been highly successful and is achieved because large companies are required to train Angolans for employment in the oil and gas industry. Angolanisation drives the implementation of local content, ensuring that Angolans benefit through the transfer of skills from international expatriates to Angolans. The process was implemented to ensure that projects in Angola do not rely on international skills and know-how. Furthermore, training is limited to vocational skills; it encompasses the training of Angolan-owned business enterprises in the supply of goods and services in the oil and gas industry. Providing people with access to resources and opportunities is key to empowerment.
- **Skills development:** Some small and medium enterprises (SMEs) that underwent training has grown large-scale operations in the oil and gas industry. Furthermore, entities have been established to train and transform small companies into specialised suppliers that can participate meaningfully. This is

evidence that acquiring new knowledge is a fundamental element of transformation. In Malaysia, it is clear that the economy has transformed from an agricultural to a commodity-based economy. In the case of Angola, SMEs have been transformed and aligned to meet industry-specific demands for the oil and gas industry, thus growing the economy and creating employment.

- **National industrial participation:** Government has created entities to enhance industrialisation. Factories were opened to produce goods for the oil and gas industry, creating domestic production linkages in both upstream and downstream segments of the economy.

3.5.6 Criticism of Angolanisation

Ovadia (2013) pointed out that Angolanisation is the reinvention of elites; it further entrenches the power of the Angolan elite and deepens the unequal distribution of wealth. Although the policy has transitioned the lives of all Angolans, it has only profited a small group. This is the case in many countries; however, it is more detrimental in countries already stricken by poverty and inequality. In addition to the creation of elites, Oyewole (2018) indicated that Angolanisation has not met some of the local content targets due to inadequate local capacity and the generally low level of expertise in some key priority areas. Although the economy has grown and there is stability, it is important to note that as a post-civil war country, it will take many years to rebuild and completely overcome the displacement. Hence, the country lacks skills and expertise specific to certain employment or business functions.

3.5.7 Lessons for South Africa

Although South Africa has a similar local content system in place, some challenges limit the effectiveness of the local content policy. These challenges include the lack of underlying industrial capacity, inadequately qualified technical-level human resources, and local content policies susceptible to corruption and favouritism (Nyakabawo, 2017). Furthermore, poor leadership in government entities worsen the challenges of local content. For instance, in 2018, the South African Bureau of Standards (SABS) was placed under administration. The SABS is critical in testing products and certifying quality and safety. The institution incurred major backlogs and delays in testing products, and companies could not meet the agreed delivery times of their products.

Additionally, ailing testing capabilities affected the reliability of the SABS to test products (Ensor, 2018). Another aspect is that South Africa's B−BBEE has cemented preferential procurement deals and reserved top employment positions for those with political affiliations. Nyakabawo (2017) indicated that a lesson for South Africa is that the formulation process of local content policies must be open, transparent, and backed by a strong and accountable government. Another lesson is that the local content targets must be realistic and based on reasonable economic assumptions. Furthermore, establishing industrial hubs enabled Angolan SMMEs to transform into specialised companies that meaningfully participated in the oil and gas industry. A suggestion is to strengthen the South African economic zones since they are already established.

3.6 NAMIBIA: NEW EQUITABLE ECONOMIC EMPOWERMENT FRAMEWORK

3.6.1 Background of Namibia

Namibia shares borders with South Africa, Botswana, and Angola. It is a former German colony (SAHO, 2011b). Melber (2018) indicated that South African troops occupied Namibia during World War I and imposed South Africa's apartheid system. However, Namibia gained independence in 1990. Similar to South Africa, Namibia has experienced both colonisation and apartheid (Mchombu and Mchombu, 2014).

Geographically, Namibia is largely a desert country that is rich in mineral resources and is considered a higher-middle-income country (World Bank, 2019d). According to Worldometer (2019c), the Namibian population is approximately 2.5 million. Melber (2018) indicated that most Namibians live in the rural northern parts of the country. However, there has been an increase in rural−urban migration.

3.6.2 The economy of Namibia

Namibia has a mining-based economy, with the mining industry contributing 50% of foreign exchange earnings (English, 2016). The main Namibian resources are diamonds, gold, coal, uranium, copper, and rare earth minerals (KPMG, 2018). Melber (2018) indicated that commercial or communal agriculture is the most important economic activity for most Namibian people. A report by KPMG (2018) shows that

livestock, meat processing, crop farming, and forestry are primary sectors of the economy.

3.6.3 Socio-economic status of Namibians

Political stability and economic management have contributed significantly towards poverty reduction. However, these have not necessarily created adequate employment. In addition, the country is characterised by extreme socio-economic inequalities inherited from the apartheid system (World Bank, 2019d). Globally, Namibia has one of the highest levels of wealth inequality (English, 2016). Furthermore, the World Population Review (2021) reported Namibia's Gini coefficient at 59.1% across a population of 2.5 million. The high levels of income inequality are linked to the high unemployment rate, exacerbated by structural challenges such as skills shortages (African Development Bank, 2014). The World Bank (2019d) shows that more than half of the Namibian population live below the poverty line. A small proportion of the population is employed, while most rely on subsistence farming or social grants. Melber (2018) pointed out that German-speaking white individuals are still economically influential and possess commercial farms and other businesses. The African Development Bank (2014) indicated that inclusive economic transformation is required to create economic opportunities for most of the population.

3.6.4 Empowerment through the New Equitable Economic Empowerment Framework

The Namibian government introduced the New Equitable Economic Empowerment Framework (NEEEF), which comprises the policies required to achieve societal equity. This is accomplished through restructuring the private business sector to realise equity in the economic ownership of the means of production and employment creation (Government of the Republic of Namibia, 2015; Janisch, 2017). The main goal of NEEEF is to create socio-economic transformation and thus empower the previously disadvantaged majority and promote higher economic growth, increased employment, more equitable income distribution, and economic unity of the nation. NEEEF uses a scorecard system to measure implementation and is based on six pillars of empowerment (Government of the Republic of Namibia, 2015), as indicated in Table 3.1. The government remarkably removed the 25% equity pillar of NEEEF due

to the concerns of the private sector that surrounded it. Furthermore, the government considered that the previously disadvantaged do not have the resources to invest in empowerment transactions and have no access to funding (Namibia Agricultural Union, 2018). Tlhage (2018) reported that during the delivery of the State of the Nation Address, President Hage Geingob asserted that the 25% would not achieve the empowerment of many and would only benefit a few. However, the other pillars remained and are very important.

Table 3.1 Empowerment pillars

Pilar	Measure
Economic ownership	A business will score a minimum of 10 points if it is 25% owned by previously disadvantaged Namibians. For every additional 7.5% owned by previously disadvantaged Namibians, a business will score one additional point up to a maximum of 100% giving a total of 20 points. However, any business must score a minimum of 10 points in order to be able to enter into a public contract for procurement purposes or for obtaining a right to exploit natural resources or to continue to conduct a licenced trade.
Management and employment equity	A business will score a minimum of 10 points if its combined board and top management structures are 50% filled by previously disadvantaged Namibians. For every additional 10%, a business will score 2 additional points up to a maximum of 100%, giving a total of 20 points. However, any business must score a minimum of 10 points in order to be able to enter into a public contract for procurement purposes or for obtaining a right to exploit natural resources.
Human resource and skills development	A business will score a minimum of 10 points for devoting the equivalent of 0.5% of its gross wages to training, with training costs being calculated as total training costs minus the VET Levy contribution. For every additional 0.1% of gross wages spent on training, a business will score two additional points up to a maximum of 1% of gross wages, giving a total of 20 points.
Entrepreneurial development and marketing	A business will score points in proportion to the value of its procurement spending allocated to businesses owned by previously disadvantages Namibians up to a maximum of 50%. Additional points may be made available for other support given to businesses owned by previously disadvantaged Namibians, including mentorship programmes, joint ventures, market access and other initiatives. The points awarded for such initiatives will be based on more detailed criteria laid down by the relevant Office, Minister or Agency.
Corporate social responsibility	A business will score a minimum of 10 points for devoting 1% of after-tax profits to community investment. For every additional 0.2% spent on community investment, a business will score two additional points up to a maximum of 2% of after-tax profits, giving a total of 20 points. More detailed criteria will be laid down by the relevant Office, Ministry or Agency.

Value addition, technology and innovation	A business that has accommodated previously disadvantaged persons or entities in terms of ownership of the threshold as set in section 5.1 and in terms of management control and employment equity on the threshold as set out in section 5.2 will score a minimum of 10 points for processing at least 50% of its raw material output into a secondary stage. For every additional 10% stage of local processing, a business wills core two additional points up to a maximum of 100% processing to finished product.

Source: Republic of Namibia (2015)

The Republic of Namibia (2015) indicated that the scorecard is used to measure compliance, and businesses can score a maximum of 100 points, comprising 20 points per empowerment pillar. A business must attain more than 50 points to meet the compliance criteria. Companies that fail to comply are ineligible to tender for government or state-owned entity contracts or to receive fishing, mining, telecoms, and other licences.

The objectives of NEEEF include the following:

- To ensure the sharing of Namibian resources among the people of Namibia in an adequate and sustainable way.
- To create a socially just society.
- To implement measurable policies of redress and redistribution.
- To create vehicles of empowerment.
- To remove barriers to socio-economic advancement to enable previously disentangled persons to access productive assets and opportunities for empowerment.
- To actively guard against the repugnant tendencies of window-dressing, favouritism, nepotism, and self-enrichment.
- To provide a measurement of empowerment targets.
- To ensure that the empowering act enables individuals to empower themselves in the future, based on their initial empowerment.
- To organise economic empowerment in the following forms of ownership: public, private, joint public−private, cooperative, co-ownership, and small-scale family-owned.
- To address disparities occasioned by class, gender, and generational relationships for equitable empowerment (Republic of Namibia, 2020).

3.6.5 Success and criticism of the New Equitable Economic Empowerment Framework

NEEEF promoted the establishment of previously disadvantaged Namibian mining companies (Nangolo, 2017). NEEEF is strongly rooted in inclusive economic growth, driving equal distribution of resources and economic activities, comprising mining, agriculture, fishing, and tourism; thus, allowing equal access to business opportunities. Nyathi (2016) indicated that NEEEF was an acceptable policy because it was flexible and safeguarded investors.

However, there is a concern that NEEEF is a tool for corruption at all tiers since the state is being looted through empowerment tenders, and this practice bears high costs for the state (Namibia Chamber of Commerce and Industry, 2016). In addition, the policy has economic implications due to additional compliance costs. Furthermore, NEEEF is seen as promoting reverse segregation because economic participation in the form of business employment is determined by race and not merit and as a result, the country faces the loss of skills and expertise (Namibia Chamber of Commerce and Industry, 2016). Furthermore, Galloway (2018) pointed out that NEEEF is seen as a pro-business and pro-investment policy that could see Namibia losing investments. Kahiurika (2016) also pointed out that the 25% mandatory shares to black people have been criticised for causing fear among most white-owned businesses. Kalili (2019) added that there are criticisms that the 25% clause for previously disadvantaged people is vague and does not specify how the 25% will be applied across different sectors.

3.6.6 Lesson for South Africa

Although it appears that Namibia adopted South Africa's B−BBEE legislation to formulate NEEEF, it did not adopt it completely. NEEEF has removed the demand for 25% ownership of all businesses by previously disadvantaged people because the country does not have the resources to invest in empowerment deals and lacks collateral; even South Africa cannot directly point out those who have benefited from B−BBEE aside from the small group of politically connected elites (Hogg, 2018). Although B−BBEE is important for ensuring equality and preventing unfair discrimination, South Africa needs to rethink the current model. South Africa's

B−BBEE policy also has the ownership element on the 2013 Codes, weighing 25 points. This Code is met with resistance from corporates to transform because they view it as coercion by the government to relinquish company shares to black people (Makgetla, 2021). Similarly, in the case of South Africa, only a few people benefit from ownership; the face of poverty is still the previously disadvantaged people. Therefore, South Africa must consider ways to adjust the ownership element.

3.7 BOTSWANA: CITIZEN ECONOMIC EMPOWERMENT POLICY

3.7.1 Background of Botswana

Similar to many African countries, Botswana was once colonised by Britain. The country gained independence in 1966 (Sunday Standard, 2019). Botswana is a sub-tropical and landlocked country bordered by South Africa, Namibia, Zimbabwe, and Zambia. It is rich in natural resource wealth and has high diamond deposits that have played a major role in the country's economic growth (SAHO, 2011a). The census figures reveal that in 2018, Botswana's population was estimated to be 2.8 million (Trading Economics, 2019).

Since independence, Botswana has designed and fostered conditions of governance that have ensured stability and social and economic progress. Government has maintained a high degree of transparency that has ensured a degree of trust in the sense that it is concerned with the development and interests of the people and not those of only one group or individual (Chuhan-Pole and Angwafo, 2011). Furthermore, Chuhan-Pole and Angwafo (2011) asserted that while almost all mineral-rich developing countries face huge challenges, a combination of policy and governance has enabled Botswana to escape the worst effects of the mineral−resource curse.

3.7.2 Economic growth in Botswana

According to the World Bank (2019b), Botswana has been labelled as one of Africa's success stories, demonstrating one of the fastest-growing economies in the world, with an average growth of 5% per annum over the past decade. Mining activity, construction, the services sector, and public investment drive economic growth. However, the World Bank (2019b) indicated that the country's commodities are vulnerable to international market fluctuations. Chuhan-Pole and Angwafo (2011)

added that mineral prices are volatile and affect the economy since the volatility impacts the exchange rate, which tends to appreciate and depreciate.

3.7.3 Socio-economic status of the Tswana people

Although Botswana's economic model is working and delivering results, poverty and high levels of income inequality are highly prevalent (World Bank, 2019b). Furthermore, the World Bank (2019b) indicated that although poverty has decreased by 16%, approximately 30% of the population lives just above the poverty line and remains susceptible to a wide range of shocks mainly associated with African countries, such as diseases and a lack of essential services such as education, health, and social safety. Botswana is also reported by the World Bank (2019b) as having one of the world's highest income inequalities. The World Population Review (2021) reported Botswana's Gini coefficient at 53.3% across a population of 2.3 million. Statista (2022) reported that unemployment remains high at approximately 18%, with high youth unemployment. Therefore, SMME development has been at the core of government policies to address unemployment challenges. Nonetheless, challenges such as the lack of a conducive regulatory environment and access to finance, entrepreneurial skills, business start-up training, and marketing skills, hinder the growth of SMMEs in Botswana (Boubekeur, 2016). Furthermore, SMMEs encounter deficiencies in strategic management, human resources, production and operations, and quality management.

3.7.4 Implementing empowerment policy in Botswana

Botswana developed the Citizen Economic Empowerment Policy (CEE Policy) to encourage citizens to proactively engage in entrepreneurship. In addition, the Citizen Businesses and Entrepreneurs policy ensures that citizen-owned companies strictly access certain categories of tenders or the majority citizen-owned companies since these enterprises receive preferential treatment during tenders (Republic of Botswana, 2012). In addition, certain manufacturing activities are restricted to citizens and citizen-owned companies. Furthermore, the Republic of Botswana (2012) indicated that, the following economic activities are reserved for citizens and citizen-owned enterprises to encourage the economic empowerment of citizens and the development of citizen businesses:

- Manufacturing of school uniforms, school furniture, burglar bars, protective clothing.
- Milling of sorghum; manufacturing of bread and confectionery, peanut butter, food using traditional methods, sour milk using traditional methods; ice making; meat processing.
- Manufacturing of cement bricks and baked earth (mud) bricks, floor polish, leather products using traditional methods, crafts using traditional methods.
- Manufacturing of signage, including electronic signage; fencing material, excluding gum poles; and manufacturing of candles.

Government developed the Citizen Entrepreneurial Development Agency to foster citizen businesses to provide citizen-based companies with technical, financial, and managerial assistance (Republic of Botswana, 2012). The Citizen Entrepreneurial Development Agency is wholly owned by the government of Botswana and provides business development support through various funding mechanisms, thus promoting citizen economic empowerment and entrepreneurship. Assistance is offered to start-ups and expansions as stock or working capital in a new or existing business. Furthermore, advisory services are offered to entrepreneurs to ensure skill enhancement and success of the investments made in citizen business ventures (Citizen Entrepreneurial Development Agency, 2012).

3.7.5 Empowerment policy successes in Botswana

Dludla (2015) maintained that CEE Policy has benefited citizens through more opportunities arising largely in the form of tenders or purchase orders and through an increase in SMMEs in the country. Furthermore, the Citizen Entrepreneurial Development Agency (2012) indicated that assistance to entrepreneurs in SMMEs is directed towards sustainability and profitability to advance the contribution of SMMEs to the overall economic performance. Dludla (2015) added that Botswana has introduced policies such as the Local Procurement Preference Scheme to harness the development of industries such as manufacturing, tourism, and agriculture.

3.7.6 Criticism of Botswana policy

Pinielo (2016) pointed out that although Botswana was implementing government programmes to support entrepreneurs and the investment climate was attractive, it

failed to stimulate entrepreneurship in the country. Furthermore, Pinielo (2016) indicated that contributing factors to low entrepreneurial activity are lack of research and development transfer, lack of education and training, and lack of government entrepreneurship programmes, in addition to government policies that present obstacles during the business start-up process. Ndlovu (2014) observed that the lack of finance was also a major problem, particularly among SMMEs in the manufacturing sector. Other challenges include poor quality of produced goods, poor access to markets, lack of proper management structures, lack of proper training, lack of proper financial records, and misappropriation of funds. In addition, Pansiri and Yalala (2017) opined that SMMEs in Botswana are hindered by excessive, complex, and rigid laws and government regulations; a lack of information; inadequate institutional support; inherent government procurement policy bias towards large firms; and lack of access to reliable and larger markets.

3.7.7 Lessons for South Africa

Empowering SMMEs plays a major role in economic growth through policy implementation and transparency. The Government of Botswana has managed to grow the economy and is now regarded as a middle-income economy (Ndlovu, 2014). Olele (2019) indicated that Botswana has been classified as a middle-income country and is regarded as Africa's success story. It is one of the best-governed African countries, with good governance and sustenance of democracy. Nonetheless, a lesson for South Africa is that policy alone does not empower SMMEs and entrepreneurs; it takes a transparent approach to government. Although South Africa has localisation policies, they are derailed by corruption, involving politicians' private use of public resources. An important aspect for South Africa to consider is that Botswana is a success story. After all, government institutions serve the people of Botswana and certain industries, particularly the non-specialised industries reserved solely for the citizens. In this instance, South Africa can draw lessons on strengthening local content to stimulate the preference for locally manufactured goods. Where required, joint ventures must be formed between foreign-owned companies and local SMMEs. This will facilitate skills transfer, especially in manufacturing. Maluleke (2014) indicated that although South Africa has various institutions, such as the Small Enterprise Development Agency (SEDA), the success rate of SMMEs trained at these

institutions is very low. Although the government has a strong will to support the development of SMMEs, implementation of the initiatives has not brought the desired outcomes. Challenges such as poor oversight of the programmes, lack of skilled mentors, SMME's unable to access support, and financial constraints are being experienced, thus limiting the capacity of SEDA to support SMMEs.

3.8 BRAZIL: NEW DEVELOPMENTALIST POLICIES

3.8.1 Background of Brazil

Brazil is an upper-middle-income country in South America with a population of approximately 195 million people. Compared with a 57% average for other upper-middle-income nations, 87% of the Brazilian population dwells in urban areas (Riley, 2018). Brazil is an unequal society and race-based exclusion is highly prevalent (Vieira, 2017). The Inter-American Commission on Human Rights (2019) pointed out that globally, Brazil is probably the most diverse society, with various ethnic groups making up the total population of Brazil. These ethnic groups stem from indigenous people, European colonisers, immigrant workers, and Africans brought to Brazil as enslaved people.

3.8.2 Economy of Brazil

Agriculture contributes largely to the growth of the Brazilian economy. Between 1996 and 2006, the country's agricultural output grew exponentially, leading to Brazil being one of the world's largest net exporters of grain, soya beans, chicken, beef, orange juice, coffee, and sugar (Arias et al., 2017). Additionally, Brazil is one of the largest exporters of oil and iron ore. Its main trading partners are China, the United States of America, and Argentina (Riley, 2018). Between 1930 and 1985, Brazil transformed its economy from an agricultural economy based on primary exports to a modern economy and society with an urban and industrial base. Economic transformation resulted in social advances as overall social indicators improved, which is evident in the improved access to social services and poverty reduction. However, this modernisation was not inclusive; many people were excluded from economic modernisation and political processes (Ricz, 2014).

3.8.3 Racial exclusion in Brazil

Despite the growing economy, inequalities affect Brazilian lives. Brazil harbours different races, including brown and white Brazilians and black Brazilians (Afro-Brazilians). While the latter comprises approximately 55% of the population, they are disadvantaged in terms of education, income, and social class compared to white people (Vieira, 2017). The black population generally experiences a lack of infrastructure, utilities, health services, and schools in addition to unemployment and low income (Piron and Curran, 2005). Mitchell-Walthour (2018) pointed out that Afro-Brazilians are a highly marginalised group in terms of politics, universities, and better employment opportunities. The Inter-America Commission on Human Rights (2019) asserted that racial inequalities are traceable in the unequal distribution of wealth, opportunity, education, and politics.

3.8.4 Policy to address exclusion in Brazil

To address the exclusion, Brazil introduced new developmentalism, which views discrimination as a moral threat and a hindrance in fostering economic growth (Leubolt, 2015). Bresser-Pereira (2016) revealed that new developmentalism is democratic and progressive because its proponents are critical of inequality and acknowledge that economic development is only sustainable when wages grow long term. In addition, Bresser-Pereira (2016) indicated that economic development is a process of capital accumulation with the incorporation of technical progress that increases wages and standards of living in the long term. Economic development means an increasingly well-educated population involving industrialisation, thus increasing productive sophistication and the transference of labour from low- to high-income per capita industries.

Carrillo (2014) indicated that new developmentalism incorporates multiple policy strategies with the following main objectives:

- **Promoting inclusive growth in the home economy**: Hedrick-Wong (2017) indicated that inclusive growth has been the most promising developmental pathway, especially because inclusive growth is rooted in eradicating barriers for SMMEs. Furthermore, inclusive growth implies ensuring that the working

class can access the resources they need to function in their respective areas and reach full productivity.

- **Engaging the international economy to underpin national development and to sustain long-term growth**: Morais and Saad-Filho (2012) indicated that new developmentalism views international competitiveness and domestic equity as equally important.
- **Pursuing internal and external objectives through the collaboration of a strong state and a strong market**: Carrillo (2014) indicated that the government strongly intervened in market activities, particularly in the drafting and executing of industrial policies, and provided capital to private firms to support their expansion and enhance their market position.

When considering new developmentalism, there are a few significant similarities with Angolanisation. Both policies emphasise economic development and industrialisation. In addition, they both acknowledge that economic development is a process that requires the capacity to manage opportunities so that developmental goals are achieved, and people have a way out of poverty.

3.8.5 Successes of new developmentalism in Brazil

Bertelsmann Stiftung (2016) indicated that since 2003, Brazil has experienced social development and millions of people have been lifted out of poverty because of government reform, affirmative action measures, and progressive social policies. According to Döring et al. (2017), new developmentalism acknowledges that state intervention is necessary for achieving modernisation through internalisation. The state is a major player in achieving development through its support of selected industries, mainly mining, oil, and steel, and its focus on the competitiveness of exports and access to global markets. Another key principle of new developmentalism is equitable distribution, ensuring that growth is socially inclusive and that economic development leads to social development. However, Góes and Karpowicz (2017) indicated that inequality levels remain among the highest in the world. Notably, the policy does not uphold the market and profits alone but maintains the critical role of human development in growing the economy. Bresser-Pereira (2016) elaborated that human development encompasses security, increased individual liberties, reduced

inequalities, and protection of the environment, and stated that economic growth must be accompanied by economic equality.

3.8.6 Criticism of new developmentalism

Despite the success of the new developmentalism policy and given that the global economic and political forces play a determining role in shaping industrial policies and developmental paradigms, there is concern over the potential contradictory outcomes of a developmental paradigm that supports social inclusion and participation through redistributive measures, while social policies in Brazil have contributed to decreasing poverty and inequality (Döring et al., 2017). Carrillo (2014) indicated that the new developmentalism has disproportionately used industrial policy tools to privilege firms in traditional sectors and foster increased reliance on commodities. This is seen as a hindrance to the objective of the policy.

3.8.7 Lesson for South Africa

South Africa and Brazil have high inequality rates influenced by race linked to colonialism (United Nations, 2013). The World Population Review (2021) reported Brazil's Gini coefficient at 53.9% across a population of 213 million. The experiences of Brazil depict the direct link between economic transformation and social development. Economic transformation requires visionary leadership and a capable developmental state, value chains that link raw material producers to end users, a healthy and well-educated population, access to technology, and access to local, regional and global markets (Döring et al., 2017; United Nations, 2013). A lesson for South Africa is that the country needs to create wealth, reduce poverty and inequalities, strengthen productive capacities, and enhance the social conditions of its people. This means South Africa must focus on developing sectors, such as manufacturing, to strengthen economic growth and increase export. A strong manufacturing sector inevitably leads to increased skills. Furthermore, South Africa needs to increase competition in global value chains because this will stimulate a platform for manufacturers to increase competitiveness and invest in new technology. Brazil's economic transformation is underpinned by innovative approaches that include prudent macroeconomic policies aimed at the taming of hyper-inflation, economic diversification underpinned by a competitive manufacturing sector,

investment in education, targeted subsidies to the poor, and the development of a strong internal market through the nurturing of a vibrant middle class (United Nations, 2013). Government has also imposed trade barriers on numerous imported products to protect the local industry (United Nations, 2013).

A common aspect among the policies is that each addresses issues of inequality, driving empowerment and transformation. Remarkably, some countries have experienced significant changes in the economic landscape because of policy implementation. Countries such as Malaysia, Botswana, Brazil and Angola built strong economies; although poverty is still prevalent, the economies are strong. However, other countries such as Zimbabwe and Namibia have been struggling to develop their economies, and the existence of the policies appears not to have had a meaningful impact. In addition, poverty is highly prevalent. Kanyenze et al. (2017) indicated that a dominant factor hindering the progressive implementation of the policies in the various countries is political corruption, with only the minority benefiting from the preferences articulated in the policies.

The policies crafted for each country are shaped by their respective history and experiences. Therefore, it is not practical for South Africa to replicate the empowerment and transformation models that were implemented by other countries. However, a significant aspect is the lessons, as a developing economy can draw from successes and criticisms. Each country's outcomes indicate the state's architectural role in economic development, governance, and wealth distribution.

Table 3.2 provides a summary of the international experiences and policies implemented.

Table 3.2 Summary of international policies

Country	Empowerment Law	Objectives	Positive outcomes	Negative outcomes	Lessons for South Africa
Malaysia	New Economic Policy (NEP)	To eradicate poverty in the country among all races To restructure the economic imbalances and income distribution among the different ethnic groups	The income gap between the different ethnic groups was narrowed. Policy played a critical role in economic growth and the reduction of poverty	The NEP did not consolidate all races and as a result, other ethnic groups still experience marginalisation in aspects of economic planning such as scholarship-granted employment in areas, ranging from the agriculture sector to industrial enterprises and from contracts and licensing to foreign investment. The policy has been considered controversial, whereby the government has been said to practise economic discrimination towards non-Bumiputeras.	A major lesson is that Malaysia focused on redistribution and prioritised economic growth to reduce poverty. Malaysia also transformed its agricultural economy into a commodity-based economy to stimulate economic growth.
Zimbabwe	Indigenisation	Involving indigenous Zimbabweans in the economic activities of the country Correcting the inherited colonial patterns of ownership and wealth distribution Establishing trusts and the transfer of shares	Mining companies released certain amounts of money into trusts to benefit the communities from which resources were extracted. Communities gained trust and shares in mining companies.	Indigenisation policy has been criticised for enriching the elite from the ruling party. Indigenisation is perceived to counter investment, especially foreign investment, and currently, the country is in dire need of investment to improve the declining economy. The country cannot renew its economy; foreign investment is required to rebuild industries.	Zimbabwe amended the policy and dropped 51% ownership by indigenous Zimbabweans. This was done to boost the economy. As such, this can be a lesson to South Africa that the thirst to see ownership and control. swiftly redistributed. may not necessarily yield economic gains for the country.

Country	Empowerment Law	Objectives	Positive outcomes	Negative outcomes	Lessons for South Africa
Angola	Angolanisation	Set to ensure the involvement of Angolans in the oil industry.	Organisations in Angola gave more opportunities to Angolans, and this resulted in locals being promoted on merit. The policy prioritised preferential employment of Angolans, who are given preferential procurement of goods and services. In addition, companies must pay levies towards developing Angolan human resources.	Angolanisation is the reinvention of the elites; it further entrenches the power of the Angolan elite, thus deepening the unequal distribution of wealth.	The establishment of industrial hubs enabled Angolan small and medium enterprises to transform into specialised companies that can meaningfully participate in the oil and gas industry. This is a major lesson for South Africa.
Namibia	New Equitable Economic Empowerment Framework (NEEEF)	To bring socio-economic transformation, thus empowering the previously disadvantaged majority, and to promote higher economic growth, increase employment, more equitable income distribution, and national economic unity.	NEEEF promoted the establishment of previously disadvantaged Namibian mining companies (Nangolo, 2017).	There is concern that NEEEF is a tool for corruption at all tiers; the state is being looted through empowerment tenders, and this practice bears high costs for the state. The policy has economic implications due to additional compliance costs. Furthermore, NEEEF is seen as promoting reverse segregation because economic participation in the form of business or employment is determined by race and not merit, and as a result, the country faces losing skills and expertise (Namibia Chamber of Commerce and Industry, 2016).	The demand for 25% ownership of all businesses to be held by previously disadvantaged people has been removed from NEEEF with the view that it is a positive economic move. Namibia indicated that the 25% ownership would not lead to broad-based economic empowerment because the disadvantaged do not have the resources to invest in empowerment deals and lack collateral.

Country	Empowerment Law	Objectives	Positive outcomes	Negative outcomes	Lessons for South Africa
Botswana	Citizen Businesses and Entrepreneurs	To encourage citizens proactively to engage in entrepreneurship. Ensure that citizen-owned companies strictly access certain categories of tenders or majority citizen-owned companies since these get preference during tendering.	Citizen Businesses and Entrepreneurs benefited citizens because more opportunities have arisen that are largely in the form of tenders or purchase orders and there has been an increase in small and medium enterprises in the country. Botswana has implemented policies such as the Local Procurement Preference Scheme to harness the development of industries such as manufacturing, tourism, and agriculture.	The lack of finance is a major problem, particularly among SMMEs in the manufacturing sector. Other challenges include poor quality of produced goods, access to markets, lack of proper management structures, lack of proper training, lack of proper financial records, and misappropriation of funds. Low entrepreneurial activity due to lack of research and development transfer, lack of education and training, lack of government entrepreneurship programmes, and government policies that present obstacles during the business start-up process are considered additional difficulties.	A lesson for South Africa is that policy alone does not empower SMMEs and entrepreneurs; it takes a transparent approach to government. Although South Africa has localisation policies, they are derailed by the corruption in the system that involves politicians' private use of public resources. An important aspect for South Africa to consider is that Botswana is regarded as a success story because government institutions serve the people of Botswana and certain industries are reserved solely for the citizens.

Country	Empowerment Law	Objectives	Positive outcomes	Negative outcomes	Lessons for South Africa
Brazil	New Developmentalism Policies	Promoting inclusive growth in the home economy. Engaging the international economy in underpinning national development and in sustaining long-term growth. Pursuing internal and external objectives through the collaboration between a strong state and a strong market.	Brazil has experienced social development and millions of people have been lifted out of poverty through government reform, affirmative action measures, and progressive social policies.	Contradictory outcomes of a developmental paradigm that supports social inclusion and participation through redistributive measures with global economic and political forces.	A lesson for South Africa is that it needs to create wealth, reduce poverty and inequalities, strengthen productive capacities, and enhance the social conditions of its people. Brazil's economic transformation is underpinned by innovative approaches that include prudent macroeconomic policies aimed at the taming of hyperinflation, economic diversification underpinned by a competitive manufacturing sector, investment in education, targeted subsidies to the poor, and the development of a strong internal market through the nurturing of a vibrant middle class.

3.9 CHAPTER SUMMARY

This chapter demonstrated how various countries approached issues of empowerment and transformation to address inequalities. Many countries have implemented policies to reduce poverty and eradicate discrimination and inequality. In addition, selected policies implemented by Malaysia, Zimbabwe, Angola, Namibia, Botswana, and Brazil were discussed. Furthermore, the chapter indicated how countries such as Brazil, Botswana, Angola, and Malaysia managed to decrease inequality and poverty, whereas other countries such as Zimbabwe and Namibia are yet to experience the impact of the policies. Common aspects of the policies in Zimbabwe, Namibia, and Angola were determined. There are concerns that the policies promote the creation of elites and favour those with political connections, with the rest of the population not benefiting and remaining poor. Additionally, the policies acknowledged capacity challenges in terms of skills and expertise and, although expressed differently, indicated common objectives. The policies are geared towards all aspects related to empowerment and transformation, including economic and industry development, eradicating poverty and improving the standard of living. Aspects of South Africa's B−BBEE can be identified in the various policies implemented by international countries. A major consideration in South Africa is the importance of growing the economy, as seen in countries such as Malaysia and Brazil.

The following chapter presents the history of South Africa and the segregation, oppression, and exclusion experienced by black people during colonial and apartheid times. In 1994, South Africa began a new democratic dispensation to repeal apartheid rules and to empower black people. Apart from empowerment, the economic transformation was fundamental to the new democratic South Africa since wealth had previously been in the hands of the minority. Therefore, empowerment and transformation are being driven through policy implementation, and thus the B−BBEE. The following chapter discusses the formation and composition of B−BBEE and presents the debates around the achievements and criticisms of the policy.

Chapter 4
EMPOWERMENT AND TRANSFORMATION POLICY IN SOUTH AFRICA

4.1 INTRODUCTION

The previous chapter explained how some countries used empowerment and transformation to remove segregation and inequality in wealth redistribution without compromising economic growth. The chapter also discussed various policies, successes, criticisms, and lessons for South Africa. The main reason for comparing with other countries is to avoid similar mistakes and adopt policies that have proved successful elsewhere.

This chapter traces the history of South Africa from the apartheid era to its transition into a democracy and the post-1994 period. The chapter also discusses the country's approach to empowerment and transformation through enacting laws such as the B−BBEE Act 53 of 2003. Historically, black South Africans were oppressed and disenfranchised, while white settlers enjoyed unfettered control of the economy. When apartheid ended, redress was inevitable, and the forerunner of B−BBEE, the BEE policy, was formulated. This chapter also discusses the Codes of Good Practice that were issued in 2007 to guide the implementation of B−BBEE and the 2013 amendments that were issued for implementation in 2015. Furthermore, the chapter covers the benefits and criticisms of B−BBEE.

4.2 AN OVERVIEW OF SOUTH AFRICA'S PAST

South Africa was colonised by two different countries: first, by the Netherlands in 1652 and thereafter by Great Britain in 1806 (Oliver and Oliver, 2017). Around 1870, the white settlers discovered minerals such as diamonds and gold. This led to the establishment of the diamond mines in Kimberley and the gold mines in the Witwatersrand, which transformed the South African society. The subsequent increased demand for labour spawned classes of industrial workers, capitalist producers, and landless farm labourers, and South Africa became a capitalist society with an industrial economy (Boshoff and Fourie, 2010). This caused conflict between

the British colonisers and the Afrikaners (the *Boers*) who occupied the Transvaal (SAHO, 2020). The conflict escalated and led to the First Boer War in 1880 between the Afrikaners and the British, which the Afrikaners won, and thus gained independence from the Transvaal and the Orange Free State. However, the British won the second Anglo-Boer War (1899–1902) and took over the Transvaal and the Orange Free State. Alexander (2018) indicated that the British colonised the Cape and Natal while the Transvaal and the Free State were Afrikaner republics. In 1910, the British rulers formed the Union of South Africa, amalgamating the Cape Colony, the Natal Colony, Transvaal, and the Orange Free State (SAHO, 2020).

Thompson (2000) indicated that 1910 to 1948 was a segregation era; however, not only black people experienced segregation. There was also a form of segregation between the white British and the white Afrikaner groups. The two groups conflicted about whether to form a strong white nation or pursue their ethnic community's struggle to control the political system. The British controlled the economy in every sector except agriculture, under the control of the Afrikaners. However, some poor Afrikaners left agriculture and became unskilled workers. There were strong intentions to enforce segregation and discrimination against black people and to exclude them from land ownership. The Native Land Act of 1913 was enacted to prohibit black people from buying or occupying land, except as employees of white owners. This Act facilitated the land dispossession of black people in areas reserved for the white population (Department of Planning, Monitoring and Evaluation [DPME], South Africa, 2014).

The Canadians for Justice and Peace in the Middle East Foundation (2014) indicated that after the formation of the Union of South Africa, only the British and the Afrikaners had the right to vote. In 1948, the Afrikaners won the elections; hence, apartheid was adopted. However, Worden (2012) and Oliver and Oliver (2017) asserted that racial discrimination and segregation developed before South Africa adopted apartheid. Discrimination among the British and Dutch settlers existed even during the colonial era. Furthermore, Mpeta, Fourie and Inwood (2018) indicated that apartheid systemically justified discrimination through laws, with the apartheid government passing several laws that prohibited black people from many activities.

4.2.1 Apartheid era

In 1948, the National Party won the elections after promising to serve Afrikaner interests. This victory signalled the beginning of apartheid, which was more brutal than colonialism (Oliver and Oliver, 2017; Plagerson and Mthembu, 2019). Racial discrimination was entrenched by laws such as the Population Registration Act 30 of 1950, which classified people into four racial categories: white, coloured, Indian, and native (later Bantu or African) (Worden, 2012).

The South African society was shaped by political, social, and economic dynamics under the hegemonies of both colonial rule and apartheid. In these eras, black people were dispossessed of their land, livestock, and livelihoods; their right to freedom was violated (Giliomee, 1995; Dugard, 2020). Black South Africans were largely excluded from political and economic participation and were divided according to ethnicity (Potgieter, 2016). The race was a determining factor in inequality due to policies that classified people according to race. The black population was excluded from lucrative self-employment opportunities and access to certain types of employment, and the land was tightly controlled. Furthermore, their access to basic social and physical infrastructure was restricted (Nattrass and Seekings, 2001). Although economic inequality was widespread in other countries, it was far below that generated by the apartheid system, which exceedingly marginalised black people (Thompson, 2000).

4.2.1.1 Racial segregation

The apartheid government enacted the Population Registration Act 30 of 1950, which required people to be identified and registered as one of the four distinct racial groups: white, coloured, black, and other. The race was defined by physical appearance (Boddy-Evans, 2019). Apartheid determined where people could live, the type of work they could occupy, the schools they could attend, the amenities and the facilities they could access, and who they could marry (Newman and De Lannoy, 2014). The Group Areas Act of 1950 was implemented to set out racial segregation; the Act racially controlled living, working, and recreational spaces. The Act separated development among races since people lived in the areas that were allocated to their groups. In addition, other people were relocated to new spaces because they were occupying areas not designated for their racial group (Cochrane and Chellan, 2017). In addition,

contact between various population groups and races in business relations was prohibited (Worden, 2012).

4.2.1.2 Separate amenities

Apartheid was a political force that aimed to unite Afrikaners and enforce their supremacy on economic and social prosperity (Gbadegesin, Pienaar and Marais, 2020). The Separate Amenities Act 49 of 1953, enforced segregation of all public facilities, including buildings and transport, to limit contact between races. Furthermore, the act stated that facilities needed to be different for different races (SAHO, 2019). White people were privileged, and the state provided them with public services such as schools and hospitals, parks and playing fields, buses and trains, roads, water, electricity, telephones, and drainage and sewerage systems. White people lived in the suburbs with black servants, whereas public services for blacks were extremely limited (Thompson, 2000).

4.2.1.3 Homelands

Development of the homelands was supported by the Bantu Authorities Act 68 of 1951. The Act gave authority to traditional tribal leaders within their traditional tribal homelands to rule the people at the homelands. Homelands were also known as Bantustans (Alexander, 2018). However, these homelands were not considered part of South Africa and were treated as independent states. Therefore, the black people who lived there were considered foreigners in South Africa and thus had no political rights. Homelands[3] were regarded as reservoirs of labour (Dugard, 2020). Thompson (2000) reported that the governments of the homelands depended on subsidies from Pretoria; thus, South Africa ensured that the apartheid government fully controlled the homelands and black South Africans.

4.2.1.4 Education

The apartheid government enacted the Bantu Education Act of 1953. The act imposed a separate uniform curriculum for black learners, which provided a substandard education that prepared black students more for a life of manual labour (Phillips,

[3] Areas in the countryside that were allocated to black people because they were not ideal for farming purposes.

1999). The apartheid government controlled the educational systems so that Afrikaans and English schools were separated to protect the Afrikaans culture (Worden, 2012).

4.2.1.5 Suppression of black people

The apartheid government dealt harshly with people considered deviant, with many being imprisoned, harassed, or killed (South Africa, DPME, 2014). The Suppression of Communism Act 15 of 1954 prohibited certain people from being members of specific organisations or attending certain gatherings (Longley, 2021). Organisations such as political parties and civic organisations were banned if they were suspected of being subversive.

4.2.1.6 Restricted movement

Ethnic identity was reinforced, and pass laws restricted the movement of labourers (Worden, 2012). The Pass Laws Act of 1952 stipulated that black persons over 16 years were required to carry a passbook known as the *dompas* at all times. The *dompas* contained personal information, such as employment status, and indicated the areas the person was allowed to access for work purposes. The Pass Laws strengthened segregation and controlled the movement of black people (Savage, 1986). Black and white populations were also separated regarding employment and residence (Worden, 2012). City centres were reserved for white people, with Indian, coloured, and black people relegated to the peripheries and only allowed into the cities as labourers (Newman and De Lannoy, 2014). Urban and land-use patterns were determined by race; there was clear segregation and division of cities.

The racial discrimination drew global attention, and South Africa began to experience international isolation. International and regional organisations condemned apartheid and its policies of racial discrimination by implementing sanctions (Seo, 2008; South Africa, DPME, 2014).

4.2.2 Economic and political sanctions on the apartheid government

South Africa was sanctioned for economic activities, and international organisations withdrew their investments from the country, which was excluded from almost all multilateral institutions (Crowford and Klotz, 1999). Goods produced in South Africa were subjected to restrictions (South Africa, DPME, 2014). There were campaigns to

end loans to South Africa, and pressure was placed on international banks to cease engagements with the country. Financial sanctions had a major impact on South Africa as the cost of apartheid increased (Seo, 2008). The National Party government gradually conceded that apartheid was no longer tenable and that reforms were required to include discriminated races. As a result, between 1989 and 1994, the government held negotiations with organisations that included the ANC, the South African Communist Party, and the Inkatha Freedom Party (Thompson, 2000; Seo, 2008). This culminated in a democratic regime that effectively transferred political power from the white minority to the black majority (Thompson, 2000) through the election of the ANC as the ruling party (Worden, 2012). Tuesday, 10 May 1994, marked the beginning of a new era; the presidency of South Africa was passed from an Afrikaner to an African leader. This was a unique story wherein political power was shifted without a war. The change was through a negotiated settlement, not a revolutionary overthrow (Worden, 2012; Shivambu, 2014).

4.3 POST-APARTHEID SOUTH AFRICA

The year 1994 signalled the end of apartheid and saw changes to the names of places within the country, which dismantled geographical boundaries. Homelands were disbanded. The last four provinces, Transvaal, Natal, Orange Free State and the Cape, were divided into nine provinces: Gauteng, Mpumalanga, North West, Limpopo, Eastern Cape, Western Cape, Northern Cape, Free State and KwaZulu-Natal (SAHO, 2014). The map in Figure 4.1 indicates the geographical location of the nine provinces.

Figure 4.1 Map of South Africa
Source: SAHO (2014)

There were four racial groups in the country: black, Indian, coloured, and white (Khalfani et al., 2006). In 2021, South Africa had a population of 60.14 million (Stats SA, 2021).

4.3.1 Transition into a democracy under the leadership of the African National Congress

South Africa's transition to democracy involved a change in regime from racial segregation and marginalisation to an inclusive, participatory, and competitive political era (Seo, 2008). Pre-1994, white people owned the corporate sector and maintained power and control over the economy. However, when the ANC came into power in 1994, it sought to transform unequal racial ownership patterns among the various resources through direct government intervention (Worden, 2012). The first democratic elections brought hope for equality, employment, and opportunity.

In 1996, South Africa adopted its Constitution as the rule of law to facilitate just and fair legislation for all citizens. The Bill of Rights (Chapter 2 of the Constitution) is the

cornerstone of democracy in the country, stating the rights of all people and affirming democratic values of human dignity, equality, and freedom (Maswanganyi, 2010). In line with this, the ANC government developed policies and strategies that enshrine equity and access to equal opportunities, and these became the baseline structures of democratic South Africa (Panzironi and Gelber, 2012). The government adopted reformist policies to remove inhumane conditions under which many people had lived. Its economic policies focused on deracialising the economy and empowering black people (Turok et al., 2011). This gave black people access to economic capital, meaning they could start sound, lucrative businesses. Pike et al. (2018) added that small business are important for economic growth and are instrumental in empowering previously disadvantaged people through B−BBEE. Black empowerment sought to reallocate wealth across the broader society and to facilitate change in all sectors of life by transforming the economy to be inclusive of all. Although there have been remarkable changes, many South Africans remained poor. This is because empowerment and transformation have been skewed, giving rise to a black elite closely connected to the national government (Bernstein et al., 2014). There were high expectations that the new government and its transformative agenda would have a major impact on South Africa's political and economic landscape. However, as Carbone (2016) argued, the dominance of the ANC in democratic South Africa remained unchallenged, increasing poverty for many black people and creating an elite among politicians. The B−BBEE Commission Report (2001) indicated that many black people were still poor and were excluded from ownership of sound and lucrative businesses, which hindered economic growth.

4.3.2 Dichotomy of racial poverty, unemployment, and inequality

The ANC government is under increasing pressure to deliver its promise of 'A Better Life for All' (Manala, 2010). However, the government faces many conflicting responsibilities; it must govern a diverse society and sustain a growing economy while maintaining social stability and cohesion. The government faces a huge task in advancing historically disadvantaged people, especially black people, and protecting the interests of the working class and the marginalised people on the periphery of the formal economy (Turok et al., 2011).

Despite making inroads in addressing South Africa's challenges, poverty, inequality, and unemployment figures are higher than before 1994 (Turok et al., 2011). The country's population increased exponentially from 41 million in 1994 to 59.62 million in 2020 (BusinessTech, 2015; Stats SA, 2020). BusinessTech (2015) indicated that the high population growth surpassed the economic growth. As a result, the unemployment rate grew rapidly, increasing from 28.5% in 2018 to 29.1% in 2019. Moreover, Stats SA (2021) indicated that unemployment significantly increased to 32.6% in 2021.

Figure 4.2 shows South Africa's unemployment rates from 1996 to 2020.

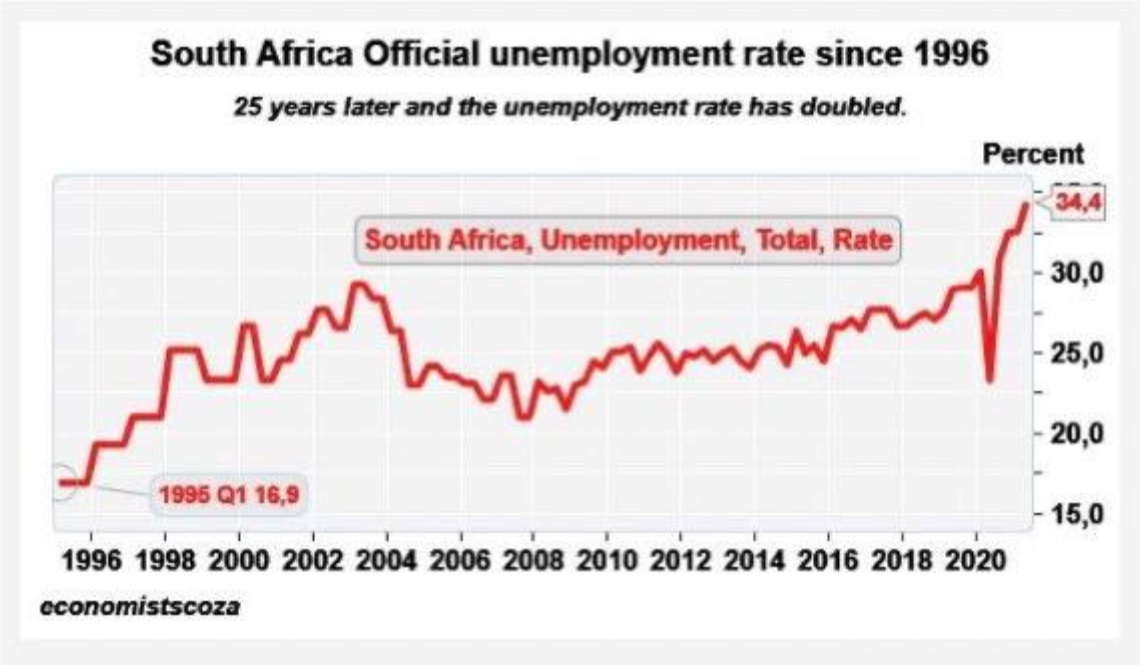

Figure 4.2 Unemployment rates from 1996 to 2020
Source: Schussler (2020)

In 2020, the world was struck by the COVID-19 pandemic (United Nations, 2020a). This worsened South Africa's struggling economy and caused further unemployment, which reached 32.5% by the end of 2020 (Comins, 2021). South Africa faces developmental challenges such as poverty, income inequality, and unemployment (Brijlal, Naicker and Peters, 2013a). Trading Economics (2022) reported a slight reduction in unemployment, from 33.9% to 32.9% by the end of the third quarter of 2022.

Figure 4.3 shows South Africa's unemployment rates from 2020 to 2022.

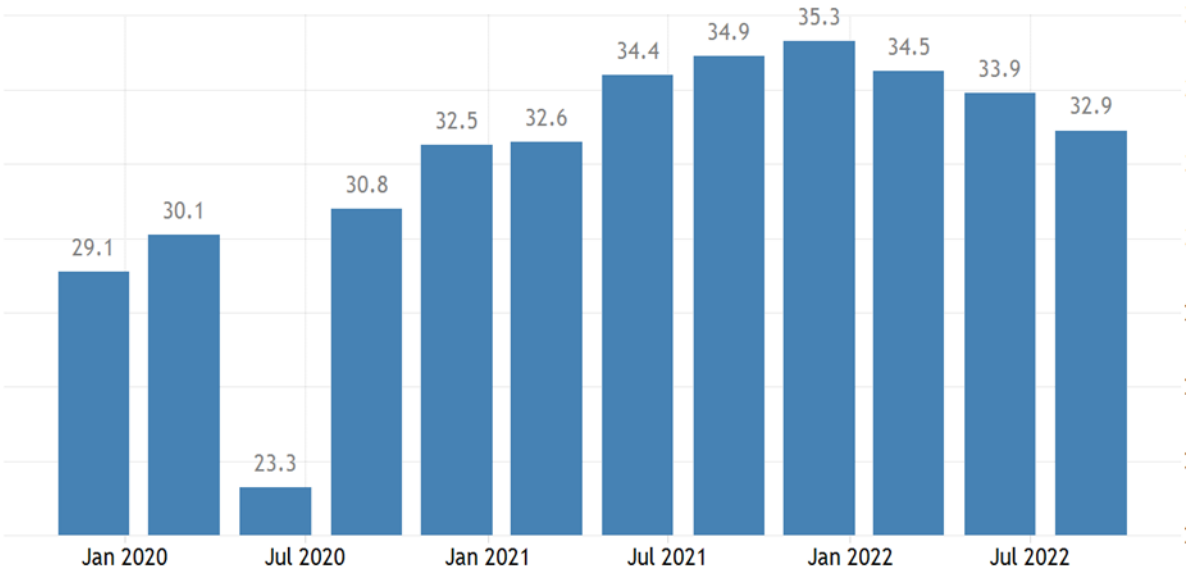

Figure 4.3 Unemployment rates from 2020 to 2022
Source: Trading Economics (2022)

Nkanjeni (2022) reported that in South Africa unemployment had gone down by 1% to 32.9% during the third quarter of 2022. However, the expanded number of unemployment, which includes people who have given up looking for work although they could work, was at 43%.

The National Union of Metalworkers of South Africa (NUMSA) (2008) pointed out that poverty in South Africa was arising from joblessness. Marais (2011) said that poverty is multifaceted and thus has no single measurement; however, South Africa is widely measured in terms of a lack of basic human needs and being disadvantaged and vulnerable. In addition, poverty has non-material traits, such as a lack of self-respect, dignity, independence, and physical security (Mowafi and Khawaja, 2005; Gweshengwe and Hassan, 2020).

A report by the World Bank (2018a) indicated that the rate of inequality in South Africa is higher than the rate during apartheid. According to Daniel (2018), 64% of black South Africans live below the poverty line, compared to 41% of people of colour, 6% of Indian people, and 1% of white people. South Africa is the most unequal country in the world, considering the widespread socio-economic gap that exists in the country (Nattrass and Seekings, 2001; Polus, 2020:9). The World Population Review (2021) reported South Africa's Gini coefficient at 63% across a population of 60,4 million. This

is because of the inequitable income, assets, and opportunities among racial groups (Marais, 2011; Turok et al., 2011; Newman and De Lannoy, 2014).

In South Africa, race still determines people's socio-economic levels. Since 1994, great progress has been made in providing access to income, basic services, and social grants (Hofmeyr, 2011). However, despite these improvements, economic inequality has increased over the years and is still highly prevalent between racial groups (Newman and De Lannoy, 2014). Many black people continue to live in townships and underdeveloped rural areas. The World Bank (2018a) reported that challenges such as access to basic services, including education, health care, and essential infrastructure, vary across the country. Race, household size, education, and location contribute to inequality. South Africa's weak economic growth is a major hindrance to the economy's ability to reduce poverty, inequality, and unemployment, further contributing to the growing socio-economic challenges that the country is facing.[4]

Mpeta et al. (2018) asserted that it is important to address the race-based inequality that occurred due to the marginalisation of black people. The apartheid government only focused on the white people's living standards and conditions. As a result, poverty is highly prevalent among black people. Half the population lives in poverty, and the skewness of the country's social structure persists, with inequalities still exhibiting strong racial and spatial patterns.

Brijlal et al. (2013b) pointed out that South Africa faces major developmental challenges: poverty, income inequality, and unemployment. The World Bank (2018b) indicated that South Africa inherited extreme inequality from apartheid; this inequality has sharply increased, making South Africa the most unequal country. Mofokeng, Giampiccoli and Jugmohan (2018) indicated that to deal with the legacy of apartheid and redress the past imbalances, the government introduced BEE, which later became known as B−BBEE.

[4] Poverty line is a monetary threshold under which an individual is considered to be living in poverty.

4.4 SOUTH AFRICA'S APPROACH TO EMPOWERMENT AND TRANSFORMATION

South Africa's Constitution aims at establishing a democratic society, social justice, and the promotion of fundamental human rights to improve the quality of life of all citizens (South Africa, DTI, 2017). Unlike other Southern African countries, South Africa is an emerging market; it is ranked as an upper-middle-income country with the highest gross domestic product (GDP) (UNDP, 2014). However, the country is also characterised by poverty, inequality, and unemployment. To address these challenges, a transformed economy must accelerate inclusive growth. A policy approach appears to be the most prudent way to approach empowerment and transformation.

After the ANC ascended to power, the first mandate was to redress the apartheid inequalities. Rampersad and Juggernath (2012) indicated that BEE was implemented in 1994 to transform the economy. Mosala et al. (2017) indicated that BEE was influenced by principles of the ANC's Freedom Charter of 1955, specifically the economic quota. The charter bemoaned the oppression and exploitation prevalent in South Africa during apartheid.

Du Plessis (2016) indicated that BEE was later changed to cater for broader empowerment, and thus B−BBEE was enacted as the B−BBEE Act 53 of 2003.

4.4.1 B−BBEE timeline

Broad-Based Black Economic Empowerment has been a lengthy process characterised by several events. In 1994, BEE was implemented by the government in response to the apartheid legacy of economic exclusion of black people. BEE was later broadened to B−BBEE in 2003. This was implemented through the B−BBEE strategy and thereafter enacted as the B−BBEE Act 53 of 2003. The B−BBEE Act promotes the inclusion of black people into the economy. This process is guided by the Codes, initially issued for implementation in 2007 and amended in 2013 for implementation in 2015. The Codes guide B−BBEE implementation and the compliance of the different sectors of the economy (B−BBEE Commission, 2017).

Several studies have been conducted in the B−BBEE arena (Knoetze, 2006; Schoeman, 2006; Ponte et al., 2007; De Klerk, 2008). However, this study differs because the study explains the 2007 Codes, its focus is on the 2013 Codes, particularly the enterprise and supplier development element of B−BBEE, which is discussed in the following chapter.

Since B−BBEE was legislated, significant changes have emerged. Figure 4.3 depicts the B−BBEE timeline and the significant changes made to B−BBEE from 1994 to 2015. The timeline shows the major events surrounding B−BBEE: the development of its strategy, the enactment of the B−BBEE Act 53 of 2003, and the 2007 Codes of Good Practice. Thereafter, the amended Codes of Good Practice were issued in 2013 for implementation on 01 May 2015. The amended Codes required that corporates re-aligned how they implemented and complied with B−BBEE. Effective participation by companies would largely contribute to job creation and economic opportunities for black-owned businesses. This would enhance business opportunities and skills transfer from established companies to black businesses (Wijnberg, 2018).

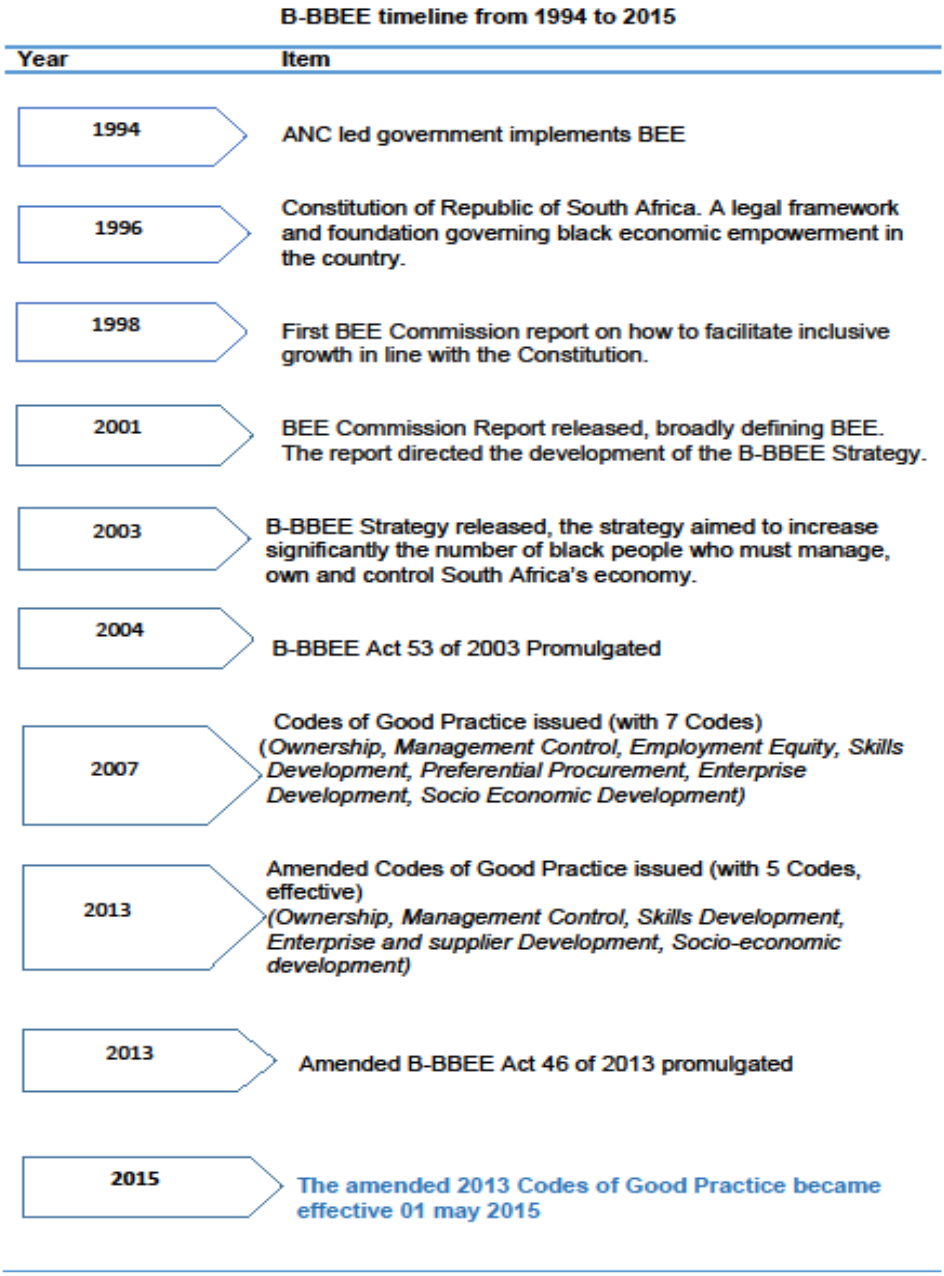

Figure 4.4 B−BBEE timeline

Source: B−BBEE Commission (2017)

4.4.2 Black economic empowerment in South Africa

Black economic empowerment was implemented as a socio-economic process to ensure a diverse workforce and ownership of business at the micro-level (South Africa, DTI, 2014). Black economic empowerment focused on transferring and sharing ownership, management, and control of the financial and economic resources with the previously disadvantaged groups.

According to Cenfed (2016b), the concept of BEE was introduced around 1993 and was formally implemented in 1994. Black Economic Empowerment was instrumental in introducing black shareholding and ownership in large companies; black people were given access to capital for business development. Acemoglu et al. (2007) indicated that policies such as BEE were implemented to bridge the wealth gap left by apartheid between the different racial groups.

Kleynhans and Kruger (2014) listed the objectives of BEE as follows:

- Greater black ownership and management of enterprises. (Black ownership indicates that at least 51% of the owners are black people.)
- Increased black ownership and management in priority sectors of the economy.
- Greater access to financial support for BEE.
- Empowerment of rural communities by enabling them to participate in economic activities.
- Development of human resources within enterprises by way of education, training, and mentorship.
- Assistance in expanding the financial and operational spheres of BEE enterprises.
- Specific focus on black women by offering skills and infrastructure development and access to economic activities for them to become owners of BEE enterprises.

4.4.2.1 Achievements of BEE

The BEE policy aimed at establishing a diverse workforce and ownership of businesses from a micro-level (South Africa, DTI, 2014).

BLACK OWNERSHIP OF SHARES IN LARGE COMPANIES

Stewart (2013a) indicated that BEE mainly achieved its goal of introducing black ownership of shares of major corporations by transferring equity from white-owned companies to black people. The first phase of BEE saw many white companies selling a proportion of their companies to a few identified black purchasers who mostly demonstrated a high political profile (Mudenda, 2013). Sanlam and Anglo-American were among the first companies to transfer shares to a few black people (Cenfed,

2016b). A report by Thomas (2017) indicated that the ownership and transfer of shares remains a key goal of the B-BBE Act, companies are required to increase black ownership as part of the transformation agenda to substantially increase the number of black people's participation in the economy. Furthermore, the transfer of ownership of shares is implemented through finance mechanisms such as schemes for individuals, employees or communities. However, the majority of South Africans have not benefited from this practice.

BLACK PEOPLE OCCUPIED HIGH EMPLOYMENT POSITIONS

Meyer (2007) noted that apart from managing business ventures, BEE overcame social and income barriers as black people started to occupy high positions in government, state-owned entities and the private sector. However, Ntsaluba (2020) reported that this aspect has not gained traction as targeted by the B−BBEE Act because black people only occupied 15.2% of top management positions, although blacks accounted for 78.9% of the economically active population; furthermore, indicating that there was tenacity for white and Indian groups in top management positions. The government and state-owned entities succeeded in the placement of black people in top management positions; however, corporates are resistant to appoint black people. It is only those corporates that want to do business with the government and state-owned entities that have sparsely appointed black people in top management positions.

BEE was criticised for not providing opportunities for most previously disadvantaged people. As a result, the government shifted from the initial BEE to a broader nature of BEE and thus, B−BBEE was implemented (Acemoglu et al*.,* 2007).

4.4.2.2 Shortcomings of BEE

Despite the implementation of BEE, all sectors of the economy remained predominately white. Acemoglu et al*.* (2007) argued that the BEE leverage on ownership was directed towards those with high political profiles. Several scholars concur that BEE only benefited a few political elites (Meyer, 2007; De Klerk, 2008; Mudenda, 2013; Stewart, 2013a; Mofokeng et al., 2018). The policy had a narrow approach; it was predominately focused on the ownership, leaving many black people out and only benefiting those who were exclusively chosen for the business deals

(Turok et al., 2011). Furthermore, BEE lacked an implementation strategy (Acemoglu et al., 2007). As a result, the ANC government shifted from the initial BEE policy to one with a wider scope and thus, the B−BBEE Act 53 of 2003 was launched.

The first phase of BEE was unsuccessful because it was not broad-based. It did not broaden the participation of black people and it failed to address the country's socio-economic needs (Acemoglu et al., 2007). As a result, the second phase saw a broad-based strategy designed to benefit more South Africans (Stewart, 2013a).

4.4.3 B−BBEE strategy

The B−BBEE strategy, published in 2003, served as an integrated approach towards achieving the objectives of the B−BBEE. It seeks to facilitate the economic transformation process to significantly increase the number of black people who manage, own, and control South Africa's economy and alleviate income inequalities (South Africa, DTI, 2003). Furthermore, the B−BBEE strategy indicates that government requires assistance from the private sector to realise the effectiveness of the B−BBEE.

Broad-Based Black Economic Empowerment is the transformation vehicle that aims at correcting the inequalities brought about by apartheid (GoLegal, 2016; Quintal, 2017; South Africa, DTI, 2007). It fast-tracked black-owned companies into the mainstream economy (Bernstein et al., 2014). However, it has resulted in an economic structure that excludes most South Africans (Quintal, 2017). Notably, publishing the B−BBEE strategy in 2003 preceded the B−BBEE Act 53 of 2003, which came into effect in January 2004. The B−BBEE Act was enacted to give the objectives of the B−BBEE strategy the legality for implementation (South Africa, DTI, 2003; B−BBEE Commission, 2016).

4.4.4 Broad-Based Black Economic Empowerment Act 53 of 2003 and the Codes of Good Practice

The B−BBEE Act 53 of 2003 seeks to foster redistribution and control of the economy by creating opportunities for previously disadvantaged racial groups (South Africa, DTI, 2007). LabourNet (2017) affirmed that B−BBEE enabled black people to access economic capital and start sound and lucrative businesses. However, this transition was challenging because the process was sudden for all white and black South

Africans. Kurtz (2010) maintained that white South Africans were not accustomed to sharing economic platforms with black people, while their compatriots had not been exposed to such opportunities before 1994 and thus had never managed lucrative businesses. This shows that although individuals may be free to start businesses, other factors influence their course of action. Shava (2016) pointed out that although B−BBEE was touted as an entrepreneurial way of redressing the socio-economic ills of apartheid, ongoing debates on its implementation cannot be ignored by the government. Littlewood and Holt (2018) explained that South Africa's B−BBEE environment creates opportunities for entrepreneurs and catalyses engagement between entrepreneurs and corporates. B−BBEE Codes of Good Practice

of 2007 were introduced to guide B−BBEE implementation and to widen wealth distribution and opportunities to a broader population (Balshaw and Goldberg, 2014). According to Van Niekerk (2019), there was no framework for measuring B−BBEE implementation. Although the B−BBEE strategy outlined a broad-based scorecard with weightings, it did not contain a measuring principle; hence, the B−BBEE Act 53 of 2003 was accompanied by the 2007 Codes. The Codes consisted of seven elements: Ownership, management control, employment equity, skills development, preferential procurement, enterprise development, and socio-economic development (South Africa, DTI, 2007). Van Niekerk (2019) agreed that the Codes were meant to create a level playing field across all sectors of the economy by providing criteria for measuring B−BBEE implementation. Companies earn points based on the scorecard when implementing the Codes, and each code has its number of points. Companies were expected to train and develop the skills of black people, contribute to socio-economic development through corporate social investment initiatives, develop black businesses through enterprise development, commit a portion of their profit to procure from black suppliers and increase the number of black people in ownership and management positions. The Codes were declared compulsory for government and state organs; however, they were voluntary for private companies. These elements are listed in Table 4.1.

Table 4.1 B−BBEE 2007 Codes of Good Practice

Element	Code series	Weighting
Ownership	100	20 points
Management control	200	10 points
Employment equity	300	15 points
Skills development	400	15 points
Preferential procurement	500	20 points
Enterprise development	600	15 points
Socio-economic development	700	5 points
TOTAL		100 points

Source: South Africa, DTI (2007)

Van der Merwe and Ferreira (2014) indicated that the ownership code does not imply that companies give away shares to black people freely but seek to increase their involvement in ownership, board participation, and top management. The employment equity code was meant to equalise the percentage of black employees who occupy senior, middle, and junior management positions. This also included female and disabled employees. The skills development code supported learning programmes and leadership. Learning programmes measure how much is spent on skills development, while the number of participants measures leadership. The preferential procurement code is allocated a specific score; therefore, companies earn points when they procure goods and services from B−BBEE-compliant companies. Companies that depend on the government for operating licences must also have a high B−BBEE scoring. Companies are compelled to be B−BBEE compliant to qualify for business opportunities. Enterprise development encourages companies to give back by supporting the development of black-owned businesses. The socio-economic development code consists of monetary and non-monetary aid to community-driven projects to foster access to resources.

Verwey (2011) and GoLegal (2016) indicated that compliance with B−BBEE is measured through a scorecard. Mehta (2016) added that the total score ranges from 0% to 100%. It determines the B−BBEE level, with Level 1 being the highest ranking and Level 8 being the lowest. Thus, companies awarded a Level 1 B−BBEE rating are considered top performers and those that score less than 30% are considered non-compliant.

4.4.4.1 Successes of the B−BBEE 2007 Codes of Good Practice

Goose (2012) asserted that the Codes enabled broad-based transformation and opened up opportunities for upliftment. This was achieved based on three major areas of transformation: direct empowerment, human resource development, and indirect empowerment. Goose (2012) further explained that these three areas were paired with the seven Codes according to their importance and influence concerning the B−BBEE goals. This is indicated in Figure 4.4.

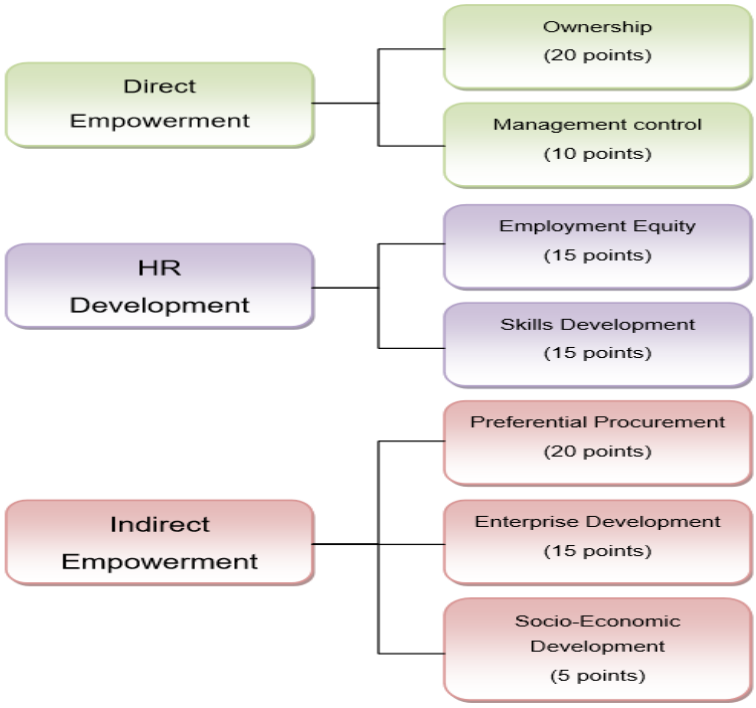

Figure 4.5 Areas of transformation
Source: Goose (2012)

The identified areas were guided by the important aspects to be transformed. The priority for direct empowerment was ownership and indirect empowerment and focused on preferential procurement. These areas were considered critical for transformation. Ownership meant that black people should be included in the ownership of companies, and preferential procurement meant that black people should be given preference during procurement processes (Goose, 2012). The priority for human resources development was employment equity, which was to include black people in managerial and executive positions (Goose, 2012). Mehta (2016) maintained that each code was designed to address a different area of transformation to maximise

the transformation process within companies. These categories were designed to speed up transformation. However, since transformation as a process can take time, the results could also have far-reaching consequences on empowering future generations.

Groundbreaking work has been done on the B−BBEE Act of 2003 and the 2007 Codes (South Africa, DTI, 2013). The implementation of the Act yielded some significant achievements:

- B−BBEE transactions worth R600 billion have been recorded.
- There have been 500 publicly announced B−BBEE ownership transactions worth R533 billion.
- Representation of black people and women in senior management positions in the private sector has increased from less than 10% in the 1990s to more than 40%.
- The DTI launched the Black Business Supplier Development programme and in 2010, it approved applications worth R797 million.
- Black-owned SMMEs have been supported financially.
- The National Empowerment Fund has approved transactions worth more than R5 billion, resulting in significant employment creation.

Although there is significant evidence that B−BBEE implementation presented black people with opportunities and increased their visibility in the business, shortcomings were also noted. The implementation was not entirely successful since it is evident that black people are still scarcely represented in economic activities.

4.4.4.2 Shortcomings of the B−BBEE 2007 Codes of Good Practice

The seven Codes did not deliver the expected substantial change; black representation remains minimal, especially in areas of ownership and management (Forbes, 2018). Furthermore, the economic and business landscape has not changed. In 2015, South Africa's third most represented political party, the Economic Freedom Fighters, led by Julius Malema, marched to the JSE, the South African Reserve Bank and the Chamber of Mines. They accused the JSE of racism and white dominance because black people owned less than 19% of the JSE equity (Lowman, 2015). This indicates that the integration of black-owned businesses into the mainstream economy

has been insignificant and that B−BBEE implementation has not successfully transformed the economy. Maweni (2019) concurred that B−BBEE has had implementation shortcomings, stating that it has not progressed well and that black ownership on the JSE has declined. Thomas (2020) added that data from the B−BBEE Commission revealed that black ownership across companies was 29% in 2019 compared to 25% in 2018 and 32% in 2016. Furthermore, no single sector demonstrated 50% black ownership in large corporates.

Emuze and Adlam (2013) expressed that employment equity has had considerable challenges, ranging from attaining and retaining the right black employees. Furthermore, the recruitment of females in certain industries, such as construction and transport, has been minimal, especially for black females. The impact of the skills development code has been affected by poor investment in skills development. For instance, companies send employees to attend training that is not meaningful simply to earn points. Van der Heijden (2008) noted that the 2007 preferential procurement code allowed companies to be innovative in increasing their preferential procurement score. However, it does not appear that enterprise development was occurring in all companies that scored full marks on this code because the impact on SMMEs has been insignificant, with SMMEs failing to establish as intended. Ngcobo and Sukdeo (2015) indicated that despite the support, 80% of SMMEs were not growing to alleviate unemployment, and approximately 57% were failing.

After the ANC's Fifth National Policy Conference held in July 2017 in Midrand, Gauteng, the party acknowledged that while there had been achievements regarding the economic transformation process, more work was required to improve the lives of the millions of people who continued to live in poverty and despair (ANC, 2017:12). Broad-Based Black Economic Empowerment has also failed to address the problem of growing unemployment among black South Africans, especially the youth. South Africa is struggling to transform due to the inconsistency and complexity of the B−BBEE legislation (Business Report, 2014).

Cenfed (2016b) pointed out that many companies could get away with fronting by treating this as a 'tick-box exercise' to transforming or providing false information. Apart from fronting issues, the Codes allowed companies to use various activities to earn points; they could select four of the seven elements for compliance purposes.

This presented unfair practices since companies were not bound to meet all the Codes, meaning that B−BBEE compliance was reduced to a compliance game rather than a drive for transformation (Booysen, 2015).

In addition, many companies had poor levels of B−BBEE implementation and transformation. Saba (2018) explained that the government failed to regulate and ensure that companies and all government departments (local, provincial, and national) complied with the B−BBEE Act. Pike et al. (2018) added that there was little evidence of monitoring the evaluation framework specifically for B−BBEE. This also meant that companies were interpreting the Codes as they pleased, were finding loopholes in the Codes, and were navigating to achieve compliance with minimal effort. Pike et al. (2018) further explained that progress on B−BBEE implementation has been slow; it has been measured widely through estimates, yet in some cases estimates vary widely.

The South African Institute of Race Relations (2012) revealed that various institutions condemned B−BBEE, stating that it had not worked; it had failed to make South Africa a fairer and more prosperous country and had led to only a small elite group benefiting. During the Confederation of Black Business Organisations in Sandton (6 September 2011), the South African Institute of Race Relations (2012) quoted the then South African President Jacob Zuma, saying that B−BBEE had not benefited a wide segment of the country. Furthermore, President Jabob Zuma had also indicated that there were no visible black industrialists and more intervention was required. The South African Institute of Race Relations (2012) reported that according to the South African Communist Party, B−BBEE is a ‘failed project’ at the heart of corruption. Additionally, B−BBEE had not addressed the major economic inequalities, leading to the empowerment of only a small elite. Dongwana (2016) added that the 2007 Codes did not achieve all the objectives according to the seven elements. There were issues such as fronting that had negative impacts. The South African Institute of Race Relations (2012) affirmed that there were, therefore, calls for reform on the 2007 Codes.

4.4.5 Amended B−BBEE 2013 Codes of Good Practice

The Codes were amended in 2013 according to government key priorities and became effective on 1 May 2015. The amended Codes imposed strict measures, with the government playing a critical role and having more control over the transformation approach, which strongly emphasises black ownership (Cenfed, 2016a). To further strengthen the implementation of the amended Codes, the B−BBEE Act 53 of 2003, was amended to the B−BBEE Act 46 of 2013 (Moore Stephens, n.d.). The amendments provided for the establishment of the B−BBEE Commission that is responsible for the following:

- Monitoring and evaluating suspected cases of fronting.
- Criminalising fronting.
- Introducing statutory rights of government or public entities to cancel contracts that were awarded under false B−BBEE credentials.
- Imposing an obligation for government and public entities to take the Codes into account in the procurement policies when issuing licences.

The amended Codes require corporates to demonstrate how they implemented and complied with B−BBEE (Bowmans, 2016). Moore Stephens (2014) added that the amended Act provides for new penalties to be imposed on fronting:

- A fine of up to 10% of annual turnover for the offending business.
- The risk of criminal prosecution and up to 10 years imprisonment for anyone implicated in the misrepresentation of B−BBEE status.

The B−BBEE Commission (2017) reported its initiation of investigations into possible fronting practices and non-compliance with the B−BBEE Act. The Commission investigated entities that possibly contravened the B−BBEE Act in the composition of ownership structure and non-compliance with the Codes. The report also indicated that the entities would have to pay a fine of up to 10% of the entity's annual turnover if found guilty. In addition, the individual involved could face up to ten years of imprisonment and state contracts would be cancelled. It must be noted that the B−BBEE Commission does not discuss the details of investigations, although a detailed report is published as required by the B−BBEE Act (South Africa, DTI, 2014).

Makgoba (2022) maintained that the amendment of the Codes indicates that the government intends to radically transform the economic landscape and ensure the meaningful participation of black people. The amended Codes present three priority areas: Ownership, skills development, and enterprise and supplier development. There are strict measures in place to monitor implementation and punitive penalties. Werkmans Attorneys (2018) asserted that if corporates fail to comply with the minimum requirements for ownership, skills development, and enterprise and supplier development, their B−BBEE status will be automatically downgraded by one level. Companies that do not meet 40% of the priority elements face the possibility of dropping two levels in their B−BBEE status.

4.4.5.1 Compliance verification of B−BBEE Codes

According to the DTI (South Africa, 2017a), the South African National Accreditation System is responsible for the accreditation of verification agencies. The role of the verification agency is to assess, verify, and validate disclosed and undisclosed B−BBEE-related information on measured entities. Werkmans Attorneys (2018) indicated that annual assessments are done by accredited agencies that issue annual B−BBEE certificates, confirming the B−BBEE status of companies. Companies are issued compliance certificates according to the points scored on the B−BBEE scorecard. The certificate is a requirement when companies apply for work with government and government entities.

A B−BBEE certificate proves that a company is applying the Codes. There are eight levels of compliance, and Level 1 is awarded to the highest contributors (Cenfed, 2016a). GoLegal (2016) indicated that companies must comply with the 2013 amended Codes to earn a good score. The size of a company determines its expected B−BBEE level of compliance. Corporates must comply with the B−BBEE scorecard. Table 4.2 below indicates the eight compliance levels.

Based on the scorecard, points are earned to determine the B−BBEE status. This directly affects companies' business engagements, specifically with government and state organs, concerning procurement, public−private partnerships, and other opportunities for relevant economic activities (Kleynhans and Kruger, 2014).

Table 4.2 The eight levels of B−BBEE

B−BBEE status	Weighting required
Level 1	≥ 100 points
Level 2	≥ 95 but < 100 points.
Level 3	≥ 90 but < 95 points
Level 4	≥ 80 but < 90 points
Level 5	≥ 75 but < 80 points
Level 6	≥ 70 but < 75 points
Level 7	≥ 55 but < 70 points
Level 8	≥ 40 but < 55 points
Non-compliant	<40 points

Source: Werkmans Attorneys, 2018

Three categories are used to measure the size of a company: (EMEs), which are businesses with an annual turnover of less than R10 million; Qualifying Small Enterprises (QSEs), which are companies with an annual turnover of between R10 million and R50 million; and Medium and Large Enterprises (M&Ls), which are companies with an annual turnover of more than R50 million (Crampton, 2016). These categories are explained below.

EXEMPTED MICRO ENTERPRISES (EMES)

These are businesses with an annual turnover of less than R10 million. These enterprises are exempt from B−BBEE compliance. They automatically receive a minimum B−BBEE score of 100%. Regardless of other factors, this score can increase to as much as 135% if they have black ownership (Crampton, 2016).

QUALIFYING SMALL ENTERPRISES (QSES)

These are businesses with an annual turnover of between R10 million and R50 million. Previously, such entities only needed to comply with some criteria, but the amended scorecard requires that QSEs comply with all five elements (Crampton, 2016). According to the B−BBEE Commission (2018), the amended Codes require QSEs to meet the threshold of at least two priority elements: Ownership, skills development or enterprise and supplier development.

MEDIUM TO LARGE ENTERPRISES (M&LS)

These are businesses with an annual turnover of more than R50 million. These enterprises must comply with all five elements of the B−BBEE scorecard (Crampton, 2016). According to the B−BBEE Commission (2018), the amended Codes require that larger entities meet the threshold of three priority elements: Ownership, skills development and enterprise and supplier development.

Furthermore, Hogan Lovells (2017) indicated that EMEs and 51% black-owned QSEs require an affidavit, whereas companies that are less than 51% black-owned (QSEs and generic businesses) must comply with B−BBEE requirements. Exempted micro enterprises are automatically empowering suppliers, but QSEs and generic businesses must meet certain requirements to qualify as such. Businesses receive points when they procure goods and services from an empowering supplier and extra points if the company is 51% black-owned and 30% if black women-owned. Corporates must procure 15% of the total measured procurement from QSEs each year.

4.4.5.2 Entities that must comply with B−BBEE Codes

According to the B−BBEE Commission (2016), the Codes emanating from the B−BBEE Act apply to the following entities:

- Government and all state organs.
- Any enterprise that undertakes business directly or indirectly with any organ of state or public entity or another enterprise.

The B−BBEE Commission (2016) indicated that the Codes apply to all government departments and all public and private companies listed on the JSE. Furthermore, Van Rooyen (2015) asserted that although companies are not obliged to participate, companies that do not meet a particular B−BBEE level of contributor find it difficult to operate in South Africa. Moreover, all sectors in the country are affected by B−BBEE. The South African government drives B−BBEE mainly through its buying power and the participation of the private sector, and compliance with B−BBEE has a direct bearing on companies.

According to BEE Online (2015), government applies the Codes when making decisions on the following:

- **Procurement:** Companies that want to do business with government or state organs or are in a direct line with their supplier must comply with B−BBEE. The government uses procurement leverage to meet B−BBEE objectives.
- **Licensing and concessions:** This is relevant to those who apply for licences or concessions from the government (e.g., banks, mines, and tele-communication companies). Such enterprises will be evaluated against B−BBEE objectives. The establishment of such organisations must present convincing evidence on how they will support and comply with B−BBEE.
- **Public−private partnerships:** Enterprises wishing to form government partnerships must comply. Those that do not contribute or are non-compliant are automatically disqualified from entering into any partnership with the government or organ of the state.
- **The sale of state entities:** Acquiring state-owned assets can only be concluded with compliant purchasers. This indicates that the government and organs of the state limit business engagements to buyers who are contributing towards meeting B−BBEE objectives.

According to the B−BBEE Act, the Codes are compulsory for the government and organs of state because they can drive compliance through procurement. Companies are encouraged to implement the Codes since compliance directly influences the procurement interaction between government, state organs, and private companies. For instance, a company awarded a contract by the government or an organ of the state is regarded as a first-tier supplier. This first-tier supplier must also engage in business with a B−BBEE-compliant company, thus contributing towards achieving B−BBEE objectives.

4.4.5.3 Benefits of compliance with B−BBEE Codes

A B−BBEE certificate enables companies to transact with the government, state organs and other companies that have business engagements with the government (Cenfed, 2016c). Ideally, this should accelerate the integration of black-owned

enterprises into the economy across various sectors (Bernstein et al., 2014). Moreover, companies can attract business opportunities because of their B−BBEE compliance.

According to Black Economic Empowered (2020), B−BBEE compliance benefits both South Africans and businesses. The benefits for South Africans are as follows:

- More value-added goods and services.
- More employable people who are equipped through skills development.
- Decrease in crime.
- More people employed productively.
- Entry into the global market and increased foreign investment.

According to Black Economic Empowerment (2020), the benefits for businesses are as follows:

- Clients will know that the business is contributing towards B−BBEE and, therefore, companies with B−BBEE obligations can attract customers.
- Being rated for compliance gives businesses an overview of their performance regarding national requirements, which enables them to plan for change in the future to increase sustainability.
- Businesses will have insight into their suppliers, presenting opportunities to negotiate better discounts.
- Compliance enhances the business image and depicts leadership in the relevant industry because of the perception that the enterprise is on track with development initiatives.
- Focusing on the development of human resources, in addition to enterprise and supplier development, indicates commitment towards the social, educational, and economic developments in the community in which the business operates.
- Developing employees through skills development not only boosts B−BBEE rating, but also enhances fair and progressive employment practices.
- Businesses can develop a B−BBEE strategy that forms part of the overall strategic plan.

- Compliance with B−BBEE can be a marketing tool because the business will be listed as a B−BBEE-compliant supplier.

From the aforementioned discussion, it is evident that B−BBEE compliance benefits businesses and South Africans. Tonheim and Matose (2013) observed that post-1994, the South African government presented various strategies to address the previous imbalances, especially the socio-economic gap between the different racial groups in the country. Hence, the B−BBEE Act was passed. The B−BBEE Act aims at redistributing control of the economy by creating opportunities for previously disadvantaged racial groups who were excluded and disempowered. To achieve this, the different development role players must work together. South Africa has three sectors supporting development and growth, namely government, private, and civil society. The government and the private sector visibly play a critical role because they have the financial capacity.

Hofmeyr (2011) explained financial capacity in detail and indicated that state capacity can be conceptualised on four dimensions: ideological, political, technical, and implementation capacity. Ideological capacity refers to the degree to which the state, all its actors, and its legitimated policies are embedded in state institutions. Political capacity refers to the effectiveness of state institutions. Technical capacity entails an understanding of the policy context and the ability to devise policy options for a particular policy change. Implementation capacity involves the technical know-how for a particular policy action that must be undertaken to implement a programme. In addition, the commitment and participation of the private sector in effecting government policy remain ambiguous. There is a need for structured engagements and the building of trust between the private sector, government, and civil society.

4.4.5.4 Empirical research on B−BBEE compliance

Research by Portocarero (2021) found that companies complied with B−BBEE in order to remain relevant, as compliance was an important aspect of conducting business, having an impact on business activities. Saungweme (2022) revealed that corporates complied with B−BBEE for maintaining a good corporate image and supporting government's agenda. This way corporates place their organisations in a good position to gain trust from the various actors in the B−BBEE arena; a good reputation for

presenting prospects for business relationships with clients and stakeholders. Furthermore, compliance was done to maintain operational licences; although this did not affect the actual operations of companies, it was important to uphold credibility as it gave them competitive advantage over those that were non-compliant. In addition, research by Mudau (2022) indicated that corporates that complied had implementation strategies in place and allocated resources to B−BBEE.

Compliance is highly regarded although it is not compulsory. This is a positive indication of the probability for empowerment and transformation through the B−BBEE policy. However, implementation needs further alignment among stakeholders for maximum benefits to reach the wider population. Compliance is driven by the thrust to remain in business with the government, state entities and corporates that are compliant as well as the willingness for good corporate image by obeying government legation.

4.4.5.5 B−BBEE implementation status quo

The B−BBEE Act has achievements and weaknesses. The achievements are attributed to the fact that the policy has created an enabling environment for the integration of black people in the economy (Shai, Molefinyana and Quinot, 2019). Thomas (2020) reported that B−BBEE success has been inconsistent and numerous large companies across various sectors are still reluctant to transform. Although there is slight progress, B−BBEE implementation is not consistent, therefore economic transformation and inclusiveness are not attainable. This is indicative that B−BBEE success does not entirely depend on how strongly the government puts emphasis on B−BBEE management and monitoring, the private sector needs to also commit fully. The B−BBEE Commission (2021) provided the national status of the B−BBEE Act; their report indicated that B−BBEE implementation has not intensified due to disregard of the Act by both the public and private sector. However, the report further indicated evidence of opportunities resulting from the Act. The opportunities were identified within SMME funding and support, and this can potentially direct the economy to job creation and skills. Business Tech (2022) also reported that in 2021 there was a decline in B−BBEE compliance, and black ownership in business had decreased. However, Bulbulia (2022) indicated that B−BBEE remains a key regulatory framework for the government to achieve transformation; furthermore, B−BBEE has had an

impact in transforming business operations. At the same time, B−BBEE scuffled implementation challenges due to insignificant collaborative efforts between the public and private sector.

Patel and Moloko (2022) reported that B−BBEE contributions towards skills development and enterprise and supplier development had decreased in 2021 between the ranges of 54.8 % and 46.5%, when compared to the average of 60% and 61% in 2020. Furthermore, the JSE listed companies and state entities which spent R41.6 billion on skills development and R26 billion on enterprise and supplier development; however, there was no correlation between the amounts spent and the impact on industry performance and the economic status of SMMEs. Although there is resistance to comply with B−BBEE, there is compliance to a certain extent.

4.5 CRITICISM OF B−BBEE

Sibeta (2013) noted that B−BBEE has generated much controversy among academics, labour unions, business organisations, government officials, and civilians. For some, B−BBEE sparks the promise of a better life for all, which has created uncertainty. Quintal (2017) argued that the B−BBEE policy has deepened wealth disparities by promoting an elite who acquires tenders through politically motivated influence, thus excluding those who were purported to be included, namely black people and other previously marginalised groups.

The ANC implemented the B−BBEE, a model similar to the NEP of Malaysia, to build an elite that would command economic power. The DTI (South Africa, 2015a) indicated that NEP focused on redistributing wealth to increase ownership of those historically excluded from the national share. In addition, the redistribution of wealth was the goal of increasing economic growth (South Africa, DTI, 2015a). Aspects such as state procurement, tenders, and the granting of business licences were used as levers in this endeavour (Marais, 2011). However, in South Africa, B−BBEE has benefitted those who are fundamentally loyal to the ANC and aligned with its political views (Levy et al., 2021).

South Africa is struggling to achieve social transformation due to the inconsistency and complexity of the B−BBEE legislation (Business Report, 2014). Gerber (2016) indicated that transformation is integral to society's political, economic, and social

spheres. However, in the case of South Africa and B−BBEE, billions of rand have flowed to politically connected individuals; thus, the transformation policy failed those in need. Various aspects of B−BBEE have been criticised, depending on one's perspective. Three of these aspects are discussed below – increasing inequality, enrichment of the elite, and the impact on investment.

4.5.1 Increasing inequality

Although there has been progress in reducing poverty since 1994, according to Roodt (2018), South Africa's economic empowerment within the B−BBEE context has not significantly contributed to reducing poverty. However, it is worth noting that poverty has been largely achieved through the expansion of aspects such as social grants and free housing and not through the expansion of opportunities. Roodt (2018) pointed out that B−BBEE benefits those who are not poor and unemployed but those who are educated and have connections. Therefore, empowerment is not broad-based and has not improved many people's lives. Makwiramiti (2011) indicated that globally, there is controversy surrounding the concept, nature, and implementation of economic empowerment policies. The South African B−BBEE is perceived as divisive, suggesting that the empowerment of previously disadvantaged people will happen at the expense of those previously advantaged. In addition, most black people have not benefited economically from empowerment policies in South Africa (Roodt, 2018), and B−BBEE has been reduced to a front for the enrichment of the black elite.

Furthermore, despite South Africa's progress in improving access to education, inequities persist and, as a result, the skills levels are highly imbalanced among the different racial groups. Mateus, Allen-Ile, and Iwu (2014) opined that the gaps in skills and education have a societal and economic impact. Social ills, such as crime and prostitution that are directly linked to unemployment, mainly affect black people in townships and rural areas. Increased violence and riots provide evidence that poor people are involved in a desperate fight for survival. Although South Africa is the economic hub of Africa, many of the country's predominantly black citizens live in poverty, and informal settlements surround the major cities.

Lack of skills affects the rate at which a country's economy grows. When economic growth is low, the country cannot create jobs, which results in unemployment and

poverty (World Bank, 2018a). South Africa has made progress but remains a country of contradictions, with only a small portion of the population being adequately skilled (Krüger, 2014). Littlewood and Holt (2018) added that South Africa's progress in transforming society and the economy has been diverse. For example, although there has been a decline in poverty levels, inequality remains overwhelmingly high. White people earn three times more than black people (*eNCA*, 2019). Furthermore, *eNCA* (2019) indicated that the average monthly earning among black people, who account for 80% of the population, was R6 899, while white people earned R24 646.

Daniel (2018) indicated that the South African Human Rights Commission (SAHRC) listed South Africa as the most unequal country in the world due to its widespread socio-economic gap. The SAHRC determined that 64% of black people live below the poverty line, compared to 41% of people of colour, 6% of Indians and 1% of white people. Furthermore, the B−BBEE Commission (2001) maintained that by 2000, black-controlled companies accounted for only 1.7% of the JSE market capitalisation. The SAHRC (2018) asserted that the figures for the first quarter of 2015, as release by Stats SA in October of the same year, revealed that about 5.5 million South Africans were unemployed, up from 5.23 million in June. Furthermore, black people still owned less than 19% of the JSE equity and are still excluded from owning the means of production and are, therefore, unable to participate in the economy (B−BBEE Commission, 2020).

4.5.2 Enrichment of the elite

South Africa's first democratic elections brought hope for equality, employment, and opportunities (Gweshengwe and Hassan, 2020). The transition to democracy implied a change in regime from racial segregation and marginalisation to an inclusive, participatory, and competitive political era (Seo, 2008). When the ANC secured political power, there was anticipation that economic and social benefits would follow for everyone. The end of apartheid came with the growth of South Africa's black middle class in business (Worden, 2012). However, the race is no longer the only divider between living standards for ordinary people. A new black elite has emerged, largely composed of politicians or 'self-made' entrepreneurs who have access to B−BBEE deals (Newman and De Lannoy, 2014).

The way the government is directing transformation is not conducive to either white or black businesses and does not enable entrepreneurship and growth. Established businesses are still perceived as white-owned, although most of them have black shareholders and board members (Bernstein et al., 2014). Conversely, it is alleged that black businesses that qualify for B−BBEE deals have the incentive to accumulate capital on a parasitic basis by obtaining shares in return for political favours and connections instead of participating in the economy's productive sector (Bernstein et al., 2014). The B−BBEE policy does not guarantee success since it creates elite-level allies inside the ruling party hierarchy. Its fate is highly unpredictable, and external actors have little control. The SAHRC (2014) indicated that until the poor are properly understood and targeted, these programmes will not reduce poverty.

4.5.3 Impact on investment

Makwiramiti (2011) declared that B−BBEE in South Africa is affecting domestic and foreign investment due to uncertainties on the part of the investor and market capitalisation. Although the intention is to transform the economic base, B−BBEE elements such as ownership, management control, and employment equity have a bearing on companies' willingness to bring new investments into South Africa.

In pursuit of radical economic transformation, South Africa faces a tough trajectory. There is a need to ensure that this policy does not vindicate Karl Marx, who claimed that the history of class struggles shows that the success of one class happens at the expense of another. If radical economic transformation is based on Marx's perception of class struggles, then opportunities for cooperation will be lost (Hausmann, 2017). Another concern is the perception that corporates advance 'white monopoly capital.[5] If these corporates with know-how and capabilities are seen as enemies of transformation, it could lead to their failure (Hausmann, 2017).

Hausmann (2017) added that South Africa needs transformation because many people are poor and unemployed. However, this process should not involve a complete overhaul of economic structures because this has significant effects on the capital markets. Therefore, it is critical to acknowledge that economic growth and

[5] White monopoly capital is a term that is used to show how white people (allegedly) control the economy by using black people as fronts.

development without transformation exacerbate inequalities since transformation without economic growth is detrimental to development. As such, the government should not solely focus on transferring ownership of assets or opportunities but on changing the economy's structure to encompass a broad-based transformation that promotes growth, mobilises investment, creates jobs, and empowers citizens (South Africa, National Treasury, 2017b). It is debatable if B−BBEE will take South Africa forward, given the corruption, enrichment, parasitism, and the other pejorative labels attached to it.

The B−BBEE Act is an intervention to address the systematic exclusion of the majority of South Africans (previously disempowered communities and individuals) from full participation in the economy. However, B−BBEE has been hindered by various issues such as acts of corruption and fronting. Such practices affect the perspectives of investors and prospective investors. In addition, B−BBEE comes with its discrimination because politically aligned people have access to harvest wealth. As a result, inequality is on the rise (Nhemachena, Warikandwa and Amoo, 2018).

4.6 CHAPTER SUMMARY

The South African government developed B−BBEE as a strategy to drive inclusivity. This policy is fundamental to economic empowerment and transformation because it aims at integrating the groups previously excluded by the apartheid system into the mainstream economy. Although B−BBEE is set to decrease poverty and inequality and advance economic transformation, it is critical to ensure that this process does not hamper economic growth. South Africa's empowerment approach appears to focus on the redistribution of wealth while economic growth lags. This approach could lead to the collapse of critical economic structures.

As part of the conditions for implementing B−BBEE, government and state organs must comply with the Codes. These Codes were issued for the first time in 2007 and consisted of seven Codes of compliance. Subsequently, the Codes were amended in 2013 for implementation in 2015. The amended Codes consist of five levels of compliance. The B−BBEE is a transformation vehicle designed to bring change, especially in the economic systems, and to correct the inequalities left by apartheid. However, the result of this process has been an economic structure that still excludes

many South Africans. For ordinary people, race is no longer the only divider between living standards and high levels of inequality.

The following chapter investigates the approach of corporates and SMMEs in implementing enterprise and supplier development. The chapter also explores the perceptions of corporates and SMMEs and their challenges regarding implementing enterprise and supplier development.

Chapter 5
APPROACHES OF CORPORATES AND SMMES TO IMPLEMENTATION OF ENTERPRISE AND SUPPLIER DEVELOPMENT

5.1 INTRODUCTION

The previous chapter provided the history of South Africa from the apartheid era, in which laws were passed to benefit the white people. Although many countries have experienced colonialism, apartheid was a unique system. In 1994, South Africa attained its freedom and transitioned into a democratic government under the leadership of the ANC. Since then, the government has attempted to address racial imbalances in the country's political, economic and social landscapes. These efforts include the BEE policy, which was later amended as the B−BBEE. The B−BBEE Act is accompanied by the Codes, which were first issued in 2007 and amended in 2013 for implementation on 1 May 2015.

The amended Codes have five compliance levels: Ownership, management control, employment equity, skills development, enterprise and supplier development, and socio-economic development. This chapter investigates the implementation of enterprise and supplier development, a major code in the amended Codes. Although it is not compulsory for the private sector, B−BBEE affects all businesses in South Africa (Accelerate Cape Town, 2017). Businesses that are B−BBEE compliant receive a certificate that provides business opportunities (Wagner, 2019).

This chapter provides details regarding the formation of enterprise and supplier development and its compliance. In addition, the perceptions of and the challenges facing corporates and SMMEs are discussed. The roles of the government, corporates and SMMEs in implementing enterprise and supplier development are also explained. The government plays a regulatory and compliance monitoring role, while corporates act as implementers and SMMEs are the intended beneficiaries. Since this study focused on enterprise and supplier development in the manufacturing sector, Chapter

5 also provides an overview of the manufacturing sector and the sub-sectors that formed part of the study.

5.2 DESCRIBING ENTERPRISE AND SUPPLIER DEVELOPMENT

Enterprise and supplier development has several definitions. Enterprise Room (2017) described it as growing new and enhancing existing small businesses by creating opportunities and access for black entrepreneurs and black-owned businesses, thus ensuring their participation and benefits from economic mainstreams. New Generation Mindset (2017) indicated that enterprise and supplier development is a process whereby large companies include black-owned businesses within their supply chain and operations. This process involves investing resources such as time and capital in assisting people in establishing, maintaining, or improving their businesses. The Western Cape Government (2014) indicated that enterprise and supplier development is investing time and capital in helping the establishment, expansion, or improvement of enterprises. It lifts people from poverty and has long-term effects on the economic growth of individuals, families, and communities (New Generation Mindset, 2017). Enterprise and supplier development is a government strategy to meet national development goals. The main objective of enterprise and supplier development is to strengthen black-owned businesses and integrate them into the mainstream economy, and this entails creating links with the supply chain of larger corporates (Miemiec, 2019).

5.2.1 Enterprise and supplier development according to B−BBEE

Broad-Based Black Economic Empowerment is managed by the DTI, which administers its implementation and monitoring (Sibeta, 2013). Enterprise and supplier development is a major code in the amended Codes that came into effect in May 2015. It is a key driver in accelerating the participation of previously disadvantaged people in the mainstream economy. Enterprise and supplier development is not an entirely new code; it is merging two Codes from the 2007 Codes, namely preferential procurement and enterprise development (Pooe, 2016).

Enterprise and supplier development requires corporates to harness entrepreneurial and small business development. Corporates are measured on how they empower suppliers with a strong B−BBEE status by procuring their goods and services.

Furthermore, involvement in enterprise and supplier development initiatives is set to strengthen and fast track the growth and sustainability of black enterprises (Bowmans, 2016). Hence, the government has a significant role in ensuring that the objectives of enterprise and supplier development are realised.

According to Hafizulla and Rahim (2017), the objectives of enterprise and supplier development are as follows:

- To increase and strengthen local procurement.
- To support procurement from black-owned EMEs and QSEs.
- To promote the use of professional black service providers.
- To encourage the development of EMEs and QSEs as both suppliers and non-suppliers.
- To recognise the progression of developed enterprises into the supply chain.
- To recognise job creation resulting from enterprise development.

Although corporates are not obliged to participate in B−BBEE, companies that do not meet B−BBEE requirements find it challenging to operate in South Africa (Van Rooyen, 2014). Businesses with a turnover of R10 million per annum must comply with the amended Codes to transact with the government and state organs.

Enterprise and supplier development seeks to support SMMEs because they are key economic growth and development drivers. However, for this strategy to succeed, much effort and focus must be placed on developing competent entrepreneurs, and skills training is fundamental (Peters and Naicker, 2013).

5.3 ENTERPRISE AND SUPPLIER DEVELOPMENT COMPLIANCE

Although enterprise and supplier development is classified as optional, non-compliant corporates are excluded from conducting business with government and state organs (Mafoyane, 2018). The DTI (South Africa, 2017a) observed that the B−BBEE Act does not have the legal standing to force private companies to comply, but the government and state organs must procure goods and services from companies with a good B−BBEE status. Therefore, suppliers and service providers are under pressure to meet B−BBEE standards.

Enterprise and supplier development weighs 40% in the B−BBEE scorecard, meaning that corporates are expected to make significant contributions to achieve a good score. However, it is difficult to earn enterprise and supplier development points on the B−BBEE scorecard because of the stringent conditions of enterprise and supplier development. Hogan Lovells (2017) indicated that companies must put more effort into complying with the Codes and realigning the systems and processes in place with the 2007 Codes. The 2013 amended Codes are listed in Table 5.1.

Table 5.1 2013 Amended Codes

Element	Revised weighting
Ownership	25 points
Management control	15 points
Skills development	20 points
Enterprise and supplier development	40 points
Socio-economic development	5 points

Source: South Africa, DTI (2015a)

The 2013 Codes require corporates to adjust their operations to comply with B−BBEE, particularly regarding the enterprise and supplier development element that now carries the heaviest weighting (Bowmans, 2016). Furthermore, Crampton (2016) indicated that the size of a company determines its level of compliance. Three categories are used to measure the size of a company:

- Businesses with an annual turnover of less than R10 million.
- Companies with an annual turnover of between R10 million and R50 million, which are identified as QSEs.
- Companies with an annual turnover of more than R50 million, which are identified as M&Ls.

Non-compliance with the Codes is regarded as an infringement of the B−BBEE. Hence, a natural or juristic person convicted of fronting is liable to a fine of up to 10% of annual turnover or to serve a maximum prison term of ten years (B−BBEE Commission, 2021). In addition, such a person is disqualified from doing business with the state or state entities for ten years from the date of conviction.

Compliance with enterprise and supplier development is measured on the B−BBEE scorecard (Bernstein et al., 2014). Except for EMEs, all companies must comply (South Africa, DTI, 2015a). Companies must score 40% on the B−BBEE scorecard to meet the compliance criteria. Furthermore, corporates are required to annually spend 2% of their net profit after tax on supplier development and 1% of their net profit after tax on enterprise and supplier development, a total of 3% of their net profit after tax. Conversely, QSEs are expected to spend 1% of their net profit on supplier development, 1% on enterprise development, and 2% after tax (New Generation Mindset, 2017). Ismail (2017) added that enterprise and supplier development entails monetary and non-monetary contributions that contribute to the development, sustainability and financial and operational independence of EMEs and QSEs that are at least 51% black-owned or 51% black women-owned. According to SME South Africa (2016), compliance with enterprise and supplier development will also facilitate the skills transfer from established corporates to new businesses. Large companies will contribute effectively to black-owned suppliers. According to SAB&T BEE Services (2016), corporates must integrate black businesses into their procurement strategies and value chains and give these businesses contracts instead of sourcing from one established supplier.

Although corporates are not obliged to participate in B−BBEE, it has become impossible for companies that do not meet a particular B−BBEE level of contribution to conduct business in South Africa (Van Rooyen, 2014). Businesses with a turnover of R10 million per annum must comply with the amended Codes to engage in business with the state and state-owned entities. Due to the stringent conditions, earning 40 points on the enterprise and supplier development scorecard is not easy. Hogan Lovells (2017) indicated that companies must put more effort into complying with the B−BBEE elements and realigning the systems and processes since 2007. Bernstein et al. (2014) indicated that the Codes allow companies to use a wide range of activities to earn points; however, strong emphasis is now on value chains because the status of suppliers affects the status of contractors. Ideally, this should accelerate the integration of black-owned enterprises into the economy. Table 5.2 shows a breakdown of the compliance elements of enterprise and supplier development.

Table 5.2 Compliance elements

Elements	Large enterprise	Qualifying small enterprises
Supplier development	2% of net profit after tax	1% of net profit after tax
Enterprise development	1% of net profit after tax	1% of net profit after tax

Source: RSM South Africa (2019)

Corporates are expected to implement enterprise and supplier development and comply with the B−BBEE scorecard to maintain a high-level contributor status. There are various ways in which corporates can contribute to enterprise and supplier development. According to the B−BBEE Commission (2021), contributions include the following:

- Grant contributions.
- Direct costs incurred by the measured entity on behalf of the beneficiary entity, for example, purchasing a computer for the beneficiary entity.
- Discounts, in addition to normal business practice.
- Professional services rendered by the measured entity to the beneficiary entity at no cost.
- Overhead costs incurred by the measured entity on behalf of the beneficiary entity, for example, providing free rental space for the beneficiary entity.
- Loans on favourable terms.
- Early payment of supplier.

The DTI (South Africa, 2016) indicated that enterprise and supplier development compliance will enable the following:

- Strengthen local procurement to help South Africa’s industrial base in critical production and value-adding manufacturing sectors that are largely labour intensive.
- Support procurement from QSEs and EMEs that are more than 50% black-owned by identifying opportunities to increase procurement from local suppliers to support employment creation.

- Support procurement from businesses that are more than 50% black-owned and 30% black women-owned to increase participation of these businesses in the mainstream economy.

According to Ismail (2017), enterprise and supplier development prioritises SMMEs as growth enablers for black industrialists and radical transformation. The code has three priority components for compliance, as illustrated in Figure 5.1.

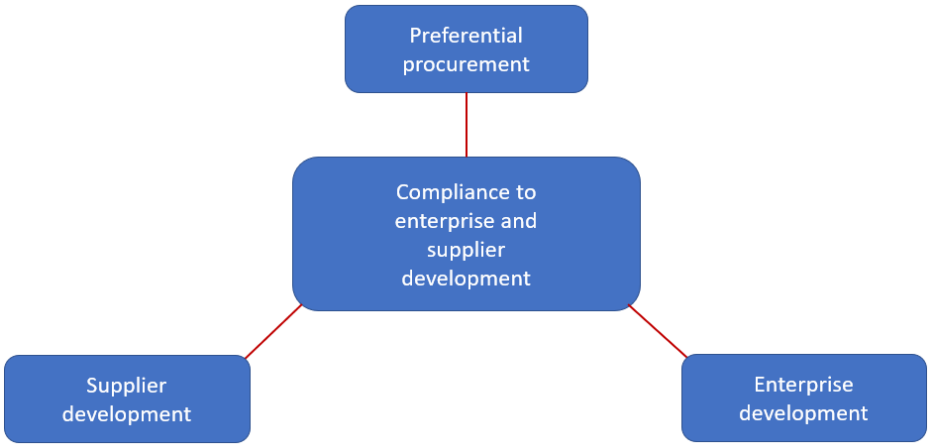

Figure 5.1 Priority components
Source: Ismail (2017)

Without attaining the three components, a company's B−BBEE certificate will be of little help since the company will be excluded. It will be difficult to obtain contracts, which is disadvantageous to a company's profitability and sustainability (Ismail, 2017).

5.3.1 Preferential procurement

The DTI (South Africa, 2017a) indicated that Section 217 of the South African Constitution requires government and state organs to contract goods and services according to a fair, equitable, transparent, competitive and cost-effective system. This influenced the development of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA). Miemiec (2019) added that preferential procurement is derived from the PPPFA, which stipulates that the awarding of bids or tenders must give preference to historically disadvantaged individuals.

Furthermore, Turok et al. (2011) explained that the PPPFA orders government to consider a preference point system that prescribes functionality, price and reconstruction development goals. In 1994, the ANC adopted the Reconstruction and

Development Programme as a principal policy instrument to drive economic transformation (Turok et al., 2011). This policy was orientated towards poverty alleviation, which included subsidised housing, electricity and basic services for black people who had been marginalised under apartheid (Bernstein et al., 2014).

The PPPFA was amended and aligned with the B−BBEE Act 46 of 2013, to give precedence to the Codes. The amended PPPFA became effective in April 2017 (South Africa, National Treasury, 2017b). Ismail (2017) indicated that preferential procurement empowers suppliers, EMEs and QSEs to support 51% black ownership and 30% black women ownership. A supplier is compliant if it is a large enterprise and fulfils all the country's regulatory requirements. A compliant supplier should meet at least three of the following:

- At least 25% of the cost of sales, excluding labour costs and depreciation, must be procured from a local supplier in South Africa, and in the service industry, labour may be included up to 15%.
- At least 50% additional jobs for black people should be created, provided that the number of black employees in the previous measurement period is maintained.
- At least 25% of raw material must be beneficiated by local manufacturing, production, assembly or packaging.
- To enable the transfer of skills, at least 12 days of productivity per annum must be dedicated to assist black EMEs and QSEs in increasing their sustainability, operation and financial capacity.
- The services industry should pay at least 85% of labour costs to South African employees.

5.3.2 Supplier development

Supplier development is a process whereby corporates assist SMMEs on their supplier list to improve their performance and capabilities (Sithole, 2014). New Generation Mindset (2017) added that corporates are expected to contribute by growing small and medium-sized black businesses by providing finance, support and assistance with business development and sustainability. There are two types of suppliers: one for

critical and strategic products and the other for non-critical and non-strategic products (Sithole, 2014). Supplier development targets both sets of suppliers and some of the initiatives can be long-term goals, such as enhancing a supplier's managerial product development and increasing operations capabilities. However, as SME South Africa (2016) indicated, this is a difficult task for corporates because they already have existing relationships with suppliers and changing to new suppliers means they must stop buying from existing suppliers and build new relationships. This takes time, so corporates cannot change suppliers immediately, especially those that operate in specialised industries requiring critical and strategic products.

5.3.3 Enterprise development

Enterprise development involves supporting the growth of small businesses through financial and non-financial aid to achieve sustainable economic development. Enterprise development entails investing time and capital to foster expansion and improvement in the operations of small businesses (Hiralal, 2021). Globally, small business development is regarded as the most effective catalyst for creating economic growth, thus reducing unemployment, poverty, and inequality (Levy et al., 2021). Hiralal (2021) indicated that companies align enterprise development with their core strategies to achieve a positive impact.

According to a publication by Bridging the Gap (2013), enterprise development can be provided at three levels:

- **Enterprise development programmes**: These are aimed at the development and implementation of large-scale enterprise development with numerous participants wherein corporates are rooting for greater impact and return of corporate social investment.
- **Cooperative management programme**: This involves facilitating and managing the process of bringing in various SMMEs and creating an ecosystem and value chain where they can collectively render services at the scale and quality that meet clients' procurement requirements.
- **Incubation**: SMMEs are taken through a total capacity-building process to deliver high performance and raised earnings to increase their competitiveness and appeal in the market.

Additionally, the DTI (South Africa, 2016) indicated that a measured entity, excluding banks and life offices, must obtain a minimum of 40% weighting (excluding the bonus points) for each enterprise and supplier development component element. Non-compliance will result in the company dropping to a lower B−BBEE status. Mafoyane (2018) argued that instead of making it a compliance deal, government needs to re-examine the process and identify which investments in enterprise and supplier development should be achieved in real terms.

5.3.4 Verification of contribution to enterprise and supplier development

The B−BBEE Commission (2021) indicated that enterprise and supplier development contributions must be verified to ensure that a measured entity does not receive points where it has not contributed. This type of verification is conducted by a verification agency that must provide the following:

- Verification of the B−BBEE status of the beneficiary entity through sufficient and appropriate evidence such as a B−BBEE affidavit.
- Confirmation from the beneficiary entity that it has satisfied the definition of black people.
- An enterprise development or supplier development between the measured entity and the beneficiary.
- Proof of contribution to enterprise development or supplier development, evidencing support is given (e.g., invoice and proof of payment of contribution).
- A letter from the enterprise development or supplier development.

5.4 THE ROLE OF THE GOVERNMENT IN ENTERPRISE AND SUPPLIER DEVELOPMENT

Since 1994, the South African government has focused on creating platforms to integrate previously disadvantaged groups into major economic activities by establishing policies to govern and assist in creating economic opportunities. The government prioritises the development of SMMEs to be economically independent, financially sustainable and operationally competitive. The government also provides support through various institutions and government departments at different levels in addition to agencies such as SEDA, the National Youth Development Agency, and other institutions whose mandate is to support SMMEs (National Development

Agency, 2013). The public sector also provides financial and non-financial support. The dominant support is through financial resources, wherein funds are offered through loans and grants. Financial support enables the establishment of businesses and the expansion of existing businesses, and the loans should not incur high-interest payments, as do loans obtained from private financial institutions. As a result, businesses will not suffer from paying high-interest loans, which means income generated can be distributed towards improving living conditions (National Development Agency, 2013).

The government acknowledges that SMMEs are key drivers of economic growth and development. Hence, there is a need to ensure that all South African enterprises have an equal obligation to address past imbalances by creating an environment in which black South Africans can participate and benefit from economic activities (Sun International, 2014).

5.4.1 Government as the regulator

Jordaan (2013) indicated that government must regulate critically by setting rules across the spectrum for both the public and private sectors. A major activity in the regulation process is to ensure that the system is fair to all role players and protects the rights of individuals and institutions. Government has the responsibility to implement a system that favours both corporates and SMMEs. Thus, there is a need for interventions by the government to effect change in the economic order because there is a perception that B−BBEE has been badly designed and implemented and has had a little positive developmental impact (Shai et al., 2019). As a result, the government has a critical role in mediating different ideologies around implementing enterprise and supplier development.

Amendment of the Codes generated mixed perceptions. While some believed it could be the right move, others viewed it as an indication of policy shortcomings. The amendment shows that this policy is not entirely practical and has implementation challenges. Extensive collaboration between the government and the private sector is still needed to address B−BBEE implementation challenges and the linkages between B−BBEE and the actors. Mhlanga (2018) added that the government has been assessing how the empowerment incentives can ensure that beneficiaries contribute

to the country's productive capacity, increase employment, and foster broad-based economic empowerment.

To effectively oversee B−BBEE implementation, the B−BBEE Commission was established as a subsidiary of the DTI (B−BBEE Commission, 2019). Werkmans Attorneys (2018) indicated that the functions of the Commission include supervising and promoting adherence to the B−BBEE Act in the interest of the public and ensuring collaboration between the public and private sectors to establish that the objectives of B−BBEE are achieved. The Commission also maintains a registry of major B−BBEE ownership transactions that are equal to or exceed R25 million, to assess if there are any issues of concern about the transaction. Furthermore, the Commission investigates complaints relevant to B−BBEE regarding issues such as fronting and other contraventions of the B−BBEE Act. The Commission also seeks to promote advocacy, access to opportunities and educational programmes.

5.4.2 Government as the enabler

Given the high level of unemployment in South Africa, the government has prioritised supporting SMMEs through policy. An indication of this commitment has been the formation of the Department of Small Business Development (DSBD). This state department is dedicated to developing start-up SMMEs and growing existing SMMEs, with a strong emphasis on supporting previously disadvantaged groups (Masutha and Rogerson, 2014). However, according to Leboea (2017), access to finance, business support and mentorship in public sector support is generally haphazard. This makes it difficult to measure the return on investment and employment.

Furthermore, to unlock the potential of SMMEs and cooperatives, the DSBD (South Africa, 2018) focuses on five critical areas that will drive the development and sustainability of the small business sector:

- **Ensuring public sector procurement**: The government has already announced its 30% procurement from SMMEs and cooperatives.
- **Building market access to the value chains of the private sector**: This will be achieved through building partnerships with the private sector to ensure that the pipeline of entrepreneurs is introduced into local, regional and international value chains.

- **Simplifying the policy and regulatory environment**: This will be achieved by reducing red tape and making it easy to start a business.
- **Enabling access to finance**: This will be achieved by providing loans, grants and incentives to SMMEs and cooperatives to increase their productivity levels.
- **Supporting township and rural economies**: This will be achieved through support mechanisms for the informal sector and graduating enterprises.

5.5 THE ROLE OF CORPORATES AND SMMES IN THE SOUTH AFRICAN ECONOMY

Renzi (2012) indicated that large corporates anchor South Africa's economy. Littlewood and Holt (2018) added that the South African government has limited capacity to address economic challenges, so business plays a key role in the country's economy, transformation and development. Miemiec (2019) concluded that corporates play a major role in the country's socio-economic transformation. However, there are conflicting views on corporates because there is a perception that large corporates exploit resources and do not benefit South Africans. Furthermore, these large corporates stifle local, smaller companies because there is no ground for competition due to huge resource disparities in financing, size, market power and skills.

Apart from the views mentioned above, there is no doubt that corporates play a major role in the South African economy. Renzi (2012) indicated that corporates primarily contribute to labour creation, productivity and income distribution. Corporations play a critical role in creating and growing employment because, by nature, they tend to demand higher productivity. As a result, they yield higher profits and contribute to the country's GDP. Another major contribution is that they generate revenue for the government through the high taxes they pay. Moreover, corporates play a critical role in providing forward and backward linkages that stimulate the economy. Additionally, Igbal and You (2001) indicated that successful development in the country can generate economic wealth, enabling the private sector actors to accumulate resources that enhance their independence and strengthen civil society as a counterweight to the state.

The National Development Plan (2012) projected that by 2030, SMMEs will contribute towards 90% of the economy. The notion is that small business growth yields positive gains for the economy and society because it presents employment opportunities (Mafoyane, 2018). Furthermore, SEDA (2012) supported the notion that SMMEs can create employment opportunities and play a critical role in sustainable jobs, skills development and economic growth when supported by policies and budgets. It is believed that SMMEs can be instrumental in employment creation, poverty reduction and inequality. Tustin (2015) indicated that SMMEs improve the standard of living within a society and the country's stability through economic development.

5.6 THE ROLE OF CORPORATES IN THE IMPLEMENTATION OF ENTERPRISE AND SUPPLIER DEVELOPMENT

Corporations are critical and play a unique role in strengthening SMMEs because they have greater resources and market networks (Jenkins et al., 2014). Masutha and Rogerson (2014) added that corporates play a dominant role and support SMMEs in various ways, such as incubation training, mentoring, provision of equipment and machinery, infrastructure, competitiveness and market access. However, Jenkins et al. (2014) asserted that it is imperative to acknowledge that corporates are businesses and are thus profit-driven. According to Rea (2021), corporates are organisations that operate independently from their owners and have powers and liabilities separate from those of the owners. Therefore, a balance must be maintained in meeting the objectives of enterprise and supplier development.

Accenture (2021), a leading information, communication and technology company, indicated that its programme aims at increasing the participation of black-owned SMMEs in its supply chain and within the wider economy. This implies that the focus is on upscaling the capacity of black-owned SMMEs to meet their business demands while preparing them to infiltrate the market. Furthermore, RMS South Africa (2019) indicate that enterprise and supplier development beneficiaries receive support through training, mentorship, business development, early payments, access to the market and collaboration.

Furthermore, enterprise and supplier development play a role in lowering costs because the programme enables corporates to invest in increasing the number of

quality suppliers close to the business operations (SME South Africa, 2021). Inyosi Empowerment (2021) explained that enterprise and supplier development entails direct and indirect exposure to market access opportunities for black-owned businesses by investing in non-financial and financial business support programmes. Sanlam (2020), a major insurance company in South Africa, indicated that its enterprise and supplier development programme is set up to support the SMMEs linked to their supply chain and sales network to foster financial resilience, sustainability and transformation of the SMMEs. The goal is to create employment opportunities, which will have a positive impact on the Southern African economy. In this 24-month programme, beneficiaries receive support on human resources, information technology, research and development, administration and finance, operations, marketing and sales. In addition, beneficiaries are assisted in mapping and implementing a growth plan. This is done through funding wherein Sanlam provides grant-funding facilities to finance or co-finance the needs of qualified businesses that meet the funding criteria.

The B−BBEE Commission (2021) indicated that corporates also have the option to implement enterprise and supplier development through intermediaries, which involves using a third party as an implementing agent. Various organisations implement and oversee enterprise and supplier development programmes. Raizcorp is a large business incubator whose enterprise and supplier development programme aims at enhancing the impact, sustainability and profitability of selected participants (Liedtke, 2020). The participants receive entrepreneurial learning and individual business guidance, access to infrastructure and business support. The programme aims at increasing the business scale of SMMEs and enhance their business viability, enabling them to become large suppliers.

Black Umbrellas (2020) has also been actively involved in enterprise and supplier development. This organisation is a large business incubator that has partnerships with the private sector, government and civil society to create a platform that uplifts black entrepreneurs. The organisation provides experienced mentors paired with black entrepreneurs to improve the sustainability and growth of entrepreneurs.

5.6.1 Benefits of enterprise and supplier development for corporates

The B−BBEE policy of the South African government has drawn heavy criticism for its inability to distribute wealth to the largest portion of the population. However, there is anticipation that the higher weighting on enterprise and supplier development is a positive development with significant potential to open up the market to new and growing businesses (Turton and Herrington, 2012). Although compliance with enterprise and supplier development is set to provide small businesses with opportunities to grow and contribute to the economy (Miemiec, 2019), this process also benefits corporations. These benefits are explained below.

BETTER PRICES FROM SMMES

Economic benefits are recognised by large companies that broaden their supplier base to include minorities (Mahlangu, 2016). Thulo (2019) added that corporates are required to procure from black suppliers, and enterprise and supplier development allows corporates to develop SMMEs, thus creating competition among new and existing suppliers. This can result in cost savings for corporates.

B−BBEE COMPLIANCE AND IMPROVED RATING

Enterprise and supplier development helps corporates to attain B−BBEE compliance (Thulo, 2019). Being awarded a B−BBEE certificate is beneficial since it enables corporates to do business with the government, state organs and other companies that have business engagements with the government (Cenfed, 2016c).

BUILDING SUSTAINABLE BUSINESSES

Effective corporate participation will contribute greatly to job creation and economic opportunities for black-owned businesses due to skills transfer and business opportunities from established companies to black businesses (SAB&T BEE Services, 2016). Enterprise and supplier development is devised to ensure that government and corporates embrace entrepreneurial and small business development. For this to be effective, much effort and focus must be placed on developing competent entrepreneurs (Peters and Naicker, 2013). Entrepreneurship and economic growth are directly related because an increase in entrepreneurship leads to an increase in

economic growth and income, largely through introductions of innovative technologies, products and services in existing and new ventures (Mahadea and Kaseeram, 2018).

VALUE CREATION

A report by Seed Academy (2016) pointed out that enterprise and supplier development is designed to transform the socio-economic landscape by supporting and capacitating black-owned SMMEs, especially those in the corporate supply chains. Enterprise and supplier development is a platform geared towards an inclusive economy and positively affects job creation and economic growth. Seed Academy (2016) added that aligning enterprise and supplier development to the value chain of the core business encourages shared value creation, which builds prospects for improved local and global competitiveness. However, Leboea (2017) indicated that as much as it is said that globalisation increases connectivity in the world, it has also brought pressure on SMMEs to reduce production costs, increase productivity and become more knowledge-intensive.

It is worth noting that enterprise and supplier development is designed to benefit SMMEs. However, corporates can also access competitive prices from various suppliers while meeting B−BBEE compliance with enterprise and supplier development. However, views of the benefits may not be applicable across all corporates.

5.6.2 Perceptions of corporates on enterprise and supplier development

Mudyiwa (2018) pointed out that there is a misconception that enterprise and supplier development is a compliance cost. Business owners believe that they are being forced to donate 3% of their net profit after tax and divert procurement spending to companies (SMMEs) that are less competent and are unable to meet procurement needs. Enterprise and development can be viewed from two different perspectives: as a vehicle for supporting the government's transformation agenda or as a stringent government process.

5.6.2.1 Support the government's transformation agenda

Enterprise and supplier development can create economic growth and jobs by building SMMEs and incorporating them into the supply chains of large companies. Enterprise and supplier development is key to poverty alleviation (Mafoyane, 2018) because it

offers black entrepreneurs the opportunity to find support and training to further their businesses (Entrepreneur, 2018). Hence, corporates acknowledge that they need to assist the government and participate in the following roles:

PROVIDING MENTORSHIP

Corporations provide mentorship to improve efficiency because SMMEs need effective development to be successful (Mafoyane, 2018). This is done with the aim that enterprise and supplier development beneficiaries gain access to markets to promote their business growth and sustainability and that corporates strongly commit to the successes of their enterprise and supplier development initiatives since their supply chains will be at stake (Frohlicher and Pothering, 2013). Furthermore, investments by corporates are set to make a tangible impact that leads to sustainable SMMEs that can participate competitively (Mafoyane, 2018). Ideally, enterprise and supplier development broadens the horizons for SMMEs.

SECTOR-SPECIFIC SERVICES

Fetola (2015) indicated that the private sector contribution mainly involves business incubation and that SMMEs are often picked according to business suitability. By design, sector-specific means to work with SMMEs that can provide goods and services specific to the industry in which they operate. Therefore, SMMEs must align with business-specific needs. Bushe (2019) indicated that many SMMEs fail to survive due to the lack of effective business support. Letsema (2021) indicated that corporates are powerful instruments for the growth of SMMEs, and hence, they must connect with SMMEs to ensure that SMMEs produce the necessary quality and meet the delivery targets.

MARKET ACCESS AND NETWORK OPPORTUNITIES

According to the International Monetary Fund (2021), unlike other countries in Southern Africa, South Africa is an emerging market ranked as an upper-middle-income country with the highest GDP in the region. However, the country has high social and economic inequalities. Many youths are unemployed to lack skills and qualifications for scarce employment opportunities. To counter unemployment and related challenges, a transformed economy must accelerate inclusive growth. It has

been proved that SMMEs can be significantly instrumental in employment creation and poverty reduction. Therefore, increased access to the market by SMMEs will strengthen SMME development. Both the government and the private sector recognise the importance of SMMEs. Therefore, enterprise and supplier development are regarded as an enabler of the integration of SMMES into the supply chains of medium and large companies, while strengthening and growing the capacity of small businesses to meet the present and future needs of large companies (Sanchez, 2011).

FINANCIAL AND NON-FINANCIAL ASSISTANCE

Botha (2022) indicated that enterprise and supplier development also requires that corporates identify SMMEs with similar business objectives so that the partnership is mutually beneficial, although the corporates carry the responsibility of supporting the SMMEs.

FINANCIAL SUPPORT

Rungani and Potgieter (2018) indicated that access to financial support for SMMEs in South Africa is a challenge faced by many SMMEs in developing countries. The DSBD (South Africa, 2018) indicated that corporates provide financial support for SMMEs through a mixed-model approach involving loans and grants. Corporations provide interest-free loans to SMMEs in addition to grants. The interest-free loans relieve SMMEs from the burden of paying the amount of interest that applies to formal financial institutions, and grants are not paid back. In addition, the B−BBEE Commission (2021) indicated that contribution towards enterprise and supplier development can be in the form of grants and loans on favourable terms. Furthermore, contributions can be through various mechanisms such as direct costs incurred wherein corporates purchase equipment on behalf of the beneficiary SMME, discounts are given on normal business practices, professional services are rendered to beneficiary SMMEs at no cost, and overhead costs such as/ providing free rental space and early payment of suppliers, are considered.

NON-FINANCIAL SUPPORT

Non-financial support mainly involves training and mentoring. Training is provided for the owners, managers, and employees of SMMEs. The type of training imparted

encompasses entrepreneurial, management and business operational skills. The benefit of training is that new skills are imparted, and entrepreneurs can understand the different aspects of their business to manage their business proficiently. Training assists in learning the financial skills that play a role in cash flow management and handling related documents. Furthermore, skills training that teaches new skills allows entrepreneurs to learn new skills from skilled workers and about the industry that the SMME wants to infiltrate. Besides training, SMMEs also receive mentoring, guiding entrepreneurs and teaching them new techniques. The benefit of mentoring is that once SMMEs comprehend and gain knowledge, they can improve how they manage their businesses (Cameron and Hoque, 2017).

5.6.2.2 Government's stringent process

The announcement of the amended Codes was followed by concerns from the private sector that the amended Codes would reduce B−BBEE compliance (Pillay, 2016). Furthermore, enterprise and supplier development would require corporates to align their transformation initiatives with their core business strategies (Frohlicher and Pothering, 2013). *The Economist Corporate Network* (2017) indicated that the 2013 amended Codes are not workable for many corporations and do not provide adequate lead time. In addition, implementation is challenging because corporates must meet client needs and requirements while raising their B−BBEE ratings. As a result, some corporations are willing to risk losing businesses to other companies with higher ratings.

Corporations have different perceptions of the capacity and resources of SMMEs in terms of their ability to conduct professional and reliable business. This is mainly attributed to the lack of training and skills, the shortage of assets for effectively operating the business and inadequate resources (Harilal and Nyakana, 2019). In addition, corporates are finding it difficult to meet procurement targets since there are limited competent, black small businesses (Mathebula, 2015). This can be explained by the fact that black representation in the small business sector has been dismal, and the profile of black-owned small businesses has remained devastatingly survivalist since 1994 (Lindsay, 2015). Most companies do not have black-owned small businesses in their supply chain because, given the history of South Africa, they have not been included (Sanchez, 2011).

Additionally, some business models are difficult to amend and realign with enterprise and supplier development. However, the Codes were amended to increase local content and local production. Most importers continue without contributing to B−BBEE (Taylor, 2016). Furthermore, a position paper by the Randburg Chamber of Commerce and Industry (2017) indicated that it is challenging to assess the progress of South Africa's transformation and B−BBEE accurately because of the lack of consistent and comprehensive quantified information on the actual B−BBEE progress. Therefore, there is no measure of how much has been achieved and what still needs to be achieved. As a result, the impact made by corporates may be underrated as corporates navigate to comply with B−BBEE and implement enterprise and supplier development programmes.

5.6.3 Challenges facing corporates in enterprise and supplier development Implementation

The 2013 amended Codes pose a serious challenge, particularly for companies that import most of what they sell or buy from importers. As a result, importers and their customers may not be able to comply (Taylor, 2016). Dreyer et al. (2021b) declared that although B−BBEE is aimed at rectifying past injustices, South African and foreign-owned companies have mounting concerns about whether there is a clear financial motivation to comply and improve compliance with the Act.

There are mixed reactions to enterprise and supplier development, with some saying it depends on the industry's nature, the company's size and the required product and services (Randburg Chamber of Commerce and Industry, 2017). Although many corporates have advanced enterprise and supplier development strategies, there are limitations to the extent to which local products and services are available.

The DTI (South Africa, 2013) pointed out that despite the achievements, there is broad consensus among the different stakeholders regarding the challenges. These challenges are discussed below.

5.6.3.1 Inadequate meaningful collaboration between large and small companies

Mosimane (2018) indicated that enterprise and supplier development was introduced as an interesting initiative arising from the challenges of effectively implementing B−BBEE and the amended Codes. Bernstein et al. (2014) indicated that ideally, enterprise and supplier development initiatives should accelerate the integration of black-owned enterprises into the economy, but there have been counterproductive challenges such as efficiency being replaced by race and corruption.

According to Carew (2017), key challenges facing corporates in the implementation of enterprise and supplier development include the following:

- Sourcing relevant and experienced black-owned QSEs and EMEs.
- Finding entrepreneurs that are scalable, teachable and willing.
- Properly aligning business objectives with developmental objectives.
- Possessing a ‘silo’ mentality that perceives transformation and enterprise and supplier development as deterrents to broader, long-term business benefits.
- SMMEs fail to grasp the complexity of selling to corporates.
- Changing management issues due to the business using SMMEs.

Furthermore, enterprise and supplier development is also confronted with governance challenges. Although many companies have accepted enterprise and supplier development as a good practice, some companies are reluctant to become involved (Carew, 2017). This is mainly due to challenges such as:

- SMMEs lack of certification to produce industry-specific products.
- SMMEs lack of expertise.
- SMMEs cash flow problems affect the quality and the delivery of goods.

As a result, some businesses make minimal contributions to avoid penalties from the government (Mudyiwa, 2018).

5.6.3.2 Fronting

Fronting is another challenge. In some cases, black people are recorded as business directors for companies whose operations they do not know in return for a small

percentage of the profit (Shai et al., 2019). Once the “white partners” who are doing the work and have the skills to manage a lucrative business move away from the business, the “black partner” fails dismally and the business is confronted with closure. Such events contribute to black people’s failure to own and manage lucrative businesses (South African Government News Agency, 2016).

5.6.3.3 Insufficient capacity of SMMEs

Corporates are measured by how they procure goods and services from suppliers with a strong B−BBEE status, thus empowering these suppliers. Corporates are also measured on their involvement in supplier development and enterprise initiatives that strengthen and fast track the growth and sustainability of black enterprises (Bowmans, 2016). Due to the stringent conditions, earning 40 points on the enterprise and supplier development scorecard is not easy. Preferential procurement is not always favourable to corporates because it dictates which suppliers will be sourced to provide goods and services. Hence, corporates must develop suppliers to meet their business needs (Van Rooyen, 2014).

Furthermore, corporates also require a supplier that cannot be ignored (Sithole, 2014). These are indicated in Figure 5.2.

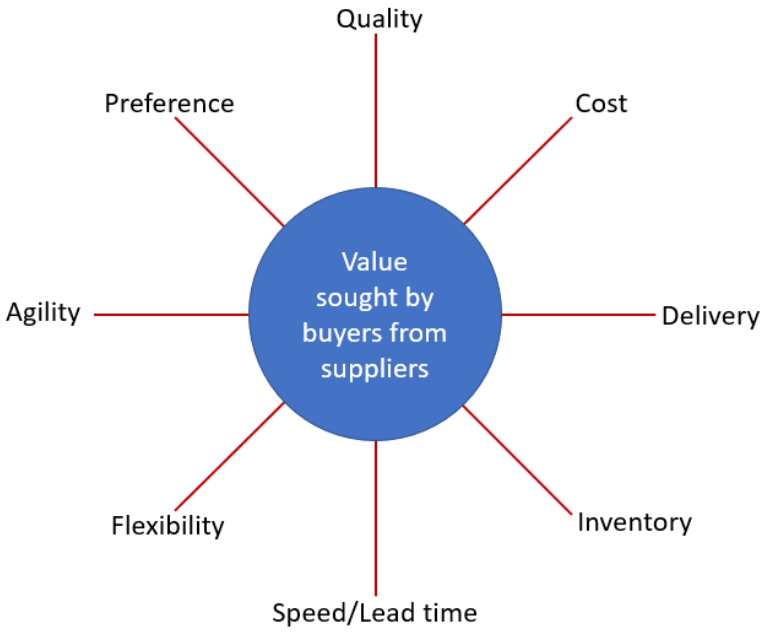

Figure 5.2 Value sought by buyers from SMMEs
Source: Sithole (2014)

Reports by the UNDP (2014) and Fakoti (2021) indicated that many small businesses fail in the early stages due to constraints that affect the viability of the business to operate and meet the requirements of large companies. These challenges impede the potential of SMMEs to contribute towards economic growth and create jobs. Carew (2017) and Forbes (2018) pointed out that enterprise and supplier development are both understood and misunderstood by businesses. Businesses that understand enterprise and supplier development have successfully integrated entrepreneur development into their value chain and included SMMEs as key strategic drivers. Carew (2017) and Forbes (2018) added that such businesses are constantly looking for more effective ways to implement enterprise and supplier development, clearly identifying the needed skills and the resources that SMMEs require. Sibiya and Bernard (2019) and Thomas (2020) pointed out that to fulfil enterprise and supplier development, companies must prioritise investing time and money in helping SMMEs and improving their operations. Enterprise and supplier development should be considered seriously because of implementation challenges.

5.7 DESCRIBING SMMEs

The DSBD (South Africa, 2019) published an amended definition for small enterprises in terms of the National Small Business Act of 1996, amended as the National Small Business Amendment Act of 2003 and the National Small Enterprise Act of 2004. The amended definition states:

> Small Enterprise means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy (South Africa, DSBD, 2019:1).

Table 5.3 indicates the different sizes of SMMEs.

Table 5.3 Size of enterprise

Column 1	Column	Column 3	Column 4
Sectors or subsectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51–250	≥ 35,0 million
	Small	11–50	≥ 17,0 million
	Micro	0–10	≥ 0,0 million
Mining and quarrying	Medium	51–250	≥ 210,0 million
	Small	11–50	≥ 50,0 million
	Micro	0–10	≥ 15,0 million
Manufacturing	Medium	51–250	≥ 170,0 million
	Small	11–50	≥ 50,0 million
	Micro	0–10	≥ 10,0 million
Electricity, gas and water	Medium	51–250	≥ 180,0 million
	Small	11–50	≥ 60,0 million
	Micro	0–10	≥ 10,0 million
Construction	Medium	51–250	≥ 170,0 million
	Small	11–50	≥ 75,0 million
	Micro	0–10	≥ 10,0 million
Retail, motor trade and repair services	Medium	51–250	≥ 80,0 million
	Small	11–50	≥ 25,0 million
	Micro	0–10	≥ 7,5 million
Wholesale	Medium	51–250	≥ 220,0 million
	Small	11–50	≥ 80,0 million
	Micro	0–10	≥ 20,0 million
Catering, accommodation and other trade	Medium	51–250	≥ 40,0 million
	Small	11–50	≥ 15,0 million
	Micro	0–10	≥ 5,0 million
Transport, storage and communications	Medium	51–250	≥ 140,0 million
	Small	11–50	≥ 45,0 million
	Micro	0–10	≥ 7,5 million
Finance and business services	Medium	51–250	≥ 85,0 million
	Small	11–50	≥ 35,0 million
	Micro	0–10	≥ 7.5 million
Community, social and personal services	Medium	51–250	≥ 70,0 million
	Small	11–50	≥ 22,0 million
	Micro	0–10	≥ 5,0 million

Source: South Africa, DSBD, 2019

Medium-sized SMMEs usually operate in the formal sector, and small and micro enterprises predominantly operate in the economy's informal sector (Mears and

Theron, 2006; Fourie, 2018; Bvuma and Marnewick, 2020). A formal enterprise is registered for tax, but an informal business is not (Laing, Van Stel and Storey, 2021).

According to Ryan (2017), the size of an enterprise is determined using the number of its employees combined with the annual turnover categories. These are described as follows:

- **Survivalist enterprise**: The minimum generated income is less than the minimum income standard or poverty line. This category is considered pre-entrepreneurial and includes hawkers, vendors and subsistence farmers.
- **Microenterprise**: The turnover is less than R150 000 annually. Such enterprises are mostly informal, for example, tuck shops, minibus taxis and household industries, and they do not have more than five employees.
- **Very small enterprise**: These have fewer than ten employees, except those in the mining, electricity, manufacturing and construction sectors. Very small enterprises operate in the formal market and have access to technology.
- **Small enterprise**: These enterprises do not have more than 50 employees and are more established than small enterprises with proper business structures.
- **Medium enterprise**: These enterprises employ 100 to 200 employees and operate mainly in the mining, electricity, manufacturing and construction sectors. In addition, medium enterprises have a designated management structure and there is the decentralisation of power.

Another aspect worth noting is that SMMEs are also referred to as SMEs. These definitions are often interchangeable (Trade & Industrial Policy Strategies, 2016). A SEDA report (2021) indicated that SMMEs and SMEs are defined differently in different countries because the size of a small and medium enterprise is relative to the size of the domestic economy.

5.8 THE ROLE OF SMMEs IN ENTERPRISE AND SUPPLIER DEVELOPMENT

Small, medium and micro enterprises play a role in improving the standard of living in a society and the stability of a country through economic development (Tustin, 2015; Ayandibu and Houghton, 2017). The promotion of SMMEs is critical for transforming

South Africa's socio-economic status due to their potential to address the high levels of unemployment, in redressing inherited apartheid inequalities in terms of business opportunities and in playing a pivotal role in creating sustainable livelihoods (Kesper, 2000; Bvuma and Marnewick, 2020).

According to Bhorat et al. (2018), South Africa identified SMMEs as key to achieving inclusive growth and development. Furthermore, there is the realisation that SMMEs are crucial for job creation, innovation and competitiveness, and they are expected to contribute to the creation of 90% of new jobs by 2030. Dlova (2017) indicated that there is a global consensus that SMMEs play a significant role in the economy of both developed and developing countries. They can boost economic development by creating jobs, increasing the country's tax base and driving innovation. Bvuma and Marnewick (2020) added that promoting SMMEs is critical in transforming South Africa's socio-economic status. Enhancing SMMEs through enterprise and supplier development helps to alleviate poverty by creating employment opportunities, redressing the inherited apartheid inequalities in business opportunities and playing a key role in creating sustainable livelihoods (Kesper, 2000; Bvuma and Marnewick, 2020).

5.8.1 Benefits of enterprise and supplier development for SMMEs

The B−BBEE Act supports the development of SMMEs, specifically those owned by previously disadvantaged people (Jenkins et al., 2014; Sanchez-Bayon and Lucero, 2022). Enterprise and supplier development benefits at least 51% of black-owned businesses with a maximum turnover of R50 million per annum (BEE Institute, 2015). It is believed that this process will also facilitate the skills transfer from established corporates to newer businesses as the large companies effectively contribute to black-owned suppliers (SAB&T BEE Services, 2016).

Sibiya and Barbard (2019) and Thulo (2019) indicated that enterprise and supplier development aims at fostering the integration of black-owned businesses into the supply chain of medium and large companies and, simultaneously, strengthen and grow the capacity of black businesses to meet the present and future needs of large companies. In this manner, SMMEs can access contracts through corporates'

procurement of goods and services, providing sustainable revenue streams. Thus, SMMEs are set to benefit through this process significantly in the following ways:

DEVELOP SPECIALISED SKILLS

The Global Business School Network (2013) and Richards and Nicholls (2021) acknowledged that enterprise development initiatives can increase employment and address poverty. Furthermore, enterprise development fosters an innovative environment, thus leading to the development of new companies. In developing countries, SMMEs contribute significantly towards employment creation. Therefore, it is important to enabling SMMEs to grow into larger businesses that can effectively grow the economy. Both Peters and Naicker (2013) and Porter (2019) indicated that for SMMEs to succeed, entrepreneurs require relevant business skills. Considerable effort and focus should be placed on developing competent entrepreneurs and skills training. Although these skills can be acquired through experience, training programmes are important. Van Rooyen (2014) added that preferential procurement dictates the type of suppliers used for goods and services. As a result, corporates should develop suppliers to meet their business needs. Thulo (2019) added that enterprise and supplier development provides SMMEs with the opportunity to gain business support regarding strategy, technical expertise and general business skills. Furthermore, enterprise and supplier development provides networking opportunities with other business owners and the corporate's network chain.

One cannot separate enterprises from entrepreneurs. Peter and Akinyede (2017) indicated that entrepreneurship is an economic process of creating wealth by individuals who assume the major risk and commit or provide value for products or services that may be unique. However, the entrepreneur must incorporate the values by allocating the necessary skills and resources. In addition, entrepreneurs must be able to identify business opportunities, combine different but necessary resources to maximise the identified opportunity and be willing to adopt the appropriate actions necessary to achieve business objectives.

INCREASED BUSINESS EXPOSURE AND MARKET ACCESS

In South Africa, corporates play a major role in socio-economic transformation. It is crucial to comply with B−BBEE because through enterprise and supplier development,

small businesses have opportunities to grow and contribute to the economy (Miemiec, 2019). According to Chell and Karataş-Özkan (2014), entrepreneurs operate in an uncertain future where judgements are needed and difficult decisions are made against information and resources that may not be readily available.

Jenkins et al. (2014) pointed out that SMMEs have limited capacity to enhance their businesses and diversify because of the lack of resources, market connections and influence. Feistein (2022) indicated that enterprise and supplier development support programmes play a unique role in strengthening SMMEs and are critical because they can provide resources and market networks. Enterprise and supplier development is one of the most powerful mechanisms to support market access, capacity building, revenue growth and sustainability for SMMEs.

The National Treasury (South Africa, 2018) published the information that government would increase support for incubation incentive schemes, lower business costs, and minimise regulation for small enterprises. Furthermore, government would focus on increasing the support for small enterprises, developing and supporting cooperatives and reviewing strategies and legislation regarding small businesses and cooperatives. Moreover, SERR Synergy (2018) indicated that the benefits of enterprise and supplier development for SMMEs include providing SMMEs with a solid foundation using the resources necessary for establishing, developing and improving businesses. Again, SMMEs are assisted in growing and becoming viable, strengthening the expansion of local economies and ensuring economic success and profitability for businesses across all industries.

Qubeka (2019) added that the South African government demonstrated its seriousness and bold intentions by focusing on SMMEs as major drivers of future economic growth in South Africa and implementing enterprise and supplier development.

JOB CREATION

Fourie and Skinner (2018) indicated that SMMEs are essential for employment creation. In addition, Tustin (2015) asserted that entrepreneurs contribute towards employment creation because their businesses create jobs. Graham (2018) noted that small business is critical in promoting growth and development. Globally, SMMEs are

key drivers of economic growth and job creation. However, Barnard and Sibiya (2019) indicated that the sector has not reached sustainability in South Africa.

The promotion of SMMEs is critical in transforming South Africa's socio-economic status due to the potential of SMMEs to address high levels of unemployment, in redressing inherited apartheid inequalities in terms of business opportunities and in playing a key role in creating sustainable livelihoods (Barnard and Sibiya, 2019; Kesper, 2000). Although there are benefits of enterprise and supplier development for SMMEs, SMMEs must possess similar views.

5.8.2 Perceptions of SMMEs of enterprise and supplier development

Geitlinger (2016) indicated that South Africa is faced with the massive task of addressing past injustices and having to withstand the pressure of global markets on the economy. Another aspect is that the country had to facilitate positive economic development and the inclusion of previously disadvantaged population groups into the economy, leading to entrepreneurship becoming critical to job creation and economic growth. Bhorat et al. (2018) indicated that most South Africans desire entrepreneurship, but few believe that opportunities exist. Bowmaker-Falconer and Harrington (2020) indicated that the success of entrepreneurship activity is also determined by surrounding factors such as government policy, frameworks and legislation, economic development and performance, education and many other social dynamics. Therefore, cynicism arises from factors that contribute to the impossibility of individuals starting a business in the areas they reside with the lack of necessary skills. Andreoni et al. (2021) added that even in a democratic state, the apartheid government's footprint remains highly evident in South Africa, with black people remaining marginalised.

With the implementation of enterprise and supplier development, SMMEs expect the playing field to improve, and business sustainability could be achievable. Partnerships between SMMEs and corporates could ignite growth across industries (Barnard and Sibiya, 2019). Therefore, SMMEs are hopeful that enterprise and supplier development will bring benefits of incubation that can add value to the growth and sustainability of SMMEs, namely mentorship and skills development. Furthermore, Matekenya, and Moyo (2022) opined that SMMEs will acquire new skills and expand

their knowledge by working with large businesses. Thus, enterprise and supplier development have the potential to stimulate innovation aims to support SMMEs in becoming competitive and sustainable businesses.

INCREASED EXPOSURE TO THE MAINSTREAM MARKET AND ACCESS TO THE VALUE CHAIN

Deloitte (2009) pointed out that exposure to the market naturally comes with lower distribution costs and an increased customer base. Hence, SMMEs may gain distribution networks through corporates. Market exposure will also push SMMEs to enhance their products to remain competitive among peers and attract more customers. Furthermore, working with corporates increases the likelihood of promoting a more vibrant and diverse local economy.

Proper investment in enterprise and supplier development can support SMMEs in terms of economies of scale. Jenkins et al.,(2014) opined that corporates are adequately resourced and are, therefore, better positioned to assist SMMEs with acquiring production material, enhancing productivity and ultimately increasing profitability and efficiency in the value chain.

PROVIDE GOODS AND SERVICES THAT MEET THE REQUIRED STANDARDS

SME South Africa (2018a) indicated that for a business to succeed, it needs to produce goods and services that are required by the market and that are competitively priced with suitable quality. Vuba (2019) indicated that enterprise and supplier development provides opportunities for SMMEs to develop and become sustainable businesses. The report of the Urban−Econ Development Economists (2019) added that SMMEs require formal operations to cost-effectively reach maximum productivity. Moreover, SMMEs must possess the ability to meet targets, quality assurance standards, and higher business standards. In this way, they will be able to comply with the regulations required by corporates.

Besides the positive perspective of business growth, SMMEs have a different perspective on enterprise and supplier development. Phiri (2019) believed that corporates are impatient when working with SMMEs and prefer established companies. Phiri (2019) also added that corporate South Africa does the opposite of what it pledges to do, especially when procuring from SMMEs. The perception is that

corporates are only interested in suppliers that can meet their needs, and they only fulfil the requirements for scorecards, reporting and compliance. SMMEs expect that enterprise and supplier development will provide much-needed support. However, the available opportunities require that SMMEs are well positioned to benefit.

5.8.3 Challenges facing SMMEs

Although many large companies in South Africa have established targets to purchase from small businesses and are making efforts to include them in their supply chains, there are challenges (Barnard and Sibiya, 2019). In many cases, SMMEs cannot meet the quality, health, safety and environmental standards and required quantity. This makes it difficult for SMMEs to survive and be competitive in the market (Jenkins et al., 2014; Bvuma and Marnewick, 2020). The DTI acknowledged that five out of seven small businesses fail within a year (Catholic Parliamentary Liaison Office, 2014:2,7). It was further stated that South Africans do not have a positive attitude towards starting a business, compared to other sub-Saharan countries (Catholic Parliamentary Liaison Office, 2014). This attitude, coupled with the lack of skills, funding, and an enabling environment, is behind the failure of many small businesses. Moreover, SEDA (2016) indicated that limited access to finance by SMMEs and poor business profitability are the main reasons entrepreneurs fail in South Africa. Table 5.4 indicates the challenges affecting SMMEs and the proposed solutions.

Table 5.4 Challenges affecting SMMEs

Enterprise and supplier development	
Current situation/challenges Black-owned companies	**Proposed solution**
• Hampered by a lack of funding as well as time pressures. • Lack of skills for expansion among some black-owned business. • Smaller black-owned companies experience significant challenges in attracting and retaining clients (both black and white), primarily due to perceived inadequate client satisfaction and resources. • Insufficient medium-size black companies, exacerbated by a lack of opportunities for smaller companies that would allow them to grow bigger. • Inadequate financial skills to effectively manage businesses. • Lack of skills or knowledge to start/ and or a small business.	• To form a comprehensive, coordinated strategy for wealth creation and skills upgrading of black companies. • To involve larger companies to assist with training needs of smaller companies so as to increase the level of skills. • To develop a proportionate plan to facilitate and encourage joint ventures between large and small companies. • To provide support (training, developing and implementing financial systems) to existing black-owned SMMEs that provide products and services to the sector, so as to enhance their operational efficiencies and financial stability.

Source: South Africa, DTI (2018a)

Turton and Herrington (2013), Cumming et al. (2015) and Janowicz-Lomott et al. (2020) indicated that basic requirements, such as a country's macroeconomic stability, infrastructure, health and primary education, are underlying fundamental conditions required for a well-functioning business environment. Furthermore, Turton and Herrington (2013) indicated that South Africa is in the efficiency-driven phase, with such basics relatively established. Therefore, funding and developmental efforts should be focused on efficiency enhancers such as higher education, financial market sophistication, technological readiness and market size.

Furthermore, Brijlal et al. (2013b) noted that the level at which an SMME owner understands entrepreneurship plays a determining role in the ability of the business to survive and achieve sustainable growth. This requires a combination of formal education and skills for SMME success. However, both Keeble and Wever (2016) and Wiid and Cant (2021) indicated that although the contribution of small businesses to the economy is evident, it is negatively affected by s high failure rate. According to

Bhorat et al. (2018), starting a business presents many challenges and, as such, entrepreneurs must overcome major obstacles to enter into the business environment and grow. The DSBD (South Africa, 2018) indicated that 70% of SMMEs in South Africa fail in the first two years after establishment and only about half of those survive to remain in business for the next five years. Hewitt and Janse van Rensburg (2020) also indicated that 70%–80% of SMMEs do not survive the first year because of various factors such as lack of skills, experience and resources, failure to distinguish between own and business accounts, poor cash flow and lack of access to finance.

Katua (2014) indicated that small businesses are affected by several challenges that hurt their chances of survival and growth, limiting their ability to contribute to economic development. Newbert (2015) indicated that the environment in which businesses are started also determines the level of opportunities. In some cases, small businesses are started as a necessity, while others are started with the advantage of available opportunities. These challenges include the following:

LACK OF FINANCE, LACK OF ASSETS AND LIMITED CAPABILITIES

There are difficulties associated with entrepreneurs having to manage a new business, while being expected to attend classroom-based enterprise development programmes. Bhorat et al. (2018) opined that effective business operations require that a business has access to various physical assets because investment in business assets is directly associated with higher growth levels. Sibiya and Barnard (2019 opined that acquiring these physical assets requires financial resources, which is a major challenge for SMMEs because the owners have limited access to private finance or credit. The difficulty in accessing finance is due to the conservative practices of banks and the fact that small businesses generally have unsustainable incomes, resulting in the reluctance to lend money to SMMEs.

The National Planning Commission (2012) and Andreoni et al. (2021) indicated that the lack of skills due to inadequate education harms small businesses. According to Rungani and Potgieter (2018), to be successful, SMMEs need to have resources and capabilities that distinguish their businesses from others, as indicated in Figure 5.3.

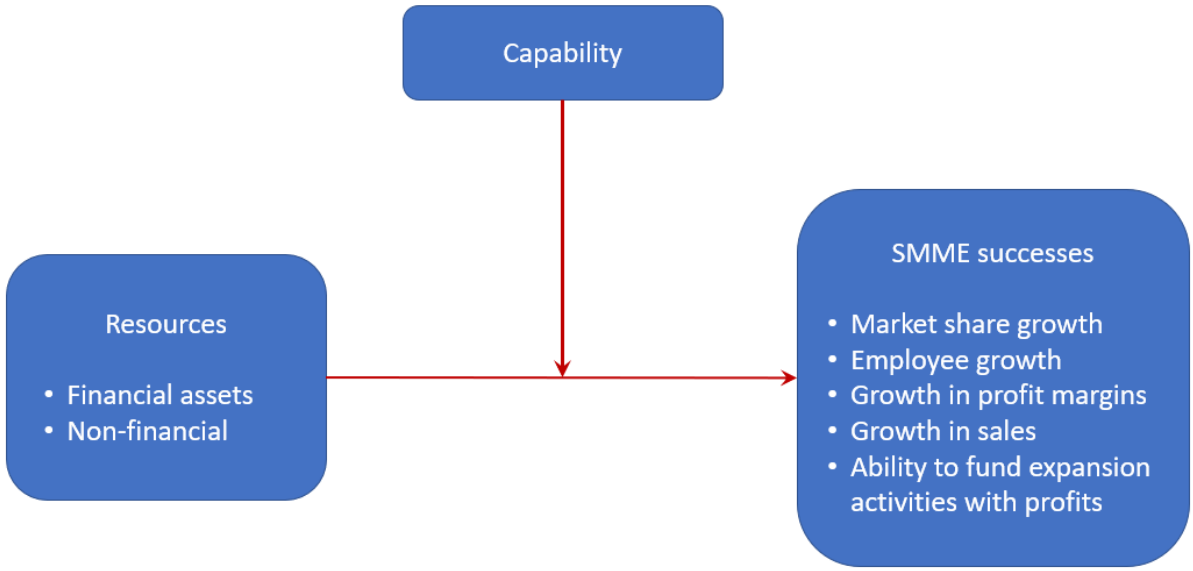

Figure 5.3 Resources and successes of SMMEs
Source: Rungani and Potgieter (2018)

Rungani and Potgieter (2018) noted that SMMEs need resources such as financial assets, manufacturing equipment, a brand name, technological knowledge, marketing know-how and management skills. Therefore, more funding and development efforts should be channelled towards efficiency enhancers, which include higher education, financial market sophistication, technological readiness and market size.

LACK OF SKILLS

McMahon (2007) indicated that there is relationship between the extent to which the entrepreneur manages the business and the performance of the business. Furthermore, entrepreneurs do not possess the same characteristics and are not homogenous. Entrepreneurs do not need to have all the sought-after characteristics to be successful because the chances of being a successful entrepreneur can be enhanced and qualities such as skills and behaviour can be learnt through mentorship and training. Leboea (2017) indicated that small businesses require research and development capacities to determine the feasibility of transforming ideas into actual businesses. Leboea (2017) added that skills determine how entrepreneurs perform tasks or activities. Such skills include planning, administrative and technical skills, knowledge of competitors, insight into product quality, distinguishing between income and profit, and spending income wisely.

Bhorat et al. (2018) added that small business owners have lower skills and education than large enterprise owners. Without certain operation and management skills, entrepreneurs cannot start and operate a business; therefore, education and training are critical.

MARKET ENTRY AND COMPETITIVENESS

Bhorat et al. (2018) and Vuba (2019) pointed out that the entry of SMMEs into the market is constrained by competitors already operating. Those already in business have the advantage since their presence in the market is established, with the probability of low production costs compared with SMMEs yet to become established. Large businesses also protect their market share and exclude competitors from the market. Dominant large firms can marginalise the entry of SMMEs into the market by engaging in collusions and conspiring to protect their collective market share. This makes it difficult for SMMEs to survive and be competitive in the market. Turton and Herrington (2013) and Iwara (2020) emphasised that a dynamic market is crucial because the fluctuation in demand and supply creates opportunities for exploitation. South Africa's market dynamics comprise one of the most constraining factors for entrepreneurship. Figure 5.4 demonstrates the market dynamics.

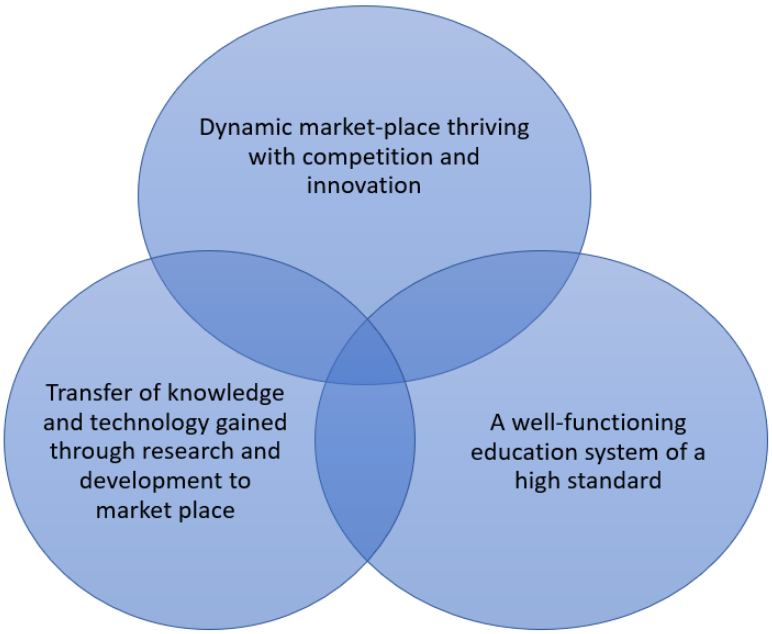

Figure 5.4 Market dynamics

Source: Turton and Herrington (2013)

Furthermore, small businesses continue to face challenges because the sectors can be extremely hostile business environments due to tough local economic conditions, lack of finance and high costs of running a business (Small Business Project, 2014). In South Africa, the growth of SMMEs has been stagnant and the government's efforts to boost the sector have yielded limited results (Fourie and Skinner, 2018).

LIMITED INFRASTRUCTURE

Lack of infrastructure involving water and electricity supply, road and transportation, and storage and preservation facilities affect enterprises because it directly contributes to the marginalisation of the poor by excluding them from economic activities, especially in rural areas and townships (Gaal and Afrah, 2017). Furthermore, some small businesses cannot operate on a large scale due to the lack of adequate infrastructure and, therefore, cannot connect their businesses to the market (South African Government News Agency, 2016). Bhorat et al. (2018) declared that infrastructure is fundamental for the establishment, growth and success of enterprises in an economy. Specific infrastructure, such as transport networks, communication systems, provision of utilities, and land, are essential components for businesses. During the 2018 State of the Nation Address, President Ramaphosa reiterated his government's commitment to "honour its undertaking to set aside 30% of public procurement to SMMEs, cooperatives, township and rural enterprises to assist those who are still economically marginalised" (South African Government, 2018b).

A report presented by SEDA (2016) noted that the lack of physical infrastructure greatly impacts business growth and operating costs. Access to communication infrastructure, utilities, transport and land or space at affordable prices is essential for business establishment. Bosma et al. (2016) indicated that most people who can start businesses are urban dwellers because they have better access to infrastructure; only a small percentage of people from rural or peri-urban areas can start a business.

CRIME AND CORRUPTION

It is not speculation that corruption is impeding South Africa's development. Many people are denied opportunities because they lack political affiliations, while the politically connected elites enrich themselves (Lawal, 2007; Pillay, 2014; Habiyaremye and Wladimir, 2018). Bhorat et al. (2018) argued that SMMEs are more likely to be

requested to pay bribes to secure government and other contracts than large corporates.

Corruption in both public and private sectors also affects enterprise and supplier development. The SMMEs do not have the bargaining power or the influence to reject unofficial payments. Kuwali (2022) added that there is growing evidence that crime is a major business constraint in South Africa. Crime negatively influences the business environment as spaces are violated and valuable assets are lost, which subsequently affects business operations. SEDA (2016) and Kuwali (2022) indicated that SMMEs may even be ushered into a total shutdown if they do not have the resources to reinvest. Moreover, crime has a bearing on the operating hours of businesses, with many businesses in urban townships being susceptible to crime. Furthermore, the high level of crime in South Africa is counterproductive for SMMEs since they are forced to increase security, which directly affects the overall costs of running a business. The business cost of crime and violence is a key issue that lowers investment confidence in South Africa.

LIMITING POLICY, REGULATIONS AND BUREAUCRACY

Bhorat et al. (2018) and Andreoni et al. (2021) indicated that small businesses in the formal sector must comply with various regulations and laws, specifically government procedures and processes, which are costly and time-consuming. Although associated costs apply to small and large companies, it is cumbersome for small businesses, unlike larger companies with all the resources. small businesses face the financial burden of meeting regulatory costs such as compulsory worker insurance, minimum working standards, and wages.

Littlewood and Holt (2018) indicated that entrepreneurship depends on various factors and stated that it is important to consider the characteristics of the organisation being created, particularly concerning choices such as competitive strategies. The process of starting a new venture is described as having six dimensions: locating a business opportunity, accumulating resources, marketing products and services, producing a product, building an organisation, and responding to government and society.

Transformation through B−BBEE requires more scrutiny than what currently exists. Practically, how B−BBEE has advanced economic transformation is less significant

because various factors impede SMMEs from maximising opportunities presented by the B−BBEE enterprise and supplier development. Many black entrepreneurs would be more successful if they had access to financial support and improved market access (ANC, 2017). According to Lovasic (2018), Simanye presented three key aspects for driving enterprise and supplier development:

- Selecting enterprises for development, based on need and highest potential for development.
- Determining the specific barriers to growth (e.g., lack of access to finance and financial training and lack of computer skills).
- Providing interventions that help overcome barriers (e.g., training, mentoring and finance).

By design, enterprise and supplier development has the potential to transform the business landscape, allowing new businesses to infiltrate the various sectors of the markets. This study focused on the manufacturing sector.

5.9 THE MANUFACTURING SECTOR

According to Szirmai (2013), manufacturing is the high structural transformation of a traditional economy into a modern economy driven by high productivity activities. Britain, continental Europe and the United States were the first to industrialise in the mid-eighteenth century. According to a report by Deloitte (2013), the manufacturing sector is a major contributor to a country's economic growth. This is because there is a direct link between the advancement of manufacturing capabilities in a country and its ability to grow. When a country can manufacture goods, it also builds knowledge and capabilities to prosper. Szirmai (2013) added that manufacturing is central to economic growth and development. Weiss and Tribe (2016) also emphasised the importance of manufacturing to economic growth, particularly at the lower income level, where it has a greater potential for employment creation at the productivity level, than other sectors of the economy. Furthermore, manufacturing significantly influences international trade at a higher income level. Countries such as Asia have seen increased productivity growth from manufacturing, whereas Africa and Latin America have indicated lower productivity growth due to shifts in manufacturing.

Although there is evidence that manufacturing is generally an engine for economic growth, there is a global decline in the manufacturing sector (SEDA, 2012). The manufacturing sector has the greatest potential to create jobs with respectable remuneration for both unskilled and semi-skilled workers. However, weak demand and external market conditions continue to erode the industry's strength. Furthermore, employment in the manufacturing sector has been declining since 2008 (Bhorat and Rooney, 2017). Linkon (2018) pointed out that in the late 1970s, many American industrial workers were out of work due to deindustrialisation. Schiavenza (2013) pointed out that, although there have been changes in productive activities, manufacturing dominated many developed economies.

5.9.1 The manufacturing sector in South Africa

According to the DTI (South Africa, 2014), South Africa's manufacturing industry emerged in the nineteenth century, and by the twentieth century, the government began to develop policies that supported manufacturing. By the 1960s and 1970s, the manufacturing sector was relatively large and diverse. Matambalya (2015) indicated that manufacturing is small in most African countries, except South Africa. The DTI (South Africa, 2019) acknowledged that the manufacturing sector is key to South Africa's economic growth. Furthermore, manufacturing plays a role towards achieving the government's objectives of employment creation and economic empowerment. PwC South Africa (2022) reported that manufacturing is the fourth largest sector in South Africa and can potentially grow the economy.

Trade and Industrial Policy Strategies (TIPS) (2017) pointed out that historically, the share of white individuals in manufacturing was higher than that of black, Indian and coloured persons. The location of manufacturing has also been shaped by apartheid geography. Goga and Avemyo (2021) ascertained that the ownership and control of firms have been under white people since the apartheid era, and this remained a significant challenge to the economy. However, the government implemented the B−BBEE policy to correct the effects of apartheid and to bring critical transformation to the ownership and control of productive assets in the economy.

South Africa's manufacturing sector has not remained immune to the global crisis. Parker (2020) reported that manufacturing declined from 26% of South Africa's GDP

to less than 13% in 2020. Stats SA (2022b) reported that manufacturing production dropped by 0.8% in the first quarter of 2022.

5.9.1.1 Manufacturing sub-sectors in South Africa

The manufacturing sectors consist of various subsectors of which each sector plays a significant role in income and employment creation (South African Market Insights, 2021). Fazluddin, Ojijo and Godfrey (2022) indicated that the various sub-sectors present different demands for resources, processed materials and finished products. Figure 5.5 indicates the various manufacturing sub-sectors and their contribution to income and employment in South Africa.

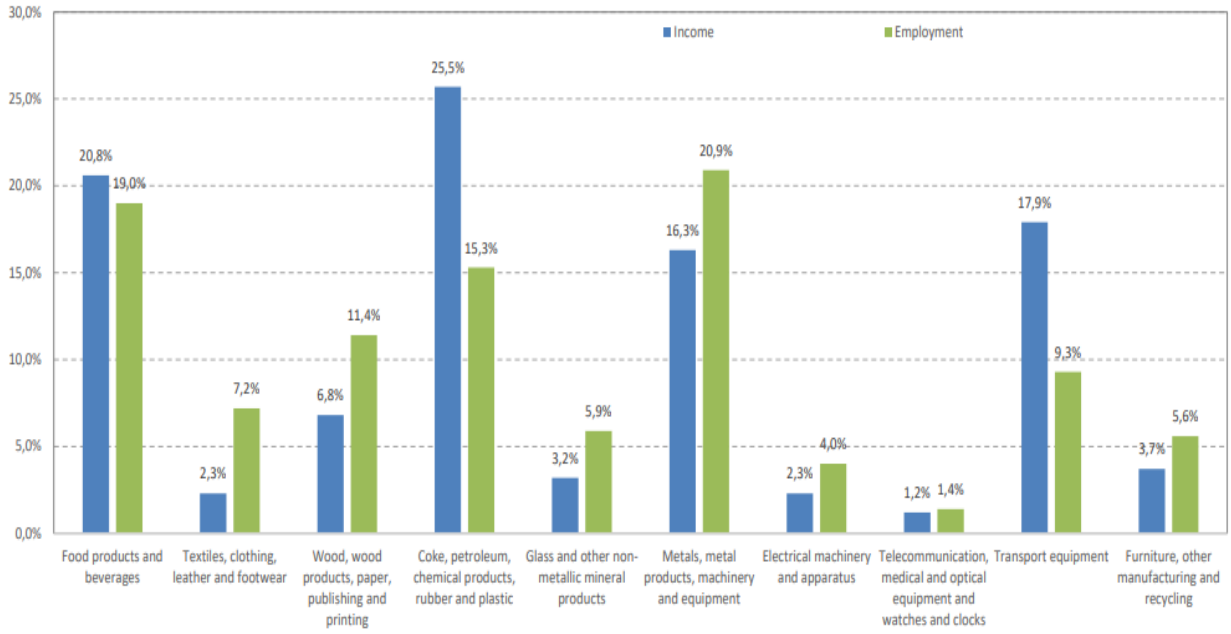

Figure 5.5 Manufacturing sub-sectors

Source: South African Market Insights (2021)

This research focused on the following manufacturing industry sub-sectors:

- Manufacturing of coke, refined petroleum products and nuclear fuel.
- Manufacturing of chemicals and chemical products.
- Manufacturing of rubber and plastic products.
- Manufacturing of electrical machinery and apparatus n.e.c.
- Manufacturing of basic metals, fabricated metal products, machinery and equipment.
- Manufacturing of office, accounting and computing machinery.

- Manufacturing of transport equipment.

Fazluddin et al. (2022) indicated that most of the manufacturers in the sub-sectors on which this research focused are driven by internationally-based original equipment manufacturers and their respective markets, although they operate from South Africa. Avenyo et al. (2021) indicated that the South African government identified manufacturing as a key sector for growth because it has the potential to increase job creation and economic growth. Furthermore, small businesses have been identified as key in the industrialisation of South Africa, considering the need to support entrepreneurs and small business owners in the manufacturing sector.

According to Nyatsumba (2017), manufacturing in South Africa has been under pressure and its contribution to the GDP has declined, which is unfortunate when acknowledging the enormous job creation potential of manufacturing and its positive contribution to the balance of payments as a foreign exchange earner. Nyatsumba (2017) added that much work needs to be done to ensure that locally manufactured products are designated and effective. Moreover, the government must end the practice of foreign companies attaining local contractual works and bringing in employees and the material used for these capital projects. Furthermore, McCamel (2018) indicated that low production in the manufacturing sector results from domestic constraints influenced by the lack of fixed investments, inadequate domestic demand for goods and the low business confidence of manufacturing firms.

5.9.2 Black empowerment within the manufacturing sector

Odendaal (2015) indicated that during the inauguration of the Black Industrialists Indaba, Mr Jacob Zuma, former President of South Africa, stated that manufacturing was the least transformed sector despite its importance in the economy. McCamel (2018) pointed out that countries aiming at strengthening growth, support the manufacturing sector because it is considered a high value-adding sector. To support manufacturing, the South African government developed policies that will help sustain the industry while driving issues of black empowerment and transformation of the sector. Fazluddin et al. (2022) indicated that the South African government capacitates manufacturing through policy.

The National Development Plan projects that by 2030, small businesses will contribute towards 90% of the economy. Small business growth yields positive gains for the economy and society. It presents employment opportunities (Mafoyane, 2018). The National Treasury (South Africa, 2018) published that government would increase support for incubation incentive schemes, lower business costs, and minimal regulatory burdens for small enterprises. Furthermore, the government would focus on increasing support for small enterprises, developing and supporting cooperatives, and developing and reviewing strategies and legislation regarding small businesses and cooperatives. Qubeka (2019) indicated that government needs to demonstrate its seriousness and bold intentions in focusing on the SMME sector as the major driver of future economic growth in South Africa.

5.9.2.1 Industrial Policy Action Plan

The DTI developed the Industrial Policy Action Plan (IPAP) to reinforce the revitalisation of the manufacturing sector from its current state. This policy focuses on economic restructuring and employment integration (McCamel, 2018). The Parliamentary Monitoring Group (2017) reported that IPAP supported radical economic transformation by changing the economy's structure. The DTI (South Africa, 2017b) added that certain manufacturing sectors provide high employment opportunities across the value chains and the capability to drive technology and innovation through technology absorption, diffusion, and research and development. Furthermore, manufacturing supports and enables the growth of national skills, capacity and capabilities and the movement towards a knowledge economy.

The DTI (South Africa, 2017b) described the core objectives of IPAP as follows:

- Diversifying the economy and providing strong support for value-added manufacturing.
- Developmental model focusing on radical economic transformation and social inclusion.
- Building regional investment and integrating trade and industrial development.
- Placing emphasis on research and development and movement towards a knowledge economy.

- Working with the private sector to prepare for and to adapt to the challenges in digitised production and logistics associated with the Fourth Industrial Revolution.

The DTI (South Africa, 2017a) depicted that, similar to many middle-income countries, South Africa faces complex and rapid demands that require fundamental economic transformations and transitions. The DTI (South Africa, 2015) indicated that IPAP articulates South Africa's overarching approach to industrial development. The re-industrialisation trajectory is implemented through successive IPAP iterations that respond to global and domestic economic opportunities and changes in dynamics. The IPAP guides South Africa's industrial development path towards sectors and capabilities, providing sustained, inclusive growth and increasing participation of marginalised citizens and regions. This acknowledges that if no special measures are put in place, the country cannot industrialise rapidly and become globally competitive but will continue the deepening apartheid patterns of economic development and wealth distribution.

Research by Kaplan (2019) indicated that IPAP has provided support to the manufacturing sector and the automobile industry has received great support compared to other industries. However, there has not been a significant improvement in global competitiveness when compared to other countries with similar GDP per capita and economic structures such as Brazil. However, Fazluddin et al. (2022) and Maphiswana (2022) indicated that IPAP has been the guiding framework used by the DTIC for the development of sectoral master plans to reinforce competitive in manufacturing. Progress has been relative in the attempts to reindustrialise South Africa and several agreements have been signed with international automobile manufactures to assemble vehicles in South Africa. The policy also emphasises the localisation of certain components ensuring they were manufactured in South Africa. IPAP has successfully increased production and job creation. IPAP has driven its success from public procurement by designating certain products for local procurement based on preferential procurement regulations.

5.9.2.2 Black Industrialist Policy

The DTI (South Africa, 2015b) indicated that the Black Industrialist Policy is a key part of the government's broad industrialisation initiatives to expand the industrial base and inject new entrepreneurial dynamism into the economy. The policy advocates strong interventions by the government to broaden the country's industrial base and grow the economy through the dedicated support of black industrialists. Furthermore, the DTI (South Africa, 2015b) indicated that the Black Industrialist Policy is set as an instrument to enhance transformation in the economy and ensure sound participation of black people in the mainstream economy. The DTI (South Africa, 2015b) indicated that the objectives of the Black Industrialist Policy are as follows:

- To accelerate the quantitative and qualitative increase and participation of black industrialists in the national economy and in selected industrial sectors and value chains as reflected by their contribution to growth, investment, exports and employment.
- To create multiple and diverse pathways and instruments for black industrialists to enter strategic and targeted industrial sectors and value chains.

The National Development Plan (2012) projects that by 2030, small businesses will contribute towards 90% of the economy. Small business growth yields positive economic and social gains and presents employment opportunities (Mafoyane, 2018). However, according to Stiglitz (2018) and Buchholz (2019), the manufacturing sector is declining worldwide. This has led to the loss of jobs for the labour force in the industry, especially in the developed countries where manufacturing contributed significantly towards employment. Pritadrajati (2021) indicated that a strong manufacturing sector is vital in building a strong economy. The United Nations Industrial Development Organisation (2021) indicated that manufacturing is a wealth-generating economy; the strongest economies are built from a strong manufacturing base.

Mondi (2017) described a black industrialist as a black South African who owns, and through significant shareholding, controls an enterprise whose product is significantly used and has significant impact on decent employment and creates broad-based economic opportunities. Therefore, the Black Industrialist Policy targets to assist black

industrialists through providing grants. However, Mondi (2017) also pointed out that black industrialists lack knowledge on how they can access funds; as a result, it has not been significantly instrumental in scaling up the number of black industrialists. Bosiu, Nsomba and Vilakazi (2019) indicated that the Black Industrialist Policy faces challenges that are common in SMMEs, such as lack of finance and inadequate access to the market. Although the Black Industrial Policy targets sectors in line with IPAP, support is provided to experienced entities that are considered low risk in terms of failing. Therefore, startup black industrialists are excluded. Research by Vilakazi (2021) indicated that although financial support is provided in the form of grants, the outcome expected from the Black Industrialist Policy will remain insignificant because the policy is being implemented at a time when manufacturing is declining, and economic output is low. Therefore, the jobs expected are not being created, and access to the market remains locked.

5.10 CHAPTER SUMMARY

The South African government developed B-BEEE to drive inclusivity, and the enterprise and supplier development code of the B−BBEE is meant to facilitate the process. Enterprise and supplier development is set to strengthen the participation of historically disadvantaged people excluded from the economy. As part of the government's effort to implement B−BBEE, the private sector, government and government entities must comply with the Codes, with compliance being indicated through a B−BBEE score. The B−BBEE scorecard currently measures inputs and outputs but does not extend to measuring the outcomes of B−BBEE initiatives on direct beneficiaries and the impact thereof on society.

The inclusiveness desired by B−BBEE means that SMMEs are expected to play critical roles such as poverty alleviation and employment creation. However, in a developing country such as South Africa, SMMEs face challenges. They often do not have the means to overcome constraints. Another challenging factor is that SMMEs face financial and non-financial challenges that hinder them from competitiveness. The significant role of SMMEs is usually short-lived owing to their failure before five years, which further contributes to unemployment. Implementing B−BBEE must be a joint effort between the government, civil society and the private sector. The critical role of

the government is to create an enabling environment for small businesses to take their rightful place in the mainstream economy.

This chapter presented the challenges and perceptions of corporates and SMMEs in implementing enterprise and supplier development and the compliance thereof; this being the study's conceptual framework. Additionally, the roles of corporates, SMMEs and the government were discussed.

Chapter 6 presents the research methodology that was applied in the collection of data, the data collection instruments and the analysis thereof. This study employed a mixed methods approach; therefore, qualitative and quantitative research was carried out.

Chapter 6
RESEARCH METHODOLOGY

6.1 INTRODUCTION

The previous chapter explained enterprise and supplier development, a major Code of the 2013 Codes, which came into effect on 1 May 2015. The role players in the implementation of enterprise and supplier development, namely the government, corporates and SMMEs were discussed together with enterprise and supplier development compliance. Furthermore, the chapter explained the perceptions held by the government, corporates and SMMEs in the implementation of enterprise and supplier development as well as the challenges thereof.

As highlighted in Chapter 1, the goal of this study was to analyse B−BBEE compliance in enterprise and supplier development using the capability approach. This chapter provides the research methodology and research paradigm for the study. Furthermore, it presents the research design, research population, the data collection techniques and data analysis.

6.2 RESEARCH METHODOLOGY

Sustrina (2009) and Devi (2017) referred to research methodology as the principles and procedures involved in a study, consisting of tools and techniques that can be used to realise the research objectives. Joyner et al. (2013) and Kale and Jayanth (2019) indicated that research methodology explains how the researcher conducts the research, the approach that is followed and the kind of data that is to be collected. Furthermore, Adedoyin (2020) added that research methodology entails understanding the research process, including the research paradigm, research approach, research design, research population and data collection. The research methodology for this study entailed the research paradigm, research design, research population, sampling, data collection, data analysis, reliability and validity, pilot test and ethical considerations. The research methodology for this study is indicated in Figure 6.1.

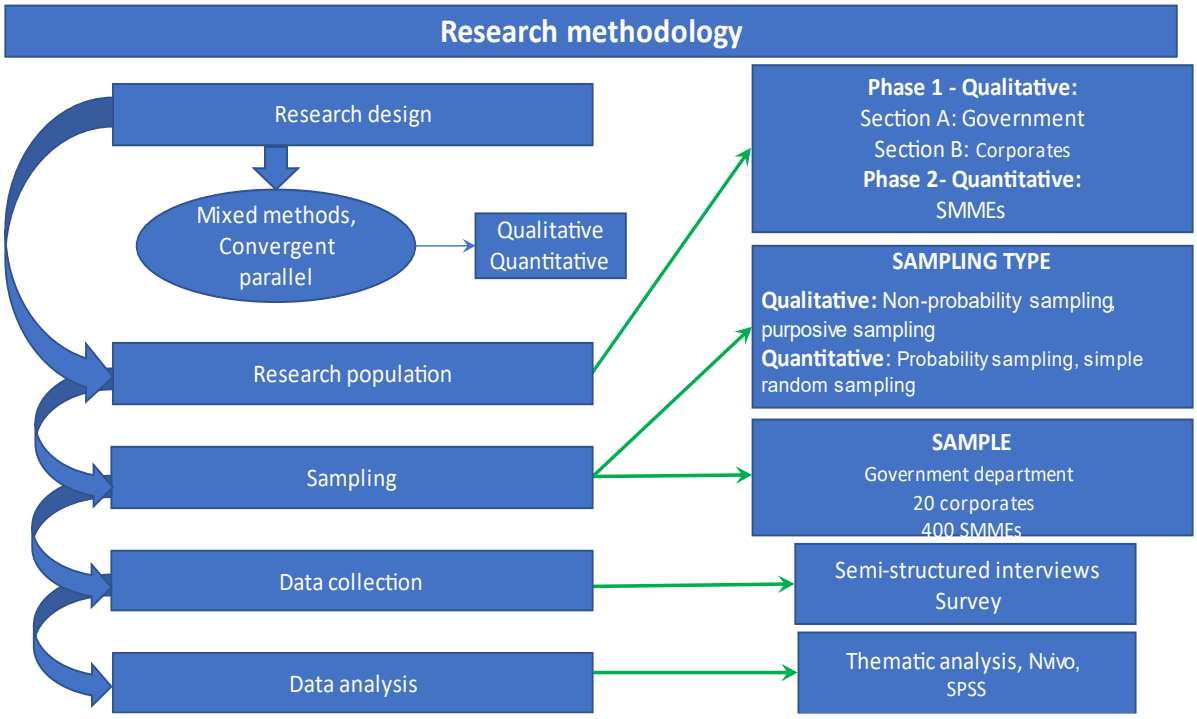

Figure 6.1 Research methodology

Source: Author's own (2022)

6.3 RESEARCH PARADIGM

Hall (2013) indicated a paradigm as a worldview that is supported by various philosophical assumptions associated with that point of view. Also, Kaushik and Walsh (2019) indicated that paradigms are conceptual and practical tools, they are applicable in solving specific research problems. Shannon-Baker (2016) added that paradigms are not constant, rigid objects that restrict all aspects of the research process; they are there to assist researchers to frame the approach to research problems and mould according to certain beliefs about the world.

The philosophical orientation of a paradigm involves questions of epistemology, ontology, methodology and axiology. Epistemology is how one knows the world and our perceived relationship with the knowledge around us. Ontology investigates reality, focuses on the world itself and what exists, whereas methodology implies the process of gathering information and carrying out the research, namely the strategic approach

(Olson and Jason, 2015). According to Carnaghan (2013), axiology is concerned about the role of values in research, in this aspect researchers make their values known in the study.

Patel (2015) indicated that a research paradigm are widespread principles and understandings that researchers abide by on how problems should be understood and addressed. The different approaches to research are described as follows:

- **Positivism** – holds a view of experimental testing or scientific explanations to validate theories (Willis, 2007). Positivists hold the principle of a single reality, which can be measured and known, and are most probable use quantitative methods to measure reality (Patel, 2015).
- **Post-positivism** – takes a strong position on everything from the acceptable reasons for researching the methods for collecting and analysing data. Context is needed and it is sufficient even without experimental testing (Patel, 2015).
- **Critical theory** – holds a view of ideas about ideology, knowledge is not value-free, and bias should be articulated (Willis, 2007). Critical theorists hold the belief that reality and knowledge are both socially constructed and influenced by power dynamics from within society (Patel, 2015).**Constructivism** – holds the view that there are multiple realities because each individual constructs their reality so there are multiple interpretations, sometimes referred to as interpretivism (Willis, 2007). Constructivism are most probable to use qualitative methods to probe in order to obtain those multiple realities (Patel, 2015).
- **Pragmatism**– believes that reality is constructed according to how individuals view the world. Reality changes and it is moulded (Patel, 2015).
- **Perspectivism** – argues that reality depends on individual's perspective (Anderson, 1998).

The foundation for mixed methods research is founded on two philosophies: pragmatism and perspectivism. As a result, mixed methods research has multiple ways of doing research, it is also a philosophical orientation to an enquiry. Pragmatism is a method for clarifying beliefs to understand their practical consequences.

Perspectivism is a philosophical basis for research that integrates qualitative and quantitative approaches (Shan, 2022).

6.3.1 Research reasoning

Studies by Duvoskiy (2018) and Soiferman (2010) indicated that research is characterised by two methods of reasoning: inductive and deductive. Qualitative research is typically associated with the inductive approach, while quantitative research is described as deductive. Induction is a shift from the specific to the general, whereas deduction begins with the general and ends with the specific. Inductive reasoning describes experiences and observations, and deductive reasoning gives descriptions based on laws, rules or other widely accepted principles. Gabriel (2013) added that the aim of deductive reasoning is to test theory, and the inductive reasoning investigates creating a new theory from information.

Wheeldon and Ahlberg (2014), pointed that mixed methods research uses both qualitative and quantitative approaches; it adopts abductive reasoning. Cosby (2017) indicated that abductive reasoning accepts that evidence and facts are incomplete and requires the researcher to develop the most likely explanations for the findings. Abductive reasoning recognises that an explanation is tentative and remains useful if a better explanation does not present itself. It allows for the tentative knowledge to be considered and acted upon. Kovach (2021) was also of the view that abductive reasoning is uniquely connected to personal experience, subjectivity, and reflexivity. It is the creative insight that arises from experience, bridging the gap between observation, instinct, and experience. Abductive reasoning allows for a holistic way of knowing. Therefore, mixed methods adopt what is known as abductive reasoning. This approach values both deductive and inductive approaches. This study is mixed methods in nature; therefore, it adopted the abductive reasoning. Figure 6.2 illustrates the abductive approach.

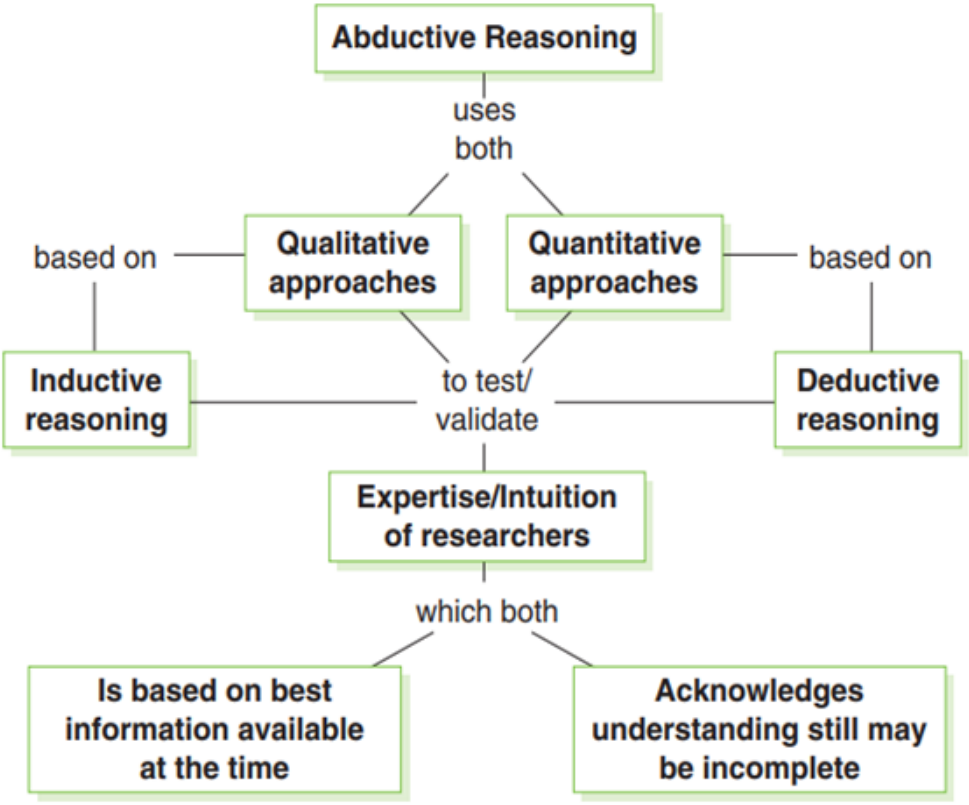

Figure 6.2 Abductive approach

Source: Wheeldon and Ahlberg (2014)

According to Walton (2014), abductive reasoning is presumptive in nature, reasoning is based on an explanation or a set of explanations, of the given body of evidence. Niiniluoto (2018) indicated that abductive is the first step of reasoning and begins to make assumptions from the facts without having any particular theory from the onset, although it acknowledges the need for theory to explain facts. Abductive theory introduces new ideas; it suggests that something may be.

6.4 RESEARCH DESIGN

Research design is the overall structure of the research project; it indicates the type of research being conducted and the overall results that can be expected. The primary role of a research design is to enable the researcher to decide on the factors that will yield the desired results (Creswell and Plano Clark, 2011). According to Pickard (2007), Kumar (2011) and Tan (2017), there are two fundamental types of research designs: qualitative and quantitative. Leavy (2017) indicated that qualitative research is suitable for understanding a complex phenomenon because it allows the researcher

to probe in-depth information. Furthermore, Addo (2014) and Leavy (2017) added that qualitative research seeks to explore people's experiences to understand what influences their behaviour and the meanings embedded in these experiences. Berman (2017) explained that qualitative research is used to explore why or how a phenomenon occurs, to develop a theory or to describe the experiences of individuals. Crossman (2020) added that qualitative research collects non-numerical data by studying a target group or population to gain meaning through understanding social life. This method allows the researcher to obtain in-depth information and the necessary knowledge to address the research objectives and answer the research questions.

De Vos et al. (2011) described quantitative research as a method that uses questionnaires to collect numerical data and determine the general perception of the respondents. Quantitative research counts and quantifies phenomena to represent concepts. It imposes scientific meaning on society to explain presumed reality and is grounded in mathematical and statistical knowledge. Stockemer (2018) indicated that quantitative research uses predetermined variables that can be counted statistically to collect data. Quantitative research also provides evidence based on the collection of numerical data and a statistical analysis. Gephart (2004) and Kadasah et al. (2022) added that qualitative research uses an interpretive and natural approach to study its subject matter, and it emphasises the qualities of entities, and often studies phenomena in the natural environment in which they naturally occur. The research allows society to explain their everyday life experience using their concepts.

Creswell and Plano Clark (2011) and Morse and Niehaus (2016) pointed out that another research design is mixed methods research. Roberts (2010) and Creswell and Plano Clark (2018) indicated that a mixed methods design combines qualitative and quantitative approaches used complementarily in a single study to obtain broad findings. Hesse-Biber (2016) and Creamer (2018) added that the mixed methods research design addresses fundamental philosophical challenges to scientific inquiry, such as the relationship between subjective and objective reality and the nature of truth.

According to Creswell and Plano Clark (2018) and Tashakkori, Johnson and Teddlie (2020), the main reason for using mixed methods research is the need to obtain a

complete story as far as possible. Tashakkori et al. (2020) indicated that mixed methods recognise both quantitative and qualitative as important and useful.

According to Creswell (2013), mixed methods research can be applied to

- compare results from qualitative and quantitative research;
- use qualitative research to elaborate quantitative findings;
- explore using qualitative research and thereafter generalise the findings to a large population using quantitative research;
- develop an instrument where there is none available; and
- support an experiment with qualitative data.

Pardede (2018) added that there are many reasons why scholars use mixed methods:

- **Triangulation**: Mixed methods allows multiple methods to be applied in a single study for the same research question. Triangulation enables the researcher to look for a convergence of the collected data to enhance the validity of the research findings. Triangulation strengthens and enriches the study's conclusions, making the findings more acceptable to qualitative and quantitative researchers.
- **Complementary**: In mixed methods the researcher is able to obtain a deeper and complete understanding of the research problem and to clarify a given research result. Applying both qualitative and quantitative methods can strengthen the richness of the collected data, given the strength of each method. Hence, combining them is beneficial because the researcher can obtain the narrative information and the numerical data.
- **Development**: One set of data can assist the researcher to develop the instrument needed for the next data collection. A researcher can use the information gathered through the initial method to shape how they will apply the subsequent method.
- **Initiation**: When the results of a study contradict the findings of previous studies, new studies need to be conducted to clarify the contradiction.

- **Expansion**: Integrating qualitative and quantitative data provides richer and more detailed findings. This enables researchers to employ different mixed methods continuously in their search for new modified research questions.

6.4.1 Types of mixed methods

According to Jeanty and Hibel (2011), mixed methods design can be simultaneous or sequential. Simultaneous designs are conducted at the same time, whereas in sequential designs, one form of data is collected before the other. Furthermore, Doyle, Brady and Byrne (2009); Creswell (2014) and Pardede (2018) explained the six types of mixed methods designs as follows:

- **Sequential explanatory design** is two-phased; it begins with collecting quantitative data, followed by qualitative data. This process enables the researcher to explain or elaborate on the previously obtained quantitative results.
- **Sequential exploratory design** is a two-phase design that explores the research problem. In this design, previously collected data forms the foundation for the data that is yet to be collected. Researchers use this when there is little information about the subject. Qualitative data is first collected through interviews or observations to explore participants' experiences with the phenomenon under study. The researcher builds on the qualitative data analysis to approach the quantitative data collection.
- **Sequential transformative design** is used to study a problem by implementing multiple phases or separate studies. It requires different research approaches and different samples.
- **Convergent triangulation design** conducts qualitative and quantitative phases simultaneously, giving both methods equal weighting. It is a concurrent model where integration occurs during the interpretation phase.
- **Convergent embedded design** enables the researcher to study diverse groups or levels within a single study, thus gaining a broader perspective of the research topic.

- **Convergent transformative design** uses one of the four designs (convergent, explanatory, exploratory, or embedded), but is guided by a theoretical framework usually reflected in the purpose statement, the research questions and the implications.

Andrew and Halcomb (2009) and Creswell (2021) indicated that the aim of using mixed methods research is not to replace qualitative or quantitative research but to bring out the strengths and compensate for the weaknesses found in both approaches. Johnson and Onwuegbuzie (2004) highlighted the strengths and weaknesses of the mixed methods, as indicated in Table 6.1.

Table 6.1 Strengths and weaknesses of mixed methods research

Strengths	Weaknesses
• Words, pictures and descriptions can be applied to numbers, and numbers can be applied to add precision to words, pictures and descriptions. • Combining the strengths of quantitative and qualitative research can overcome the weaknesses of each. • It can provide answers a broader and more complete range of research questions because the researcher is not confined to a single research method. • It can bring solid evidence for a conclusion through the convergence and corroboration of the findings. • It can add knowledge that might be missed when only a single method is used. • It can be used for the generalisation of the results.	• It can be demanding for a single researcher to conduct qualitative and quantitative research, especially if multiple approaches are used concurrently; it may require a team. • The researcher must learn about multiple methods and approaches and how to apply them appropriately. • It is costly and time-consuming.

Source: Johnson and Onwuegbuzie (2004)

6.4.2 Research methods for the study: Mixed methods, convergence parallel

Dawadi, Shrestha and Giri (2021) indicated that mixed methods afford the researcher the ability to investigate complex issues by combining qualitative and quantitative data and the research results can be explained. Through combing open-ended and closed-ended questions, the researcher can collect sufficient in-depth information. The use of qualitative research provides further understanding into the research, whereas quantitative research enables the researcher to generalise findings to a wider population. The study applied mixed methods research, convergence parallel, therefore combining qualitative and quantitative approaches. Doyle et al. (2009), Saunders, Lewis and Thornhill (2012), Creswell (2013) and Skamagki, King,

Carpenter and Wåhlin (2022) pointed out that convergent parallel design collects qualitative and quantitative data simultaneously but independently and the results are merged to combine or compare findings. The results are compared and merged during analysis to see if they converge or diverge in relation to the research question. The design provides the platform for a deeper understanding of the topic or the identification of discrepancies in the data collected. The parallel design of convergence allows the interpretation of both quantitative and qualitative results together in order to provide a richer and more comprehensive response to the research.

For this study, the qualitative and quantitative research were conducted concurrently but in two phases, data was collected from different participants. Phase one is the qualitative research and phase two is the quantitative research. Overall, three different sets of data was collected from three different population groups. Qualitative data collection consisted of two different population groups, namely the government and corporates, and quantitative data was collected from SMMEs. The first research population consisted of participants from the DTI. The second research population consisted of corporates that are B−BBEE are implementing enterprise and supplier development. The quantitative research population consisted of SMMEs that are beneficiaries of enterprise and supplier development, as well as SMMEs that are not beneficiaries. Watkins and Gioia (2015) and Watkins (2022) pointed out that in convergent parallel each data strand remains independent until the data analysis is complete. The DTI was included in order to analyse the role of the government in B−BBEE implementation. This entailed studying the objectives, the rationale for amending the Codes, the establishment of the enterprise and supplier development element, and the overall B−BBEE achievements and shortcomings. The research analysed the perceptions of the corporates and challenges, particularly regarding enterprise and supplier development. The SMMEs were important in understanding the perceptions of SMMEs and the challenges they face in relation to enterprise and supplier development, and as intended beneficiaries of enterprise and supplier development programmes. The results were merged to determine if the findings from the DTI, corporates and SMMEs converged or diverged.

Figure 6.2 depicts the convergent parallel mixed methods approach for the study.

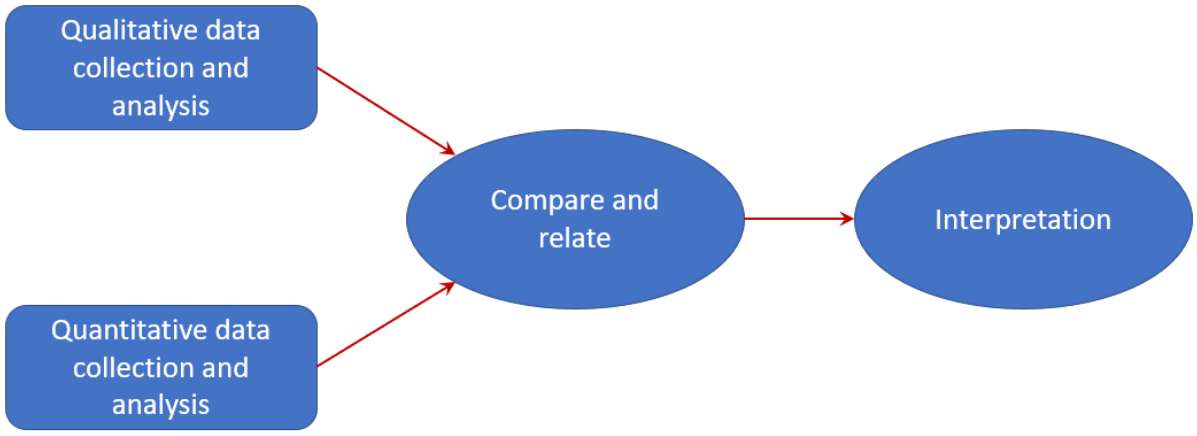

Figure 6.3 Convergent parallel mixed methods design
Source: Creswell (2013)

The researcher used a convergent parallel mixed methods research design because it addresses fundamental philosophical challenges to scientific inquiry, such as the relationship between subjective and objective reality and the nature of truth (Hasse-Biber, 2016). This type of mixed methods research design was selected because it provided the flexibility of collecting qualitative and quantitative data concurrently, without each data set interfering on the other. Considering that the B−BBEE is broad and influenced by various factors, convergent parallel mixed methods ensured that the right data collection tools were used. It was critical to gain new insights by asking questions that would bring information about enterprise and supplier development from the three role players, which are the government, corporates and SMMEs. Therefore, in order to best capture the current state of events under the 2013 Codes, a convergent parallel mixed methods research design was suitable.

6.5 RESEARCH POPULATION

Japheth (2014) indicated that a research population is the entire group of people, events or entities from which the researcher to collects data. Tille (2020) added that a study population is the population from which the research sample is selected. It is important to know people who can provide the information that is required by the study and to indicate the elements included in the target population and the excluded elements. Data for this research was collected from three different research populations.

6.5.1 Qualitative research population

The study analysed B−BBEE compliance in enterprise and supplier development through the capability approach, a framework concerned with human capability and freedom reiterating the relationship between commodity, capability, function and utility. The capability approach highlights that economic growth and the expansion of goods and services are required for human development. Qualitative research was phase one of the qualitative research, it was divided into two sections. The first section of involved two participants from the DTI, a senior manager and an executive manager . The second section consisted of 20 participants from corporates in the manufacturing sector. The participants held various titles depending on the structures of the corporates, but were responsible for B-BBEE.

Manufacturing is a significant industry in the economy and, therefore, this research selected various sectors. A report by SEDA (2012) indicated that the manufacturing sector generates economic wealth. James (2016) reported that the South African government had identified manufacturing as a key sector for growth with the potential to increase job creation and economic growth.

This research focused on the following sub-sectors of the manufacturing industry:

- Manufacturing of coke, refined petroleum products and nuclear fuel.
- Manufacturing of chemicals and chemical products.
- Manufacturing of rubber and plastic products.
- Manufacturing of electrical machinery and apparatus n.e.c.
- Manufacturing of basic metals, fabricated metal products, machinery, office equipment and accounting and computing machinery.
- Manufacturing of transport equipment.

The number of white people in these sub-sectors is higher than in the rest of the manufacturing sector, with the numbers of blacks being relatively low. The location of manufacturing has been shaped by the apartheid geography. The South African manufacturers of these sub-sectors mainly produce commodities for mining, construction, electric power generation and distribution, and food processing. The profitability in these sub-sectors has been generally higher than in the other manufacturing sectors (Trade & Industrial Policy Strategies, 2017). A strong

manufacturing sector is fundamental to the growth of a country from middle- to high-income status (Bhorat and Rooney, 2017). The manufacturing sector provides high employment opportunities across the value chains and fosters the capability to drive technology and innovation (DTI, 2017).

As discussed in the previous chapter, the B−BBEE and enterprise and supplier development aim at addressing past imbalances. In this study, qualitative research explored the perspectives and experiences of government and corporates, providing insight from the government as the B−BBEE policy custodian, and the corporates as the implementers.

6.5.2 Quantitative research population

For this study, quantitative research was phase two of the research, the population comprised of SMMEs within the manufacturing industry that falls under the sub-sectors as already indicated in the qualitative research population, the respondents were either managers or owners. James (2016) reported that small businesses had been identified as a key focus for re-industrialisation in South Africa. Furthermore, James (2016) highlighted the need to support entrepreneurs and small business owners in the manufacturing sector.

6.6 SAMPLING

Onwuegbuzie and Collins (2007), Japheth (2014) and Martino et al. (2018) indicated that a sample is a manageable section of the population that has been selected for a study because it is impossible to involve everyone in a study. Therefore, a viable option is to select members of the population that represent the population under research. Furthermore, Hill (2012) and Rioux et al. (2020) asserted that the most important aspect of choosing a sample is selecting a suitable sample for addressing the research questions. Verma and Verma (2020) indicated that researchers decide on the number of participants/respondents and how to select the sample numbers in both qualitative and quantitative. Furthermore, it is appropriate to use small samples in qualitative research and justifiable to use large samples in quantitative research. Furthermore, Blaxter et al. (2010) and Latpate et al. (2021) indicated that there are two main sampling strategies: probability and non-probability sampling. In probability sampling, every individual or object in the population has an unequal chance of being chosen for

the study, whereas in non-probability sampling, the researcher can select the participants in correlation with the kind of data to be collected. The study was conducted using mixed methods research; therefore, the sampling technique was designed to accommodate both qualitative and quantitative research methods. Hence, the study applied both probability and non-probability sampling.

According to Groundwater-Smith, Dockette, Bottrell (2014), researchers must consider access and corporation issues when identifying participants in a study because these issues are embedded in power and positioning. However, researchers may negotiate with institutions, services, and communities to gain access to participants, emphasising the importance and contribution of the research.

Probability sampling is applied in quantitative research, whereas non-probability sampling is applied in qualitative research (Blaxter, Hughes and Tight, 2010; Martino, Luengo and Míguez, 2018). Lopez and Whitehead (2013) and Clark et al. (2021) indicated that qualitative research employs non-probability sampling, whereby the researcher selects a particular group for research on a specific topic.

6.6.1 Probability sampling

According to Blaxter et al. (2010) and Lohr (2019), probability sampling is used in quantitative research methods and every individual or object in the population stand equal chance of being chosen for the study. Furthermore, Omona (2013) and Lohr (2019) indicated that there are five types of probability sampling:

- Simple random sampling selects participants in a way that gives everyone an equal chance of being selected.
- Stratified random sampling is a sampling design in which a population is divided into sub-populations. It aims at selecting a sample so that the target sub-groups are represented in the sample in the same proportion that they exist in the population.
- Cluster random sampling randomly selects groups of individuals instead of randomly selecting individuals one at a time.
- Systematic random sampling selects individuals from a list by choosing every sampling frame member.

- Multi-stage random sampling entails selecting a sample in two or more stages because the population is relatively large or its members cannot be easily identified.

6.6.2 Non-probability sampling

According to Onwuegbuzie and Collins (2007) and Rassel et al. (2017), non-probability sampling is suitable for qualitative study. The researcher purposefully chooses participants and settings to obtain as much information as possible about the research phenomenon; this means that participants are selected based on their ability to provide the required information. Bhattacherjee (2012) and Silvia (2020) observed that in non-probability sampling, the chances of any member being selected for a sample cannot be calculated.

According to Lopez and Whitehead (2013), there are four types of non-probability sampling:

- Convenience sampling considers people as part of a sample because they are conveniently available and accessible with regards location, time and willingness to participate.
- Purposive sampling selects participants based on pre-selected criteria relevant to a research question. Purposive sampling achieves crucial information because participants are selected from those who are able to provide the required information according to experience or special knowledge.
- Snowball sampling is a networking sample in which existing participants provide referrals to recruit different samples, thus enabling the study of a larger group. These referrals are people in the same community or a similar network, or people who are friends, relatives, or colleagues.
- Theoretical sampling is mainly used to collect data from participants for theory generation.

6.6.3 Qualitative research sampling

Lopez and Whitehead (2013) and Clark et al. (2021) indicated that qualitative research employs non-probability sampling whereby the researcher selects a particular group

for research on a specific topic. In this study, the qualitative research applied non-probability, purposive sampling because it enabled the researcher to gather rich data from knowledgeable and informative participants. Participants were selected based on their expertise in enterprise and supplier development and thus their capacity to provide informed responses during the interviews. Schutt (2018) indicated that purpose sampling does not claim that the sample represents the entire population but ascertains that the sampled population will produce the needed information. The sample size does not hinder the quality of the collected data; the richness of the collected data is far more important than the number of participants. Balthazar and Vendrely (2021) emphasised that purposeful sampling allows the researcher to select participants that add value to the purpose of the study. Clark et al. (2021) indicated that the sample size for qualitative research based on the interviews requires between 20 and 30 participants, although some research interviews have fewer participants. For this study, two participants from the DTI and 20 from the corporates were sampled.

6.6.3.1 Including and excluding criteria for the qualitative research

The participants from the DTI were selected because they possessed knowledge and experience in B−BBEE and enterprise and supplier development. The participants were also selected based on the fact that they had more than 10 years working experience in the B−BBEE arena. Furthermore, the DTI has various divisions and for this research, the participants were in management positions and directly involved in the implementation of enterprise and supplier development. From the two participants, one was a senior manager and the other an executive manager. Two participants were deemed sufficient for providing the required information at policy implementation level. Furthermore, to enhance the integrity of the research, input from the authorities responsible for the administration, monitoring and evaluation of B−BBEE compliance was needed.

The 20 participants from 20 corporates that participated were selected from the manufacturing industry and were B−BBEE compliant in enterprise and supplier development. The participants were personnel who are directly responsible for B−BBEE within the organisations. Most corporates have dedicated personnel within various sections and units within organisations to oversee B−BBEE implementation. The participants held designations such as procurement manager, transformation

manager or B−BBEE manager, depending on the organisation's structure, therefore qualifications were not key in selecting participants. The researcher interviewed these personnel, and they provided answers that were relevant to understanding challenges and perceptions from the corporate position.

6.6.3.2 Qualitative research site

The research site is critical since it determines how information is accessed. This study collected data from South African government department and corporates. The data was collected in the Gauteng, Mpumalanga and Western Cape provinces. These areas have a diverse economy and harbour some of the largest corporate headquarters, particularly those identified to participate in this study. The identified research sites were accessible to the researcher because the researcher was able to obtain permission to conduct the research and secure interview dates.

6.6.4 Quantitative research sampling

The quantitative research applied probability, simple random sampling. This type of sampling was selected because it is straightforward when compared to other types of probability sampling (Martino et al., 2018). Lim and Ting (2012) and Balthazar and Vendrely (2018) indicated that in simple random sampling, each element is chosen randomly and entirely by chance and each element thus has the same chance of being chosen at any stage during the sampling process. According to Quatember (2015), this type of sampling does not select members of the population more than once. The advantages of simple random sampling include the following:

- It is free from classification errors.
- It requires minimum advanced knowledge about the population other than its frame.

Taherdoost (2016a) indicated that to generalise from a random sample and to avoid sampling errors or biases, the random sample must be an adequate size. Furthermore, Frankfort-Nachmias, Leon-Guerrero and Davis (2019) and Lohr (2019) indicated that the composition of the research population that is sampled is not important, but rather the total size of the selected sample relative to the complexity of the population, the

aims of the researcher and the types of statistical manipulation that will be used in the data analysis.

Respondents for the quantitative research of this study were selected from owners and/or managers of SMMEs, and the target was 400 SMMEs, sampled using simple random sampling. The SMMEs consisted of those that were beneficiaries of enterprise and supplier development as well as those that were not beneficiaries. The list of SMMEs were obtained from the government institutions that assist SMMEs with aspects such as incubation, grant funding and loans. Furthermore, some of the corporates provided a list of SMMEs that were in their enterprise and supplier development programmes as well as supply chain. According to Valliant et al. (2018), a sample can be designed and selected. In this study, the total population of SMMEs was unknown. However, according to Lohr (2019), simple random sampling allows a researcher to construct a list of SMMEs and select those to be the sample. Furthermore, Frankfort-Nachmias et al. (2019) and Hoffmann (2021) indicated that a sample does not have to include the entire population, but elements of interest in the population can be projected from the sample with a known degree of accuracy. The target population was 400 SMMEs. However, to minimise shortfalls, the survey was distributed to approximately 455 SMMEs, from which 406 responses were received. However, only 401 responses were analysed because the remaining five were not completed in full.

6.6.4.1 Quantitative research site

Data was collected from South African SMMEs within the manufacturing industry that was directly involved in manufacturing, and some SMMEs provided good service within the manufacturing industry. Data was collected from SMMEs based in the Eastern Cape, Gauteng, Kwazulu-Natal, Mpumalanga, North-West, Northern Cape and Western Cape provinces. The selected areas harbour some of the largest corporates within the manufacturing industry; therefore, it was feasible to identify SMMEs to participate in the survey.

6.6.4.2 Including and excluding criteria for the quantitative research

SMMEs that participated in the survey were operating within the manufacturing industry, in the subsectors selected for the research as indicated in section 6.5.1 and

the respondents were owners or managers. Aspects such as education and qualifications, gender and race were not a determining factor because entrepreneurs have different backgrounds.

6.7 DATA COLLECTION

Zohrabi (2013) indicated that collecting data encompasses tests, questionnaires, interviews, classroom observations, diaries and journals. In mixed methods research, the process uses numerical and non-numerical data. Creswell (2014) added that data collection refers to gathering information to address the research questions. Moreover, data collection uses qualitative and quantitative research methods. Ajayi (2017) pointed out that data can be grouped into primary and secondary categories.

In mixed methods research, this process factors sampling, gaining permission, collecting data, recording the data, and administering the data collection. Data collection utilises qualitative and quantitative research methods (Creswell and Plano Clark, 2011; Rose, McKinley and Baffoe-Djan, 2019).

6.7.1 Secondary data

Secondary data has already been collected and analysed by others and is readily available for use. Blaxter et al. (2010) and Kabir (2016) asserted that secondary data is indispensable in most research. Analysis of documents is important; these documents help the researcher in organising the context of the research and the design of the conceptual framework. Secondary data includes publications such as books, articles, journals, desktop studies and relevant reports. Secondary data saves time and the cost of obtaining information. However, its limitation is that the source of information may be obsolete and not meet the specific needs of the situation or setting.

6.7.2 Primary data

Primary data is collected directly from the source. However, primary data sources may be limited due to issues such as the unavailability of a population or a lack of cooperation from the desired groups. Primary data can be collected using experiments, surveys, questionnaires and interviews (Kabir, 2016).

For this study, a mixed methods approach was used to collect primary data because it allowed the researcher to gain insight into experiences, perceptions, and attitudes. Data was collected from people, and by nature, people are inclined to express themselves (Creswell, 2021). Overall, data was collected from three different research populations, and researched was conducted in two phases, however, both quantitative and qualitative data was collected concurrently, although separately. Quantitative data was collected from SMMEs through an online survey. Qualitative data was collected from the DTI and corporates. Initially, the plan was to conduct face-to-face interviews to collect the qualitative data. However, the COVID-19 pandemic in 2020 affected the research plan, and interviews had to be conducted virtually and telephonically.

6.8 QUANTITATIVE METHODOLOGY

Mohlabi-Tlaka (2017) indicated that the quantitative method involves the quantification of data and the analysis thereof. Deductive reasoning was used predominantly, and the research methods and theories were aligned with the deductive reasoning approach. Oussi (2020) added that deductive reasoning is a basic form of valid reasoning, which starts with a hypothesis and then examines possibilities to reach a specific logical conclusion. This study employed a survey to collect the quantitative data.

6.8.1 Type of survey used in the study

A cross-sectional survey was employed for the study. Sincero (2012) and Nardi (2016) noted that the cross-sectional survey entails collecting information from respondents at a certain period in time. This type of survey uses a questionnaire to enquire about a particular topic at one point in time. The cross-sectional survey was selected for this study because it allows for data collected from many individuals. The target population for the quantitative research was 400 SMMEs; therefore, this type of survey was suitable.

6.8.2 Survey method for the study

The online survey is considered the latest in survey development. It is an internet or web-based survey that has mitigated administrative aspects such as costs, material, time and staff needed to conduct more labour-intensive face-to-face or telephonic

surveys. However, the data quality is highly dependent on the design of the survey. The quality of information obtained may be greatly affected if only a few people respond, if some do not complete the questions in full, if they cannot think of the answers or if they do not have access to the internet (Hooker and Gil de Zuniga, 2017). Given the large population sample in the current study, the online survey was suitable because it could reach many respondents in a cost-effective way. However, it was important to ensure that the instructions were clear because the researcher was not able to guide the respondents in completing the questionnaire.

6.8.3 Types of survey questions used in the study

According to Robinson and Leonard (2019), quality survey questions are designed with an understanding that the type and structure of questions determine the quality of data that will be collected. Several types of survey questions were used in the current study.

- **Open-ended**: Open-ended questions allow participants to further express their views (Creswell and Plano Clark, 2011; Albudaiwi, 2017a). The open-ended questions allowed the respondents to express themselves on aspects that could not be comprehended statistically.
- **Closed-ended**: A closed-ended question is a type of question where participants are offered a finite number of responses from which to choose (Clow and James, 2014; Albudaiwi, 2017b). The advantages of closed-ended questions include accuracy and ease of data coding and entry; these limit interviewer bias. Moreover, the limited number of responses and the availability of alternative lists help respondents to recall. These questions are designed to allow respondents to answer by selecting a suitable response from the provided options or by indicating ‘yes’ or ‘no’. Furthermore, closed-ended questions are used to collect statistical data.
- **Nominal questions**: Nominal questions collect data using questions that provide participants with a list of answers from which to choose. Nominal questions also allow participants with an opportunity to give an open-ended answer (Boone and Boone, 2012; Lamont and Boduszynski, 2020). This enables respondents to further substantiate their chosen answers.

- **Dichotomous questions**: These questions only have two response options (Clow and James, 2014; Lamont and Boduszynski, 2020). In the current study, some of the questions required the respondents to select the one answer that expressed the way they felt.

6.8.4 Survey process for this research

According to Sue and Ritter (2012) and Allen (2017), a survey is a data collection tool that is used in research to gather data about the characteristics, actions or opinions of a large group of people. Furthermore, surveys can be used to assess needs, to evaluate demand and to examine impact. The survey is a fast and affordable way of collecting primary data. However, although the information can be easily analysed, there are limitations such as people holding back responses, biasness and misinterpretation of questions.

6.8.5 Online survey

The survey was conducted online, which means the researcher did not support or assist the respondents in completing the survey. As indicated by Sue and Ritter (2012) and Toepoel (2015), surveys that the researcher does not administer and for which the researcher does not pose the questions or record the answers are regarded as self-administered surveys. In this type of survey, there is no physical contact between the researcher and the respondents and all information, including instructions, is in the questionnaire.

6.8.6 Preparing survey questions

Albudaiwi (2017b) indicated that a survey can contain closed-ended and open-ended questions. For this study, the researcher prepared both closed-ended and open-ended questions. The closed-ended questions consisted of dichotomous, multiple-choice and nominal questions (Lamont and Boduszynski, 2020). The guidelines used to construct the questions aligned with the research objectives, the findings from the qualitative research and the literature review. Some questions aimed at collecting demographic information about the respondents to verify that they were within the target population. The main questions were aligned with the research questions, and qualitative research findings from the government and corporates shaped the survey questions. The

questions targeted SMMEs that were beneficiaries of enterprise and supplier development and those that were not.

6.8.7 Preparing the online survey

The researcher used Google Forms, a free online survey tool. The questionnaire was loaded into the web-based form. A link to the survey was emailed to the respondents. The survey link was distributed by some of the corporates that were respondents to the qualitative research that had SMMEs participating in their enterprise and supplier development programmes. In addition, government institutions that assisted SMMEs with aspects such as incubation, grant funding and loans distributed the link to some of their SMMEs. It is worth noting that the institutions were in possession of the contact details of the SMMEs and did not provide those details directly to the researcher; instead, they distributed the survey link on Google Forms. However, only the researcher had access to the database on Google Forms that generated the number of responses provided by the participants.

6.8.8 Survey administration

The survey was completed online by SMMEs that were beneficiaries of enterprise and supplier development and those that were not. The questionnaire did not take more than 30 minutes to complete.

6.8.9 General observations

In preparing the survey, the researcher ensured that its introduction indicated the focus and aim of the study. Instructions on how to complete the survey were presented as clearly as possible. As a result, the survey was completed with relative ease.

6.8.10 Limitations of a survey

The survey was limited to SMMEs that were within the manufacturing industry. The researcher was not available to assist the respondents because it was an online survey. No in-depth information could be probed, apart from what the respondents provided in the questionnaire.

6.9 QUALITATIVE METHODOLOGY

Lopez and Whitehead (2013) indicated that qualitative data collection is directly related to sampling since the data is collected directly from the identified sample population. As already indicated, there are different ways of collecting qualitative data. According to Devlin (2020), the most common methods are interviews and focus groups. The interview is a technique that is used to explore the views, beliefs, experiences and motivations of an individual participant, whereas focus groups use group dynamics to generate qualitative data. For this research, the researcher employed semi-structured interviews to collect the qualitative data.

6.9.1 Interview

Kabir (2016) claimed that an interview is a conversation between the interviewer and the participant. Traditionally, interviews are done face-to-face and allow the interviewer to read the body language, expressions and other reactions of the participant, thus helping the interviewer to reach conclusions.

The interview method involves questioning or discussing issues with people, which is useful for collecting data that may not be accessible through other techniques such as questionnaires (Blaxter et al., 2010). Furthermore, Saunders et al. (2012) indicated that this method enables the researcher to probe the participants' answers. This enables the participants to elaborate their responses, making it possible to read the unspoken words such as body language. The different types of interviews are structured, semi-structured and unstructured. This study employed semi-structured interviews.

SEMI-STRUCTURED INTERVIEW

According to Kabir (2016), in semi-structured interviews, the interviewer and the participants engage in a formal discussion. The interviewer uses an interview guide to lead the discussion but can also present follow-up questions subsequent to those in the interview guide. Saunders et al. (2012) added that this type of interview enables the researcher to use open- and closed-ended questions. According to Zohrabi (2013), semi-structured interviews are neither rigid nor too open; they are flexible and allow

interviewees to provide additional information. The questions in the current study were prepared according to the focus of the study.

6.9.2 The interview process

Devlin (2020) indicated that interviews provide an understanding of social phenomena that is deeper than what quantitative methods offer. Interviews are appropriate for exploring sensitive topics that participants would not want to talk about in a group setting. This study used semi-structured interviews to collect qualitative data. Virtual and telephonic interviews were conducted with the participants. The researcher scheduled the interviews with the participants, and the duration of each interview was set for a maximum of 60 minutes.

6.9.3 Interview guide

Devlin (2020) proclaimed that when designing an interview schedule, it is imperative to ask questions to address the research aims and objectives. For the qualitative method, the researcher prepared interview questions to guide the interviews for each population group. Hence, two different interview guides were developed. Interviews for the first target population, the DTI, were conducted virtually, whereas the interviews for the second group, the corporates, were a combination of virtual and telephonic interviews. In addition to the prepared questions, the interviewer posed follow-up questions to probe further. The interview questions were developed according to the research questions and the theories applied to the research.

6.9.4 Interview recording

De Leeuw, Hox and Dillman (2008) claimed that recording interview responses is crucial, and the manner in which the interviewer fulfils this task may influence the data that is obtained. The researcher introduced the study and the aim of the research to the participants and asked for their permission to record the interviews using a digital audio recorder. All interviews were recorded from start to end. In addition, the researcher wrote notes to highlight the strong points of the interviews. The participants shared information freely; however, many of them affirmed that the information formed part of their competitive intelligence, and as such, they requested it to be considered

private. The researcher guaranteed participants' anonymity and that the names of their organisations would not be revealed.

6.9.5 Duration of the interview

Each interview was limited to 60 minutes. Most of the interviews took 45 to 60 minutes to complete; a few lasted more than 60 minutes, mainly because the participants wanted to engage further, and the researcher did not want to stop them since this may have unsettled their eagerness to participate.

6.9.6 Role of the researcher

The researcher personally organised interviews with all participants whose availability required scheduling. The researcher introduced the research and the purpose for conducting the interviews and assured participants that the interview records would be confidential and not released. Furthermore, the researcher ensured that the participants were comfortable to share information and refrained from interrupting their responses.

6.9.7 General observations from the interviews

The process was less stressful than originally expected because the researcher did not incur traveling costs. Furthermore, conducting at least two interviews in one day was possible. It was envisaged that data collection would take approximately six months; however, it took seven months to conduct all the interviews because of the lockdown conditions that interrupted normality. Since some participants were working from home and some corporates had changed structures, it took time to access the relevant contacts. Overall, the participants were knowledgeable about the research focus area.

6.9.8 Limitations from the interviews

The interviews were scheduled for 60 minutes, and the researcher had to focus so that time was not wasted. In other instances, the participants could not prioritise the interview over work commitments, postponement of interviews due to unforeseen circumstances occurred. Load shedding was another setback; the interviews could not be conducted without electricity because the network systems providing internet

services were affected. As a result, interviews needed to be rescheduled. Other delays were due to waiting for permission from the authorities to share company information.

6.10 DATA ANALYSIS

Bergin (2018) described data analysis as separating the data collected and categorising and manipulating it to discover relationships between concepts and detect patterns or trends.

Jason and Glenwick (2012) and Bergin (2018) described data analysis as breaking up the data, categorising and manipulating the data to discover relationships between concepts and detect patterns or trends from the data collected. Blaxter et al. (2010) indicated that the type of data influences how data may be analysed.

6.10.1 Mixed methods data analysis

Blaxter et al. (2010) indicated that the type of data influences how data may be analysed. Berman (2017) indicated that combining qualitative and quantitative methods in a study does not automatically imply a mixed methods study. For a study to be considered mixed methods, there must be integration or linking of the two strands of data that define mixed methods research. Integration can happen at multiple levels such as at the level of design, methods or interpretation. Alternatively, the integration can be embedded. This study used the convergence parallel design and the researcher collected quantitative and qualitative data concurrently but separately; integration occurred at the study analysis level.

6.10.2 Qualitative data analysis

Hilal and Alabri (2013) proclaimed that qualitative data analysis is a process of bringing order, structure and meaning to the mass of collected data, which is not an easy task. Upon completion of the interviews, the audio recordings were transferred to the researcher's computer. Thereafter, verbatim transcriptions were conducted, and interview statements were captured on MS Excel so that the participants' responses would be captured as stated. Columns were created and labelled according to the names designated in the workplace, the years of experience, the name of the organisation and the date of the interview. Furthermore, guiding and follow-up questions were captured in separate columns and responses were captured

accordingly in separate rows. Thereafter, information from each interview was imported into MS Word and saved as text under the name of the organisation. Thematic analysis was also carried out using NVivo software. Themes and sub-themes were created. NVivo is a qualitative data analysis computer software program that assists researchers by reducing manual tasks and making it easy to produce professional results.

The transcribed data was prepared for analysis. The researcher employed NVivo software, and the following steps were followed:

- The researcher read through the interviews.
- The text was categorised and labelled.
- The data was coded.
- The files were imported.
- The Codes were analysed to develop nodes/ themes.
- The coded data was collated according to relevance.

6.10.3 Quantitative data analysis

Bergin (2018) indicated that quantitative data uses numbers to understand the relationship between variables or to explain a social phenomenon. Quantitative data analysis uses statistical methods to determine the likelihood that an observed relationship is not due to chance and the findings generalised to the broader population. In this study, quantitative data was soured through a survey and statistical analysis was done using the SPSS. Statistical data was imported from Microsoft Excel into SPSS and the results were presented in tables and charts.

6.10.4 Reliability

Taherdoost (2016b) indicated that reliability is the extent to which the measurement of a phenomenon provides stable and consistent results. It tests consistency across the parts of the measuring instrument. Haradhan (2017) claimed that reliability measures the consistency, precision, repeatability, and trustworthiness of the research. It ensures that research information is presented without bias and that the research outcomes represent the collected data. Wagemaler (2020) indicated that reliability

tests whether the research approach was constant and also tests issues of subjectivity because if the researcher is subjective, the level of reliability will be compromised.

6.10.5 Qualitative reliability

Creswell (2013), Noble and Smith (2015) and Skinner, Edwards and Smith (2020) indicated that qualitative reliability measures the researcher's constancy. For this study, the researcher enhanced the reliability by checking that the interview responses provided relevant answers to the questions. The researcher ensured that interview records were labelled so that the participants' responses would not be mixed up, to avoid confusion when transcribing the interviews. Furthermore, the researcher compared the captured data with the interview questions to ensure that the correct information was captured and that the information was not misaligned.

6.10.6 Quantitative reliability

Heale and Twycross (2015) claimed that reliability refers to the accuracy of an instrument and the extent to which it yields similar results under the same conditions on repeated occasions. The researcher applied internal consistency to measure that the results remained the same. The researcher continually checked the codes and categories captured to ensure consistency (Ryan, Scapens and Theobald, 2002). According to Middleton (2020), various types of reliability can be estimated using various statistical methods. Table 6.2 shows the different types of reliability.

Table 6.2 Types of reliability

Type of reliability	What does it assess?
Test−retest	The consistency of a measure **across time**: Do you get the same results when you repeat the measurement
Interrater	The consistency of a measure **across raters or observers**: Do you get the same results when different people conduct the same measurement?
Internal consistency	The consistency of **the measurement itself**: Do you get the same results from different parts of a test that are designed to measure the same thing?

Source: Middleton (2020)

The researcher applied internal consistency to establish if similar results could be obtained. The researcher continually checked the captured codes and categories to ensure consistency.

6.11 VALIDITY

Validity refers to the extent to which the research instruments measure what they are intended to measure and the extent to which the results are a true reflection of the measured phenomenon. Validity is a critical component of research that determines if the correct procedures have been followed during data collection, and it checks the accuracy of the research findings (Haradhan, 2017).

6.11.1 Qualitative validity

Flick (2018) indicated three forms of validity for qualitative research. These are descriptive validity, which refers to the factual accuracy of what the researchers heard or saw in the field, so that it did not misinterpret the interviews. Interpretative validity, which builds on the first type, but focuses more on how far the meaning of a statement is developed, used and presented adequately to the participants' views. Flick (2018) indicated that validity in qualitative research measures trustworthiness, utility, and dependability. For this study, the researcher adopted descriptive validity in order to ensure accuracy and objectivity of the data collected.

During the interviews, the researcher asked questions from different dimensions to gain in-depth information. Additionally, the researcher asked follow-up questions that were not included in the interview guide. Validity was ensured by comparing information to identify similarities and differences representing different perspectives (Noble and Smith, 2015). The data collected during the data collection process was credible and represented the participants' actual perceptions. To ascertain validity, the researcher created different data themes by combining several sources of data and the participants' perspectives. The researcher collected, analysed and interpreted the data as impartially as possible to avoid bias.

6.11.2 Quantitative validity

Heale and Twycross (2015) affirmed that in quantitative research, validity refers to the extent to which a concept is accurately measured. Middleton (2020) observed different types of validity, as indicated in Table 6.3.

Table 6.3 Types of validity

Type of validity	What does it assess?
Construct	The adherence of a measure to **existing theory and knowledge** of the concept being measured
Content	The extent to which the measurement **covers all aspects** of the concept being measured
Criterion	The extent to which the result of a measure corresponds to **other valid measures** of the same concept

Source: Middleton (2020)

The researcher applied content validity to ascertain if the questionnaire measured the concept that it sought to measure (Bolarinwa, 2015). This ensured that the contents of the questionnaire addressed the main issue and were readable, clear and comprehensive.

6.12 PILOT TEST

Devlin (2020) and Lohr (2019) noted that it is important to pilot the interview questions with several participants to establish if the questions are clear and easily understood and if the participants can answer the questions. Bergin (2018) indicated that conducting a pilot test eliminates the possibility of making changes to the questions during the data collection process.

6.12.1 Qualitative pilot test

The study was piloted in the Gauteng province to determine its feasibility and to test the research questions. Two corporate participants were selected for an interview. They were informed that it was a pilot test and that the researcher would request a formal interview later. The participants answered all the questions and provided relevant information according to the interview guide and follow-up questions. Another reason for the pilot was to test if the 60 minutes set per interview was feasible in terms of asking all the questions, allowing participants to respond without interruptions by

the researcher and asking follow-up questions. Upon completing the pilot test, it was evident that the questions were relevant and addressed the research objectives. Moreover, the pilot test proved that the questions did not evoke participant emotion, given that B−BBEE is a sensitive topic in South Africa due to the country's apartheid history.

6.12.2 Quantitative pilot test

A pilot survey was conducted to check if the instructions that were provided on how to complete the survey were clear and to test if the actual questions were able to collect relevant information for the study. The survey link was distributed by some of the corporates that were respondents to the qualitative research that have SMMEs participating in their enterprise and supplier development programmes. In addition, government institutions that assisted SMMEs with aspects such as incubation, or granted funding and loans, distributed the link to some of their SMMEs. It is worth noting that the institutions were in possession of the contact details of the SMMEs and did not provide those details directly to the researcher, instead they distributed the survey link on Google Forms. However, only the researcher had access to the database on Google Forms that generated the number of responses for the survey and the responses provided by the participants. Once the desired number of 20 participants was achieved, it was evident that the survey was feasible.

6.13 ETHICAL CONSIDERATION

Hennink, Hutter and Bailey (2020) indicated that qualitative research incurs more ethical challenges than other research methods because qualitative research methods are used to gain insight in the perceptions, beliefs and feelings of people. In qualitative research, the researcher needs to hear the voices of the participants, therefore it is essential to establish a relationship with the participants.

Bergin (2018) indicated that ethics are an important part of research, ethics hold researchers accountable to the participants and the research community at large. For this study, all the participants gave consent to participate, and moreover, permission to interview the participants was obtained from the identified corporates. The researcher was sensitive and respectful towards the participants and protected their privacy and identity by not disclosing their information in the study. The data was

anonymised to ensure that the privacy of the participants was not compromised. The researcher disclosed to the participants that participation was voluntary and that the interviews were being recorded by a voice recorder for data analysis purposes.

Furthermore, the researcher acknowledged the legislation pertaining to ethical clearance for research. As required by the institution, the researcher applied for ethical clearance at the institution where the researcher was registered and abided by the ethical considerations and moral standards to ensure that no harm befell any participant due to the study.

Informed consent: Consent was sought from the participants in stating their understanding of the research. In addition, the researcher informed them that their participation was voluntary and that they could withdraw at any time. The researcher was open with the participants about the aim of the research study (Terre Blanche, Durrheim and Painter, 2009; Lust and Blume, 2016; Kadasah et al., 2022).

The right to privacy: The researcher ensured that participants gave consent before any information was used in the research report. All personal contact details of informants were safely stored (Mouton, 2001; Kadasah et al., 2022).

Freedom from exploitation: The researcher respected the confidentiality of the information shared by the participants. Such information would not be shared without the participant's consent (Leedy and Ormrod, 2013).

The right to fair treatment: The selection of the participants was based on their possible contribution to the study. Participants were treated respectfully regarding their cultures, lifestyles, and beliefs (Mouton, 2001; Kadasah et al., 2022).

Protection from harm: The researcher protected the participants' confidential information. Participants were frequently informed that they could withdraw at any time if they were not comfortable about the discussions. They were welcome to withdraw (Leedy and Ormrod, 2013).

The right to self-determination: No remuneration was offered to any participant (Terre Blanche et al., 2009).

The right to full disclosure: All participants were informed about the purpose of the research. This meant that every participant had the right to refuse to participate. The

researcher ensured that each participant's privacy was protected and treated with dignity (Mouton, 2001; Kadasah et al., 2022).

Feedback: On completion of the research process, feedback was provided to the participants. This enhanced their empowerment and guided value creation (Bouma and Ling, 2004; Bazeley, 2013).

6.14 CHAPTER SUMMARY

This chapter provided the methodology, the design, and the paradigm of the research. The study used a mixed methods approach to collect data. Pragmatism was selected as the study's paradigm because it is compatible with mixed methods. The study has adopted the convergence parallel design. The study collected qualitative data through semi-structured interviews and quantitative data was collected through a survey. Data collection was conducted in a single phase.

Sampling was also discussed in Chapter 6. Three research populations participated in the current study. It was critical to obtain information from all the populations that the researcher had identified as crucial for the study to obtain a complete set of information. To analyse the qualitative data, thematic analysis was applied using NVivo software. The quantitative data was analysed using SPSS software. The following chapter contains the presentation and interpretation of the data.

Chapter 7
DATA ANALYSIS AND INTERPRETATION

7.1 INTRODUCTION

Chapter 6 provided the research methodology and the research paradigm. Furthermore, it explained the research design, data collection techniques, population, sample, research site and data analysis. The study applied mixed methods research and followed the convergence parallel approach. Chapter 7 presents the findings of the study.

The study analyses B−BBEE compliance in enterprise and supplier development using that capability approach. In doing so, the research objectives set in chapter one found expression in the analysis of the primary data collected as well as secondary data. The research explored the role of the South African government in the implementation of B−BBEE. The perceptions and challenges facing corporates and SMMEs regarding the implementation of enterprise and supplier development are investigated. Furthermore, the findings pertaining to the compliance levels of corporates and the type of support corporates provide to SMMEs are presented. The findings also indicate the status of SMMEs related to their ability to operate and the support they have received through enterprise and supplier development, as well as those that have not received support.

In this chapter, presentation of the findings is in two phases. Phase one consists of the qualitative research findings which are subdivided into two sections, with section A presenting the findings from the government and section B presenting the findings from corporates. Phase two presents the quantitative findings from the survey conducted on SMMEs. For the qualitative research, the dominant themes identified from the participants' responses in the interviews that were conducted are discussed. The researcher used pseudonyms to protect the identity of the participants of the qualitative research, whereas for quantitative research, the descriptive statistics regarding the responses in the questionnaires are provided. These statistics are presented numerically and graphically.

7.2 PHASE 1 − SECTION A: INTERVIEWS WITH THE GOVERNMENT

This section presents the findings from the interviews with the government. Two government officials were interviewed. They provided answers pertaining to the role of the government in B−BBEE and the implementation of enterprise and supplier development. The demographic information of the government participants is presented in Table 7.1.

Table 7.1 Sample breakdown of government

Pseudonym	Industry	Role	Experience level in B−BBEE	Gender
Government 1	Government	Executive manager	More than 15 years	Male
Government 2	Government	Senior manager	More than 10 Years	Male

7.2.1 Addressing South Africa's historical past

The researcher asked a question about the role of the South African government in B−BBEE. The question was intended not only to establish government's role in terms of B−BBEE, but also to further engage government participants in the mechanisms that they have in place to foster B−BBEE implementation. This question is linked to Objective 1 of the study, which focuses on analysing the role of the South African government in terms of B−BBEE implementation, specifically in facilitating enterprise and supplier development.

Chapter 2 of the study discussed several theories; however, the empowerment theory and the transformation theory found position in this particular question. The transformation theory indicates that transformation is change that involves specific structures to modify all levels and relevant spheres of the economy regarding legislation, politics, arts and science (Breisinger and Diao, 2008). In South Africa, empowerment has been placed at the helm of government objectives to foster inclusive growth, specifically the inclusion of previously disadvantaged people into the mainstream economy (Mosala et al., 2017). The empowerment theory indicates that empowerment is a process whereby individuals gain control over important aspects of their lives (Balcazar et al., 2019).

In the South African context, transformation relates to social and economic change, namely overcoming apartheid and redressing inequality. Despite the vast inequalities

in the distribution of wealth, income and other economic resources, those who were marginalised due to race, gender, sexuality, ethnicity and political affiliation are now free to pursue their interests. The literature suggests that the role of the South African government in B−BBEE implementation is to oversee that the legislation addresses South Africa's history of apartheid (see Emuze and Adlam, 2013; Shai et al., 2019). The role of government was fully described by Government 1:

> *The BEE Commission issued the first report. The Commission had a life span and a mandate to go and investigate how we can have policy measures that can be implemented to transform the South African economy to reduce poverty and inequality and to facilitate inclusive growth and opportunities for black people in line with the Constitution of the country.*

Government 2 added:

> *The aim is to increase the participation of black people in the management, ownership and control of South Africa's economy by measuring the economic involvement of black people over a range of specified B−BBEE elements.*

South Africa's history is characterised by socio-economic segregation and marginalisation of racial groups. In particular, black people as the majority population were excluded from economic activities (Acemoglu et al., 2007). Hence, poverty was highly prevalent among black people and still is, with 64% of black people affected (SAHRC, 2018). Therefore, B−BBEE must fulfil its role in economic transformation and empowerment. Without doubt, the ability to gain socio-economic control is the type of empowerment that B−BBEE was designed to address. However, similar to any other policy, the implementation of B−BBEE has been a highly contentious issue. It is considered sensitive because while some individuals are set to gain from the policy, others are obligated to share what has been in their possession for decades.

7.2.1.1 Development of a B−BBEE strategy (2003)

The literature indicates that the objective of the B−BBEE strategy is to facilitate transformation by demonstrating the need to significantly increase the inclusion of black people in the economy. The strategy details that government cannot be the sole role player; the private sector also has a role to play (South Africa, DTI, 2003).

According to Government 1:

> *There was a strategy that was adopted in 2003. After that followed, the legislation, the B−BBEE Act 53 of 2003, gave B−BBEE legislative a standing. B−BBEE is an Act of parliament. We needed to have [an] implementation framework, which we developed from the Codes between 2003 and 2007. We had the B−BBEE Codes of Good Practice, which is [sic] the Codes on how to implement.*

The development of the B−BBEE strategy in 2003 was a huge achievement for government because the strategy detailed how B−BBEE should be approached. The B−BBEE strategy is clear in terms of why transformation is needed and the aspects that must be transformed. According to South Africa, DTI (2003) the B−BBEE strategy articulates the need for empowerment through ownership and control of enterprises and assets, human resource development and employment equity, and indirect empowerment through preferential procurement and enterprise development The empowerment theory, according to Perkins (2010), indicates that inclusion and participation are other forms of empowerment. This type of empowerment determines who must be included, how they must be included and their role once they are included. As such, the B−BBEE strategy indicates who must benefit and how.

7.2.1.2 Amendment of the 2007 B−BBEE Codes of Good Practice

The researcher inquired about the reasons behind the amendment of the 2007 Codes. The Codes were issued as a framework for implementing the B−BBEE Act. These were initially issued in 2007 for implementation and subsequently amended in 2013.

Government 1 indicated:

> *Then the B−BBEE Advisory Council, which is a forum that advise[s] government and the President on B−BBEE matter[s] and provides solution[s] recommending the need to amend the Act, to strengthen some of the provisions … [t]o monitor B−BBEE with issues of fronting, strengthen issues around reporting by corporates and also the issue of making B−BBEE compulsory within the public sector. So, Section 10 of the Act, it says that all public entities and organs of state need to implement B−BBEE when doing business with the private sector or any economic activity.*

From the interaction with the government participants, it was evident that the Codes were amended to strengthen implementation and apply measures that made the Codes robust. This was done by categorising the Codes and ensuring the presence of the compulsory elements, namely ownership, enterprise and supplier development,

and skills development. Those who do not comply with the compulsory elements face penalties or dropping a B−BBEE level. From the gathered data, the amendment of the Codes was intended to accelerate the pace of transformation, which had been slow.

Regarding the above-mentioned measures, Government 1 commented:

> *Now the number of elements is reduced to five: Ownership, management control, skills development, enterprise and supplier development and socio-economic development. The main difference though is that the revisions go a step further by identifying priority elements on which companies should concentrate on: Ownership, skills development and enterprise and supplier development. Failure to comply with a 40% sub-minimum in any of these priority elements automatically reduces one level in your contribution level.*

The government participant indicated that the role of government in B−BBEE legislation is the initiation of policy and the establishment of implementation mechanisms with other key players, namely the private sector and civil society. These views were echoed by Government 1:

> *The government's role is to set policy, but we do that in consultation with the social partners. As per the Constitution, we are leaders but consult and ensure that the private sector also gives input.*

Government 2 concurred:

> *Government is not the only role player; organised business has played a critical role. Organised labour movements and even organised groups of non-governmental organisations (NGOs) played a critical role. They have created these instruments of economic transformation that is B−BBEE.*

From the interaction with the government participants, it was evident that, similar to any other policy, B−BBEE was subject to review. The literature indicates that policymakers are constantly finding ways for continuous improvement to ensure that the policy improves its response and adapts to the changing environment (South Africa, National Treasury, 2019; Makgetla, 2021). The 2007 Codes did not fully respond to the type of change that B−BBEE intends to bring; hence, government found it necessary to amend the Codes and introduce new ways of compliance and the scoring thereof.

The literature also shows that apart from government's intention to strengthen B−BBEE implementation, the B−BBEE Act 53 of 2003 has been under criticism

citizens because it has not been able to deliver a better life for all (Krüger, 2011; Saba, 2018; Musabayana and Mutambara, 2022). Broad-Based Black Economic Empowerment is associated with those who have close ties politically. However, government is determined to implement the policy more strictly. Furthermore, Orelowitz (2021) argued that to be effective, this policy requires resources such as skills, capital and entrepreneurship. The amended Codes prioritise ownership, skills development, and enterprise and supplier development. To achieve this, government requires the private sector to implement B−BBEE meaningfully. This indicates that the success of the B−BBEE policy cannot be achieved in solitude.

As a follow-up question, the researcher asked government if, in their view, the Codes were effectively achieving B−BBEE objectives or do they think there was room for further improvement, considering that it has been more than five years since the amended 2013 Codes were implemented in 2015. The purpose of this question was to gain insight into government's view and what the amended Codes have achieved. Government 1 indicated that:

> *There will always be room for improvement, but there is progress from the 2007 Codes. There have been a lot of changes that we have observed. As policymakers, we know that every policy, no matter how well written, will always have loopholes in it. There is progress and we have seen some of the companies we work with are doing well and are level 1 and maintain that. Companies have done a lot of work in skilling their employees, bringing on board black suppliers, diversification of the supplier, and ensuring that the traditional white suppliers are also transformed. So, there is achievement and there will always be room for further improvement which through our monitoring processes we are doing that.*

Government 2 added:

> *Yes, they are. Several SMMEs are doing business with government, state entities and corporates. Another indication is the attendance of workshops or training by SMMEs organised by us or entities that fall under the department.*

From the above sentiments, the government indeed aims at making B−BBEE effective as a policy. Government acknowledged that the Codes have shortcomings; however, reiterated that they are continuously working towards improvement. Morris (2018) pointed out that the negativity around B−BBEE as a policy has negatively affected its credibility and there are critics of whether B−BBEE was achieving its objectives.

Chauke (2020) opined that given South Africa's history, economic transformation was a necessity.

7.2.2 Monitoring implementation and compliance with enterprise and supplier development

The researcher asked the question on how the department monitors implementation and compliance with enterprise and supplier development. Furthermore, the researcher asked if monitoring applies to both corporates and SMMEs. This question was asked to determine who is monitored and who is notified of the results. The question also aimed at investigating how government addresses the outcomes of the monitoring. Furthermore, if the results are used for continuous improvement so that implementation can be improved. Moreover, the researcher wanted to examine the point-based system and the penalties for non-compliance work. This section focuses how a point-based system is used to award B−BBEE compliance level to corporates as well as the penalties imposed to non-compliers. The question is linked to objective one of the study which focuses on the role of the government.

7.2.2.1 Monitoring

The government indicated that there was no formal mechanism to record enterprise and supplier development performance. This leaves a gap on how the government tracks progress on the implementation of enterprise and supplier development to record the inventory of corporates that are making a meaningful contribution as well as the SMMEs that have benefited. Government 1 said:

> *We do not have a formal channel for companies to report what is working and what is not working. However, companies are free to contact us at any time to address any challenges.*

Corporate 2 added that:

> *The only way we would know that is when we interact with a particular company or if a company is interested in contacting us with regards to their own programme around some of the elements of B−BBEE or the extent which they want some advise from the custodians which is us.*

The lack of mechanism to report value derived from enterprise and supplier development by corporates and SMMEs makes it difficult to follow through on actual

achievements and future planning and thus, mechanised reporting would be preferable.

The findings indicated that the government was not highly visible and provided limited support for implementing B−BBEE, despite it being a government policy. Furthermore, the government was not playing a significant role in overseeing B−BBEE implementation. Government support was lacking, as there were no communication channels or feedback between the government and corporates. From the participants' perspectives, the study established that the role of government goes beyond policy formulation; it extends to monitoring compliance and implementation. Therefore, necessary monitoring mechanisms are key to the success of the B−BBEE policy and, ultimately, black empowerment.

7.2.2.2 Compliance

Broad-Based Black Economic Empowerment is compulsory for government and all its entities. This means that any company that intends to conduct business with government and/or its entities must be B−BBEE compliant. Compliance is measured on a point-based system that allocates points according to the B−BBEE scorecard. The researcher established that the point-based system applies to corporates.

Government 1 indicated that :

> *Some are doing it and some are not. But overall, there is not much investment into the process; it is not given much attention compared to other programmes. We have observed that most successful companies in B−BBEE have integrated it into their strategy. Once we reach a level where most companies do this, the results will start to show.*

Government 2 confirmed this:

> *So far, we monitor corporates. The indication that we look for is the compliance levels among corporates to see those that have improved and attained a high level of compliance and those that have dropped to a lower level. Additionally, corporates are free to engage with us at any given time. We do not monitor SMMEs.*

The participants indicated that the B−BBEE Commission is responsible for monitoring compliance with the B−BBEE Act and issues reports. However, literature indicated that verification of B−BBEE compliance is done by verification agencies, who award B−BBEE certificates upon verifying the B−BBEE status of companies (Shai et al.,

2019; Sheard, 2022). However, according to the B−BBEE Commission (2016), the current commissioner, Zodwa Ntuli, expressed that there are complaints by companies about agencies conducting compliance verification as this has proved to be flawed. Different agencies use different procedures or interpretations to issue points for the B−BBEE scorecards, therefore compromising implementing the B−BBEE legislation. Furthermore, there are reports that other verification agencies award B−BBEE points to companies without verifying if their status is correct. The verification agency conducts an audit to determine a company's B−BBEE compliance level. The audited company needs to provide proof of purchase and spending from B−BBEE compliant suppliers and proof of support of SMMEs and emerging entities that are 51% or more black-owned. The B−BBEE Commission (2016) indicated that the concerns around the verification process created a degree of uncertainty about the certificates issued. As a result, the researcher established that there are potential data gaps between the actual B−BBEE status of companies and what government records. Sheard (2022) indicated that the B−BBEE certificate is valid for 12 months. Therefore B−BBEE verification is an annual exercise.

From the above sentiments expressed by the participants, it can be established that the South African government's introduction of the point-based system fosters a culture of compliance with the B−BBEE enterprise and supplier development among corporates. However, the unanswered question is why were SMMEs not monitored to ensure they are also well-positioned for empowerment. Government focused on ensuring that corporates comply. The challenge was that success in corporate compliance requires that SMMEs be positioned to participate in enterprise and supplier development. If the state of SMMEs is not verified, it is difficult to establish the actual and relevant support that is needed. To achieve this, strong collaboration is required between government, corporates and SMMEs. The B−BBEE Commission (2016) also urged private and public collaboration as it was critical for the B−BBEE legislation to succeed.

7.2.2.3 Penalties for non-compliance

Government has to ensure that corporates comply with the B−BBEE enterprise and supplier development. One of the ways that the policy enforces implementation is to impose stiff measures or penalties for corporates that fail to implement the policy or to

meet the minimum benchmark. Commenting on the nature of enforcement mechanisms, Government 1 indicated the following measures:

> *To strengthen implementation, we had to make sure that we put some measures to make the Codes even more robust. We had issues around making sure that we have what we call compulsory elements to make sure that certain elements of the Codes like ownership, enterprise and supplier development and skills development are now compulsory, and if you don't have a certain threshold of achievement, you will be in a way penalised or have your B−BBEE level dropped.*

Government added that

> *We did a study 2 to 3 years back on enterprise and supplier development. We found that there are potentially billions of enterprise and supplier development money that can be made available. As I indicated, some of the money is not invested in the right beneficiaries, it is invested in non-productive activities.*

Literature on B−BBEE suggests that B−BBEE compliance is not compulsory for companies (Shai et al., 2019; Brook and Sloane, 2020; Kanjere, 2021). However, from the interactions with the participants, the researcher can confirm that government indirectly makes compliance obligatory because companies that do not comply are penalised and excluded from doing business with government and its entities. According to Sheard (2022), there is increasing pressure from both the private sector and government to do business with companies that were B−BBEE compliant. Complying companies prefer to do business with organisations that are also compliant so that their B−BBEE score is not affected.

The researcher can confirm that government is aware that there are some corporates that do not comply; however, there are measures to deal with businesses that do not comply. This implies that companies do not necessarily have the freedom to choose whether they want to comply or not. According to the capability approach (Wells, 2013), capabilities are the opportunities and freedom to achieve what an individual reflectively values. Government 2 added:

> *Some corporates have outsourced the enterprise and supplier development to consultants who are experts in B−BBEE.*

This statement indicates that companies are constantly working to meet the B−BBEE requirements to avoid being penalised for non-compliance.

7.2.3 Framework for enterprise and supplier development implementation

To establish the systems in place, the researcher asked if there was a framework to guide enterprise and supplier development implementation. This question is linked to Objective 4, which focused on analysing the theoretical background of B−BBEE through the capability approach.

Government 1 indicated that:

> *There was what we call a technical guide, but we never issued it. It was not gazetted for various reasons. We also have the technical committee, where we meet monthly with the verification agency, sector councils and so forth to discuss implementation issues, so that where things are not clear, we can clear them out. We also do a lot of advocacies as the department where we call companies and sectors and host workshops where we explain, and also one-on-one with corporates that need guidance. There are different industries. We did not want to issue the guide too soon only to find misalignments with the Codes. We decided to wait on it, and later when there is enough information, we can incorporate and issue it.*

Government 2 indicated that:

> *The Act guides how it must be implemented. Also, we are looking at providing a streamlined document in future. We also do workshops to provide clarity. There is also a guide developed by the B−BBEE Commission, which clarifies the implementation process.*

All the time when data was collected, the participants indicated that no framework had been issued to guide the implementation of enterprise and supplier development. However, various materials were being put together to develop a well-informed framework. However, in the absence of a framework, there is no guidance on the coordinated effort that is required by the role players, namely, the government, corporates and SMMEs. Therefore, there is nothing compelling government systems and process that need to be functional to support enterprise and supplier development to function better. Pooe (2016) indicated that a framework is required given that enterprise and supplier development was allocated 40 points, the highest on the scorecard.

A framework for implementation is critical to the effectiveness and efficiency of the factors that are required for meaningful enterprise and supplier development programmes. Sen (1999) and Frediani (2010) indicated that the capability approach

embraces the aspects of functionings and capabilities. The capability approach asserts that people should not only have access to opportunities but should have the means to convert capabilities into functionings. The conversion factors are personal factors, such as reading skills, intelligence, physical condition and social factors. These are aspects such as public policies, social norms, discrimination, gender, societal hierarchies, power relations and environment factors such as climate, infrastructure, institutions and public goods. These factors affect the process of realising the things that one values. The lack of a framework and its implications were confirmed by the participants.

As a follow up question, the researcher asked what the reaction of corporates to the revised Codes has been, particularly enterprise and supplier development. This question explored the experience of government as the policymaker. Government 1 responded that:

> *Initially, like any other new thing, people criticised it, as they are not sure about it and must change out of their comfort zone. But, over time, they have accepted that this is the right way of doing things. Corporates look at this and say what we did is a good step in the right direction. Companies are now used to this, although some try to cut corners. Generally, these is an acceptance of these Codes that are over five years now.*

Government 2 added:

> *There are mixed reactions; however, the majority of corporates are on board and doing their best to meet all the five elements of the scorecard.*

The findings revealed that government is confident that corporates are receptive to the amended Codes. This implies a high probability for the Codes to be implemented effectively. However, government also indicated that not all corporates are on board. The probability of successful enterprise and supplier development requires a framework so that all role players are cognisant of their roles and support can be strengthened where there are shortcomings.

7.2.4 Government support of SMMEs, specifically in the manufacturing sector

A question was asked regarding governmental support for SMMEs. The aim was to establish if government supports SMMEs or relies entirely on corporates to provide

support. Moreover, apart from government being a policy custodian, what type of support does government provide for SMMEs? This study explored how government supports SMMEs in the manufacturing sector.

7.2.4.1 Support for SMMEs in manufacturing

The B−BBEE policy calls upon corporates to support SMMEs in manufacturing, and points are awarded for compliance. To drive this, government and the private sector play different roles. Government 2 indicated:

> *We must acknowledge that access to finance for SMMEs is one of the country's challenges. The government has sought to address that issue through [the] creation of various instruments. [An] example is the Black Industrialist programme. Various institutions have also been established to assist SMMEs, such as SEDA (Small Enterprise Development Agency), which trains business development and SEFA (Small Enterprise Finance Agency). There is also related empowerment fund[s]; we spoke about the National Empowerment Fund. Those are various instruments of government that are intended to assist SMMEs. They are not the only available instruments, [and] they are complemented by either the private sector or the financial services sector to assist.*

Government 2 indicated:

> *Through B−BBEE, we still make sure that big corporates support black SMMEs. We monitor compliance by large corporates to ensure that SMMEs are given a level playing field in business and that the support provided is adding value to SMMEs.*

One cannot dismiss that some progress has been made and that some SMMEs have benefited from government support. This was confirmed by Government 2:

> *Yes, several achievements are apparent. There is progress on the five B−BBEE elements as more companies meet the requirements and attain high levels of B−BBEE rating. This shows that the policy is being implemented and actually delivering on the objectives. And yes, there are some challenges like fronting, corruption, and non-compliance, but the B−BBEE Act is a working tool and has made positive impact.*

Although participants from government indicated that government provides various forms of support to SMMEs, Schirmer and Visser (2021) were of the view that progress and support to SMMEs may be rendered insignificant since there is limited clarity about the growth of the SMME sector in South Africa.

The type of support provided for SMMEs by government enhances the goal of the B−BBEE Act, which is set to achieve empowerment and transformation. From the

findings, the B−BBEE policy creates a conducive environment for SMMEs to thrive. However, the literature indicated that South Africa has a high rate of SMME failure and, therefore, government needs to be proactive in managing the effectiveness of the various instruments that already exist (Fakoti, 2014; Dubovec and Gullifer, 2019; Govender, 2021). This research also established that statistics indicating the extent to which B−BBEE has assisted SMMEs are not readily available. The participants indicated that support was provided through various institutions and corporates. However, there is always room for improvement if government could quantify and approximate the number of SMMEs that have received support to aggregate the impact of the support they provided to SMMEs.

7.2.5 Challenges facing enterprise and supplier development implementation and government mitigation

A question was posed to determine government's awareness of the challenges facing enterprise and supplier development and to ascertain what they were doing to address these challenges. It is one thing to be a policymaker and another to facilitate implementation.

7.2.5.1 Insufficient impact of the enterprise and supplier development programmes

Research by Sibiya and Bernard (2019) indicated that enterprise and supplier development programmes did benefit SMMEs; however, the benefits were limited in the sense that both the financial and non-financial support were insufficient. Value derived from the partnerships was limited.

Government 1 indicated:

> *One of the things that we see, is enterprise and supplier development programmes that are not based on impact, that are really about ticking the box, that are not informed by the needs on the ground and that to us is a major issue. So, we see that there is no impact.*

Government 2 added:

> *The lack of business for small entrepreneurs. The gap between the objectives of enterprise development and its application; and the lack of measurement frameworks to monitor the impact of enterprise development programmes. Through the B−BBEE*

amendments, corporate South Africa is being given the ideal opportunity to build more sustainable businesses and play a greater role in socio-economic transformation.

Apart from the limited benefits that SMMEs opportune, another reason why the impact was not apparent is the lack of measurement on the programmes and the value added. The limited impact negatively affects the government's empowerment and transformation agenda. Sibiya and Bernard (2019) also found that there was no monitoring and thus data on the impact of enterprise and supplier development was scant.

7.2.5.2 Resistance to opening up opportunities for SMMEs

The researcher established that despite the clear goals to achieve economic equality, implementing the B−BBEE legislation has been negated by several challenges. One of the challenges relates to resistance by corporates who feel they have little to gain from the initiative, among many other grievances. Some corporates resist promoting SMMEs and fulfilling enterprise and supplier development initiatives. Reflecting on the resistance by corporates, Government 1 commented:

> *There is still resistance to open up opportunities [and] give market access to small enterprises so that they can supply to big corporates. They are told that they do not have the right quality and so forth. We are working hard to ensure that big corporates can bring them on board. We also see a lot of so-called service providers and fund managers because there is no regulation as such, some of which go to corporates and get money, and they are not spending those funds on the right beneficiaries.*

Since implementing B−BBEE, one of the challenges has been the slow transformation rate, particularly in business. Government 1 indicated:

> *In the 2013 Codes, we introduced precisely to corporations, especially established businesses. You need to start to open up opportunities in your value chain for small black enterprises because their number one need is market access. So enterprise and supplier development is about ensuring that.*

The transformation theory confirms that transformation is not an easy process. The beginning of transformation is an unsettling process of destabilisation and disintegration of familiar structures and institutions (Fisher, 2016). New ways of doing things are introduced and what has been widely accepted is replaced. Pooe (2016) indicated that the introduction of enterprise and supplier development means that corporates must readjust how they did things in the past, which affected their

procurement needs. The resistance by corporates to open up the market for SMMEs indicates resistance towards transformation. Mokgobinyane (2017) indicated that even with the existence of the B−BBEE policy, some companies still resist transformation because they do not take its benefits into consideration.

This research established that government acknowledges the challenges facing the implementation of enterprise and supplier development at both the corporate and SMME levels. There are sceptics regarding implementing enterprise and supplier development because corporates have to change their ways of doing business. Although it is voluntary, B−BBEE is often under criticism by those who find it hard to accept.

Government 1 indicated:

> *The policies are there to ensure that corporates are transforming and SMMEs are given opportunities, but the problem is the mindset in South Africa. There is a perception that small business[es], and not only black-owned, are a burden. People want quick things like doing business with another established business, so maybe to strengthen our SMMEs policies to make sure that [it] is more stringent to say people must do business with SMMEs.*

Government 2 indicated:

> *It must be an undertaking by those respected companies to play their part in economic transformation. As for SMMEs, their participation in the economy cannot be isolated from the mainstream economy.*

From the above statements, the researcher established that the success of B−BBEE rests on compliance. However, as already indicated by Government 1, there was resistance from the side of corporates and some were still failing to acknowledge the significance of the policy. There is little possibility of the policy achieving its goals if the corporates do not fully engage; however, government should bring together corporates and SMMEs to build aligned ideologies.

A follow-up question was asked on what government was doing to address resistance by corporates. Government 1 indicated:

> *Government has a responsibility to protect the business interests of SMMEs by ensuring that regulations do not disadvantage SMMEs. Furthermore, the relationship between corporates and the government should be grounded by a commitment to nurturing SMMEs until they become suppliers. Moreover, SMMEs must be dynamic*

enough to take advantage of the opportunities built through the procurement and the enterprise and supplier development plans of large corporates and look for business opportunities.

The data collected through this question confirmed that government was aware of the challenges. It also appears that the mitigation is none other than penalties and excluding non-complying corporates from doing business with government and its entities. The participants highlighted that they were also aware of the resistance in opening up opportunities for SMMEs. Ramagaga (2015) expressed resistance to B−BBEE and companies only treating B−BBEE as a tick box exercise and only meet the minimum requirements.

7.2.6 Government benchmark for economic empowerment and transformation

The researcher asked whether government benchmarked the B−BBEE Act against how other countries approached empowerment and transformation. The question explored how and what South Africa has learnt from other countries. The question is linked to the Objective 3 that focused on how international countries implemented empowerment and transformation policies.

7.2.6.1 Learning from other countries

The economic emancipation of formerly disadvantaged groups is not new in the world; it has been practised in other countries regionally and internationally. In exploring the role of the South African government in implementing the B−BBEE policy, the participants from government indicated that they must ensure that the policy fulfils its objectives by learning from what other countries have done. The participants indicated that Asian countries, like Malaysia and Singapore, offer successful examples that they have emulated. Government 1 commented:

> *Yes, we engaged with Malaysia. Two years back, they were here. Malaysia's policy was implemented long ago compared to B−BBEE, but they are also battling. It is not an easy journey. You have other countries like South Korea and Singapore that are successful. The common denominator is that you need to skill people [and] focus on support for SMMEs, government support of the manufacturing sector.*

Similar views were expressed by Government 2:

> *That is something we do all the time. We undertake study tours to countries like Malaysia and other countries that are the best example of the path that we are taking as a country. If you go through the Black Industrialist Policy, it acknowledges that this practice we get from Malaysia with their Bumiputera instrument is responsible for economic redistribution. This introduced equality in employment patterns, changed ownership in the corporate sector, created the Bumiputera commercial and industrial community, and established growth centres in the rural areas. We follow what is happening out there in the world so that we fine-tune our instruments. We have also met with the Malaysian High Commission, and they have shown us how they do financing for women-owned businesses. One of the lessons for us was the low-interest rate and not similar to what you would get from the banks here.*

South Africa is acknowledging the lessons learnt from other countries. Lessons to build an industrial economy have been drawn from Malaysia. Government 2 indicated that:

> *The South African government and its partners have been working hard towards implementing the Tshwane Automotive Special Economic Zone. Through this initiative, very small companies are now suppliers to large companies, having been beneficiaries of enterprise and supplier development. Furthermore, women-owned SMMEs are being empowered to manufacture.*

The study established that the B−BBEE policy is a product of the lessons the South African government has learnt from countries where similar policies were successfully implemented. The participants indicated that they acknowledged that government needs to improve on issues such as the financing of small businesses and women-owned businesses. Govender (2021) believed that government needs to improve the support provided to uplift SMMEs. Furthermore, Government 1 indicated that:

> *One of the lessons learnt from Malaysia was the low-interest rate given to small businesses, which differs from what financial institutions offer in South Africa.*

The government participant indicated that benchmarking against global trends reveal that B−BBEE needs to be complemented by other policies such as land reform to ensure that people can access land and receive support. Sefalafala (2020) highlighted that the B−BBEE policy must be integrated more efficiently into economic diversification strategies through innovative, sector-specific interventions and complement developmental state policy.

In concluding the interview, the researcher asked what recommendations the participants from government would give to corporates and SMMEs to enhance

enterprise and supplier development implementation. In response to this, Government 1 stated that:

> *Corporations must not do this to tick the box. Let SMMEs development be part of your strategy. Do a procurement plan that includes SMMEs. Pay them on time and treat SMMEs as equal partners. Allow them space and time to also grow by giving them an opportunity.*

Government 2 added that:

> *The relationship between SMMEs and corporates should be grounded by a commitment to seeing those enterprises that have been developed being nurtured to be suppliers eventually. Over and above, our SMMEs must be dynamic enough to take advantage of the opportunities that are built through the procurement plans and enterprise development plans of the big corporates and start to look at other business opportunities that are out there, away from the ones currently carrying them.*

Government acknowledged that corporates play a key role in facilitating enterprise and supplier development. Government recommended that corporates make a meaningful contribution and not take compliance as a matter of meeting the B-BBBEE requirements. Furthermore, commitment is required from both corporates and SMMEs. Bernstein (2017) indicated that for South Africa to overcome poverty, opportunities need to be expanded, strengthening markets and expanding entrepreneurship. However, increasing levels of entrepreneurship require a good relationship between government and the corporates. Furthermore, expanding opportunities depends on removing the barriers and creating reforms that will allow business growth.

7.2.7 Summary of key findings: Interviews with government

The findings indicated that the participants believed that amendment of the Codes would tighten the implementation of the Codes. However, the participants acknowledged that enterprise and supplier development as newly introduced Code faced challenges. There was no framework for implementation of enterprise and supplier development. The findings revealed that government oversees the B−BBEE policy and its monitoring. However, the findings indicated that monitoring is not done individually per corporate, and that government does not directly conduct monitoring. It is done through verification agencies when they rate corporate compliance with the B−BBEE scorecard. The researcher identified this as a gap that must be addressed so that government can be confident in the extent to which B−BBEE is implemented

as a policy. The sentiments of government were that there were implementation mechanisms in place. Government indicated that they had developed an implementation strategy to ensure that corporates fulfilled the mandate of the empowerment law. However, improvement and establishment of the monitoring mechanisms were needed.

The participants indicated there was resistance from large businesses to open up opportunities and give market access to SMMEs. Resistance by corporates was a barrier to the effectiveness of enterprise and supplier development, thus slowing the transformation rate.

The participants indicated that although it is not compulsory for corporates to comply with B−BBEE, those that do not comply, face penalties as their B−BBEE status drop. Furthermore, the participants also acknowledged that the challenges related to the implementation of enterprise and supplier development were not only prevalent at corporate level, but also at SMME level, where implementation of B−BBEE has been hindered by various aspects such as fronting.

Lessons learned from international countries continuously shape B−BBEE implementation, with the aim of adopting best practices from successful countries. The participants acknowledged that more needs to be done in order to get B−BBEE implementation to a level where the B−BBEE objectives are realised.

What was outstanding from the findings was that even though Government 1 and Government 2 were interviewed separately, their responses to the questions were synchronised. This shows that B−BBEE was effectively coordinated by the department, and that the participants provided answers in an assuring manner, depicting a wealth of knowledge on B−BBEE.

7.3 PHASE 1 − SECTION B: INTERVIEWS WITH CORPORATES

This section presents the data and findings from the interviews with the participants from corporates. They were 20 participants representing corporates. Ten respondents were managers, five were procurement and supply chain managers, one was a legal manager, one was a finance manager, two were transformation managers, and one was an engineering manager. The number of years of experience of the participants

from the corporates ranged from two to 20 years within the various companies, but all had more than ten years of work experience in B−BBEE. All 20 corporates operated within the manufacturing sector, subsectors as indicated in Chapter 6 (6.5.1) and were all implementing enterprise and supplier development. Table 7.2 presents the profiles of the participants, indicating their roles, years of experience, the respective and industry corporates and also the B−BBEE level of the corporates.

Table 7.2 Demography of corporate participants

Pseudonym	Role	Years of experience in the company	Manufacturing sub-sector	B−BBEE level
Corporate 1	Management	7	Transport equipment	2
Corporate 2	Management	8	Basic metals, fabricated metal products	4
Corporate 3	Management	6	Electrical machinery and apparatus n.e.c.;	1
Corporate 4	Procurement	2	Coke, refined petroleum products and nuclear fuel;	3
Corporate 5	Engineering	4	Electrical machinery and apparatus n.e.c.;	1
Corporate 6	Management	3	Electrical machinery and apparatus n.e.c.;	1
Corporate 7	Management	8	Machinery and office equipment	1
Corporate 8	Procurement	2	Basic metals, fabricated metal products	4
Corporate 9	Finance	3	Basic metals, fabricated metal products	8
Corporate 10	Supply chain	4	Basic metals, fabricated metal products	8
Corporate 11	Transformation	7	Accounting and computing machinery	4
Corporate 12	Management	6	Chemicals and chemical products	3
Corporate 13	Management	20	Fabricated metal products	1
Corporate 14	Transformation	7	Chemicals and chemical products	2
Corporate 15	Management	14	Basic metals, fabricated metal products	8
Corporate 16	Management	4	Transport equipment	3
Corporate 17	Legal	7	Machinery and office equipment;	8
Corporate 18	Management	3	Electrical machinery and apparatus n.e.c.	4
Corporate 19	Supply chain	4	Coke, refined petroleum products and nuclear fuel	4
Corporate 20	Supply chain	15	Rubber and plastic products	3

7.3.1 Awareness of B−BBEE and the role of government

A question was posed on the extent to which corporates understood the B−BBEE policy and how they currently implemented it. The question aimed to determine the level at which corporates comprehend B−BBEE and how it impacted their businesses. This question is linked to Objective 3 of the study which focused on the effects of B−BBEE on current procurement needs and compliance of businesses.

Most corporate participants were aware of the purpose of B−BBEE and the role of government. The participants indicated that B−BBEE was meant to redress the unequal economic environment that kept disadvantaged black people from key

economic functions such as employment, leadership, opportunities and ownership. The participants understood that the role of government is to monitor compliance with the B−BBEE Act through a point-based system. This view was echoed by Corporate 1:

> *My understanding of Broad-Based Black Economic Empowerment is that it is government legislation to drive economic transformation within the economy. When applying it in the context of our company, B−BBEE for us is about prioritising the employment of previously disadvantaged groups, black people, and their advancement, especially black females within the manufacturing sector. Another important element is the element of preferential procurement sourcing from black-owned suppliers and the development of black suppliers, which is enterprise development.*

Corporate 2 concurred:

> *B−BBEE is essentially government policy whereby the government is trying to support the participation of previously disadvantaged people fully in the economy.*

Most of the participants from corporates indicated that government's role is to enforce B−BBEE compliance through the scorecard. Most of the participants indicated their company's scores, and one notable aspect of these scores was that the companies were at different levels of compliance. The data indicated that most of the corporates had a high level of B−BBEE compliance, with few on the lowest level of 8.

An outstanding achievement for those with good B−BBEE levels was their support for SMMEs and women's participation. These views were summed up by Corporate 4:

> *Obviously, with South Africa and our past injustices, it is about time for the economy to be open to everybody fair and square, which incorporates the South Africa B−BBEE implementation strategy. We know nowadays that women are recognised for having an attempt to enter the market and be successful. There is no more certain work restricted to women because we are sexist; women can do anything. So, B−BBEE within our company has focused on women-owned businesses, not only physical[ly] able[d] women but also disabled women. It has now brought women into the physical space, so broad-based is focusing on women as well.*

Corporate 5 added:

> *So, the policy is meant to correct the past's wrongs and ensure that people who were not given the opportunity in the business or the sector are now given an opportunity. This can be achieved in various ways – through ownership and transfer of ownership from white owners to black owners.*

The level of the undertaking towards B−BBEE implementation by corporates and their B−BBEE levels indicated that compliance was being achieved. However, Businesstech (2016) reported that the empowerment and transformation of previously disadvantaged racial groups has been slow. Mohale (2021) indicated that the B−BBEE strategy published in 2003 indicated that a significant increase in the number of black people being integrated into the main economic streams would indicate empowerment and transformation.

Although corporates acknowledged that the role of government is to set and monitor policy, they also raised concerns that there was no evidence of monitoring the impact of B−BBEE. They indicated that government does not have formal channels through which corporates can raise their concerns or report on successful programmes carried out under the Codes. Makgetla (2021) pointed to the importance of an in-depth and consistent analysis of the impacts and outcomes of B−BBEE. Corporate 7 indicated:

> *There is no mechanism to approach the government to provide feedback on the initiatives that work. There is no way of advising the government further on what works out best for enterprise and supplier development. Although, in the legislation, there are parameters that they want to monitor, to say if this has been done, then enterprise and supplier development have been implemented.*

The above views indicate that many South African corporates understand the B−BBEE policy and its objective to promote the economic emancipation of black businesses and women. The same sentiments were even expressed by participants from organisations with very low scores in terms of B−BBEE implementation. Therefore, it is important to note that the challenges regarding policy implementation result from factors other than knowledge of the policy. Shai et al. (2019) indicated that B−BBEE is understood to be a legislative framework to guide and implement the actions required to achieve the objective of economic transformation. Shai, Molefinyana, and Quinot (2019) indicated that the B−BBEE policy implementation lacks mechanisms because there are no monitoring and evaluation systems that outline how performance is monitored, and how implementation and impact will be measured. As a result of this gap, there are no channels for corporates or the government to hold SMMEs accountable as beneficiaries of enterprise and supplier development programmes.

The data analyses indicated that the B−BBEE legislation models the empowerment theory. According to Ngqeza and Dhanpat (2021), empowerment can be structural and

psychological, which are vital parts of an organisation. As such, the Codes emphasise empowerment. Structural empowerment is the empowerment of individuals to perform powerful tasks (Ngqeza and Dhanpat, 2021), which is what the management control and skills development Codes aim to achieve. Psychological empowerment provides one with the knowledge, capability and authority to be an active agent in one's life and the surrounding community (Ngqeza and Dhanpat, 2021). Empowered people are those who have gained an understanding and have control over their lives. The ownership, enterprise and supplier development and socio-economic development Codes are fundamental to achieve this (Makgetla, 2021) B−BBEE aims at overcoming the inequalities in terms of race, gender and class in ownership and power entrenched under apartheid. The researcher's sentiment is that there is a great possibility for empowerment and transformation since the corporates that are the implementers of B−BBEE show a high degree of comprehension. Furthermore, the empowerment of women-owned businesses is commendable, given that women were historically marginalised based on gender.

7.3.2 Compliance with B−BBEE

A question was asked on how corporates managed B−BBEE implementation and their B−BBEE level. This aim of this question was to establish the B−BBEE level of the corporates and to establish their views on compliance.

Corporate 3 indicated:

> *B−BBEE status level 1 contributor.*

Corporate 4 indicated that :

> *The status of our company in terms of B−BBEE we are currently level 2.*

Furthermore, Corporate 9 indicated that despite ensuring that B−BBEE was implemented, they were non-compliance with other requirements of the scorecard, such as ownership issues. It was established that some corporates were willing to pay a fine or drop a B−BBEE level instead of meeting the ownership requirements.

Corporate 9 elaborated that:

> *We are on Level 8, almost non-compliant purely on the issue of ownership. My understanding is that there are elements, ownership, management control, and it also*

talks about procurement and training. On the previous Codes, we were a Level 5, and when they amended the Codes, we automatically dropped to Level 8.

Corporate 10 added:

We are on Level 8. I understand that B−BBEE awards an opportunity to be inclusive of historically marginalised ethnic groups. So, companies intend to prioritise the award of business or service opportunities to those who have been marginalised historically from accessing the same opportunity. In the South African context, the majority who have been segregated would not have been awarded the opportunity, but B−BBEE intends to correct that financial imparity.

It is evident from the research findings that the corporates acknowledged that they had a role to play in driving issues of empowerment and transformation, showing an understanding of the need to be B−BBEE compliant. The corporates indicated that to meet B−BBEE compliance, they had to develop and implement B−BBEE strategies within their organisations, embedding the B−BBEE Act within their business practices. This shows that corporates understood what government requires from them and how to achieve this. Corporates know that B−BBEE is a legislative requirement as stipulated in the B−BBEE Act and that their contribution to B−BBEE is important in transforming the economy.

From the interviews, participants from the corporates with lower B−BBEE scores indicated that they had dropped to lower levels due to the amended Codes and were working to improve their scoring. According to Lawrence and Thornton (2016), the scorecard under the amended Codes is tougher and will result in many companies dropping three or four levels or becoming non-compliant.

7.3.3 Implementation of B−BBEE

The researcher asked if the corporates had B−BBEE strategies for B−BBEE implementation. The aim of the question was to establish if corporates were including B−BBEE in their business strategies and how the strategies were executed.

Corporate 1 indicated that:

The company does have a strategy of B−BBEE and it is divided into the various pillars of B−BBEE. The strategy that we put in place is based on what we had committed to the customer, so our customer, contractually, they wanted us to achieve certain B−BBEE targets. We developed the strategy by identifying people and technology that understand the initiatives that we will be implementing. Focusing on enterprise

development, our strategy was to support small and medium enterprises in areas where we understand there is a current gap and that gap is funding.

Corporate 6 indicated that:

Strategy is there at group level, there is a leading group in the structure. We had to restructure so that some of the work is outsourced to SMMEs.

Corporate 7 indicated that:

We do have a strategy of implementing B−BBEE and how it works on those elements of the codes, we aim and push for black control in the company in the level of shareholding, and not just that but also management control meaning people that can make decisions financially, technically or any other way. There is also an element of training where black individuals get training. Also, element of enterprise and supplier development, where we outsource work to black individuals, it's an element that we push to do well in.

Corporate 8 indicated that:

We align our activities with B−BBEE. For example, procurement, enterprise and supplier development is all in line with the strategy to make sure we get points. In procurement we look for certain suppliers that will help us to earn points such as black-owned organisations. Enterprise and supplier development we look at SMMEs in the industry that can add value to our supply chain. We have a different strategy for the different elements.

Corporate 11 indicated that:

There is a strategy, reported to the board and sub-committee. Different teams are responsible for implanting the B−BBEE elements, for example the supplier development team make sure that we have new vendors, and make sure we get our B−BBEE certificate. It's a comprehensive strategy that we roll out, trying to improve our points level.

Corporate 17 indicated that:

We do have a strategy; the plan is to decrease the cost per code and increase our B−BBEE scoring by getting points in different elements. For example, we do not have points on ownership because we are partly owned by foreign and by local. As such, we do not get points for ownership and as such, we got discounted one level down. The plan is to introduce at least ten points for ownership so that we can avoid the discounting as well as increase points on other elements such as preferential procurement, because right now we are not doing very well on preferential procurement. We have plans to increase spending on black companies.

The findings indicated that corporates have strategies in place to guide the B−BBEE policy implementation. The strategies drive corporates to perform better in complying with B−BBEE and score to better levels in order to ensure continuity in obtaining government contracts and also from state-owed entities. Corporates put effort in each Code and more especially on enterprise and supplier development to ensure that procurement is done according to the strategies to get as much black-owned suppliers in order to obtain a higher B−BBEE score. The strategies also determine the supply chain process, whereby, for any company or entity to engage in any business with corporates, it must be B−BBEE compliant because the B−BBEE level of corporates is also impacted by who they do business with. Research by Sibiya and Bernard (2019) confirmed that corporates have strategies but also interrogates the effectiveness of the strategies in driving successful B−BBEE implementation. From the findings, the strategies are geared to ensure that corporates comply and not necessarily the outcomes of their support.

7.3.4 Impact of the B−BBEE legislation on the procurement needs of businesses

The researcher asked how the B−BBEE legislation impacted the business needs of corporates. The impact of the B−BBEE legislation on the procurement needs of businesses was investigated to analyse the extent to which corporations are affected by B−BBEE legislation. Corporates are profit-driven because that is how they are sustained in business. Therefore, it is important to determine whether they can meet their business needs when implementing B−BBEE or if the B−BBEE legislation affects their business negatively. Furthermore, the researcher explored the issue of the exclusion of B−BBEE non-compliant companies in procurement by government and compliant corporates.

7.3.4.1 Exclusion of B−BBEE non-compliant companies in procurement

The B−BBEE legislation provides a directive on corporate procurement. It determines who they should buy from and their probability of being able to do business with the government, government entities and other complying corporates. The participants from the corporates highlighted that one of the major successes of the legislation is that it creates business opportunities for B−BBEE-compliant suppliers. Therefore,

procurement is guided by compliance, and non-compliance suppliers are excluded. In summing up these views, Corporate 1 stated:

> *Regarding procurement, B−BBEE has allowed us to diversify and get our suppliers to be diverse because it's important that you just don't buy from one group of people [but] that you can structure and buy from a various number of people. Our B−BBEE level also allows us to have a good reputation with our customers because we deal with retailers, and they are very strict and make sure they deal with companies with a good B−BBEE score because it affects their scorecard. Because we are a big company, it would show if we had a bad score. So, companies are comfortable working with us because of our B−BBEE level.*

From the supply side of the value chain, suppliers expressed awareness of the need to satisfy the B−BBEE requirements to be considered suppliers by corporates. These views are expressed by Corporate 2:

> *The way it will impact us is that we supply to some mining customers who require from us that we are B−BBEE compliant. So essentially, if we don't maintain an unacceptable level of B−BBEE, that can affect our ability to do business.*

Corporate 12 noted:

> *It shapes how we procure and focuses on achieving the goal, the spending to the designated sectors and B−BBEE compliant companies. Whenever we procure, there is [a] conscious decision to say we have to look to compliant companies so that our B−BBEE status improves.*

Pooe (2016) suggested that implementing enterprise and supplier development brings challenges to the operational needs of corporates. In some instances, corporates make unpopular decisions to meet their needs. Corporate nine indicated:

> *As a manufacturing company, we need to procure raw materials and sometimes, when we have to follow B−BBEE strictly, we cannot source the material. This impacts the economy as we cannot always buy from SMMEs.*

Based on the findings, the impact of B−BBEE legislation on procurement affects how companies respond to the element of enterprise and supplier development. The corporates indicated that enterprise and supplier development is a priority element and, therefore, it significantly exerts pressure on corporates to maintain business requirements and, at the same time, to meet the compliance targets for enterprise and supplier development. Furthermore, these participants indicated that participating in

black empowerment is key to B−BBEE implementation. Hence, B−BBEE compliance has made some progress in terms of transformation.

7.3.5 Perceptions of corporates and SMMEs regarding the implementation of enterprise and supplier development

Corporates are the implementers of the B−BBEE legislation and SMMEs are the set beneficiaries, particularly under enterprise and supplier development. Therefore, the researcher considered it important to establish if corporates found any value in doing this or if it was just a 'tick-box' exercise. The researcher also explored the value of implementing enterprise and supplier development, including SMMEs in the supply chain, job creation through enterprise and supplier development and financial and technical assistance to SMMEs. The research question is linked to Objective 5 which focuses on the perceptions of corporates and SMMEs on the implementation of enterprise and supplier development. These findings are presented in the following subsections.

7.3.5.1 Value in implementing enterprise and supplier development

The participants were asked about the value of enterprise and supplier development implementation for corporates. Mixed sentiments regarding enterprise and supplier development were held by the majority of participants, indicating that positive outcomes in terms of uplifting SMMEs had been registered. However, a few participants regarded the policy as having far fewer benefits for corporates than for benefiting SMMEs and individuals. The participants who believed that enterprise and supplier development was beneficial said that it helped to capacitate SMMEs with business strategies while corporates obtained a good score through compliance with the legislation. Expressing this view, Corporate 1 opined:

> *So, enterprise and supplier development from a B−BBEE perspective assist[s] small businesses with a strategy and being agile. It also benefits the businesses because it is part of the BEE requirements and business[es] can achieve their enterprise and supplier development scores.*

Corporate 2 added:

> *They would also not necessarily have some of the business skills we transfer as part of our enterprise and supplier development.*

Corporate 3 claimed:

> *It goes back to B−BBEE – we are providing support because all this has to enhance the economy and empower people. What we like to see is people and companies succeed. The more they grow, the more there is employment within the country.*

This was anchored by Corporate 10, who stated:

> *It provides the opportunity for people who were previously marginalised to participate in the economy.*

The researcher probed if there was anything in the views of corporates that threatened the value to be derived from enterprise and supplier development. Although corporates believed that enterprise and supplier development have huge potential in assisting SMMEs to grow and become large suppliers, they also raised concerns about the sustainability of SMMEs. This is the view from Corporate 19:

> *There is value; however, there are challenges. The biggest worry is sustaining ability. As a company, we can pledge to buy goods and develop an SMME, but economically, there is no sustenance because what needs to be done is a forum among big corporates so that when one develops an SMME, other corporates can buy and increase the business of SMMEs.*

Wiid and Cant (2021) asserted that South Africa needs to create jobs, and as such, there is a need to grow SMMEs. Government identified enterprise and supplier development as a key driver to significantly increase the amount of SMMEs within the mainstream economy. However, Khupe (2022) indicated that the value of implementing enterprise and supplier development is yet to be realised. Therefore, the contribution of corporates has not reached its potential and thus, its objectives have not yet been accomplished.

As such, the growth of SMMEs not only contributes to economic growth, it is also an important aspect of human development. This is supported by the capability approach, which states that economic growth and the expansion of goods and services are necessary for human development (Stewart, 2013b). According to the UNDP (2015), human development is about giving people more freedom and opportunity to live the lives they value. While poverty impedes living a good life, development is considered as a capability expansion. In this regard, the B−BBEE Act aims to eradicate poverty and inequality by empowering and capacitating black people according to the objectives of the B−BBEE strategy.

Based on the findings above, most participating corporates perceived that they also benefited from complying with the B−BBEE legislation. Furthermore, corporates must assist small businesses in becoming self-reliant.

7.3.5.2 Inclusion of SMMEs in the supply chain

Enterprise and supplier development is one of the elements of the B−BBEE legislation that has a significant allocation of points to corporates if implemented. The aim is to encourage government, its entities and corporates to support SMMEs. This means including SMMEs in their supply chain and providing financial and non-financial support. Compliance with enterprise and supplier development affects their ability to do business with government and their ability to do business with complying corporates because who they do business with ultimately affects their B−BBEE scoring.

The participants overwhelmingly concurred that enterprise and supplier development had a huge impact on B−BBEE compliance, and prioritising SMMEs has become an important activity. Despite SMMEs being small and sometimes affected by funding challenges, support from established corporates and government would allow them to participate in the supply chain. Commenting on this inclusion, Corporate 1 stated:

> *The impact that B−BBEE has on our business is that we can partner with government because our main client is the government.*

Corporate 3 added:

> *If we do not do this, it means our company will not be competitive and will not be marketable, and there is a chance for us to lose business because we rely more on parastatals.*

The corporates indicated that they had invested a significant amount of money into enterprise and supplier development because they understood that lower compliance would negatively affect their ability to trade with some of their customers.

Nieuwenhuizen (2019) indicated that the development of SMMEs is an effective means of economically emancipating former disadvantaged populations in South Africa. This idea stems from the concept of development as freedom. However, Ponce et al. (2018) indicated that the capability approach calls for a broader definition of development that focuses beyond economic measures such as per capita GDP and

income levels. The capability approach further indicates that there is no relationship between a country's GDP growth rate and the real freedom that its citizens enjoy. This is the case in South Africa. South Africa is an upper-middle-income country (Erduran, 2019), but because of poverty, the quality of life for many people does not symbolise real human freedom, such as socio-economic opportunities and security. Deneulin (2014) indicated that poverty limits one's capability and ability to function because human freedom depends on personal, social and environmental situations. Therefore, if SMMEs can find economic opportunities such as access to education, housing acquisition and increased business ventures, they will develop in many ways. The capability approach advocates for meaningful change in the lives of individuals. Ultimately, this is what B−BBEE enterprise and supplier development must achieve.

7.3.5.3 Job creation

Based on the findings, the corporates believed that the implementation of enterprise and supplier development has had a positive impact. One of the most notable achievements highlighted is job creation. As corporates engage SMMEs more in business, they create more employment for individuals from formerly economically disadvantaged backgrounds. These views were aptly captured by Corporate 1:

> *The impact is that we can create jobs and creating jobs result[s] in people being able to support their families and further, it is also really [to] assist in driving the country forward because it is really about the value chain. So, the full value chain—if you look at it in terms of B−BBEE and the elements where companies are expected to hire black people—so the impact is that now these people have jobs and can support their families.*

Corporate 2 declared:

> *For our company, because our main clients are parastatals [state-owned companies], if we do not comply with B−BBEE requirements, we tend to lose business because the parastatals now in their contracts have some sort of clause that we need to prove that we are training or assisting small companies. For instance, when one of our clients gives you a contract, you need to see that, like in terms of training. It would help if you created employment … [I]t means that when companies like us give people skills, depending on how you take it, some people will be able to take that and utilise it to start their small businesses.*

The above sentiments show that corporates support employment creation by awarding business to SMMEs and training individuals to be employable or to start their businesses. In summing up these views, Corporate 4 disclosed:

> *We also earmark those facing possible retrenchment and provide them with business training if they are interested in going into the market. The company will help them develop a business plan and give them the capital to start their business. The company is correcting the past by awarding people the opportunity to start their businesses.*

The International Labour Organization (2020) indicated globally there is a dire need for jobs, and South Africa is among the top countries predominated by unemployment. Research indicates that SMMEs are future employment creators; thus, they must be strengthened to take up such a significant role (Hlebela, 2020; Govender, 2021).

As indicated in Chapter 2 of this study, the capability approach was proposed by Amartya Sen in 1979 and was further developed by Martha Nussbaum (Calitz, 2015b). This section echoes Nussbaum's perception of capabilities and confirms that functioning cannot be static; people must be able to choose freely because human beings function at certain levels. This means that SMMEs must be able to create employment and exercise and maintain the powers that they have developed. Therefore, sustenance becomes critical, meaning SMMEs can be considered valuable to job creation. Therefore, enterprise and supplier development must go beyond supporting SMMEs in creating jobs and long-term employment sustainability. Employment creation and economic empowerment of the South African population are the primary goals of the B−BBEE policy (Makgetla, 2021; Musabayana and Mutambara, 2022). Notably, most corporates indicated that, to some extent, the policy had demonstrated achievements in terms of job creation.

7.3.5.4 Financial and technical assistance to SMMEs

Provision of financial and non-financial assistance for SMMEs by corporates is an indication that corporates take enterprise and supplier development seriously. However, the interviews revealed that some corporates implement enterprise and supplier development within the organisation, while others outsource this function to various fund managers. The findings reflected that corporates achieve compliance with B−BBEE in many ways, including financial assistance, purchasing business equipment and machinery from SMMEs, incubation, training, early payment terms,

business development, mentorships, and supplier development contracts. These are reflected in the different compliance scores of the organisations. This was confirmed by Corporate 18, who said:

> *We provide them with financial support. We have our fund.*

Corporate 19 added:

> *You also look at the requirements of companies to produce efficiently. The other support [is] in terms of legislative requirements so that you meet – they meet – the health and safety standards as that is so important. In manufacturing, there is a certain way to handle and dispose of material, so we also teach them that so that they implement the right mechanism.*

Emerging small businesses need to be supported in creating sustainable medium- to long-term goals for their organisations. The strategy is to help them in the long term to create self-sustenance and employment for SMMEs. In outlining the type of support that they give to SMMEs, Corporate 5 commented:

> *Firstly, we look for people that are within our industry. We support other people who are indirectly part of the industry, but the main aim is to focus on the industry, which is manufacturing. We look at suppliers that have got some capabilities in manufacturing. We have partnered with institutions that incubate small businesses to help companies that we selected for our programme to say, for example, because of our help, you were able to employ. We also assist suppliers to be certified, for example, with ISO 1000. If they were not, we took them to the training programme and got them certified. Because we know that we are not doing this just to benefit our company, but we want them to grow and supply to other companies. Certification gives them the licence to trade and makes them appealing to other companies when they want suppliers.*

Describing the role of corporates in assisting SMMEs, corporate participants expressed optimism and satisfaction with the role of B−BBEE in uplifting SMMEs in the manufacturing industry through financial and technical assistance. The following sentiments from Corporate 7 sum up the assistance and its success:

> *From a procurement perspective, it has allowed us to engage with the local communities and develop companies through our enterprise and supplier development that can add value to us and [the] supply chain. One of my success stories is that we developed a black women-owned company to open a factory to manufacture personal protective equipment [PPE]. It has grown into a big company and has gone beyond supplying us. The company is now financially independent and sustainable, and I think that's where the value comes in now. We have also developed SMMEs that are into*

export now, and this is not just good for them but for South Africa as well. I think there is merit in it.

Corporate 14 also stated:

The South African economy has opened doors for small emerging businesses that want to participate in the mainstream economy. For instance, when you look at elements like enterprise and supplier development, we make sure that we identify those and we support them; we groom them. And for our beneficiaries, our intention is to mentor and groom them into becoming our suppliers and competing in the market.

Corporate 15 added:

It has helped individual companies and has helped, in a broader way, the consciousness of giving black people opportunities in terms of ownership of the organisation, management and control, as well as the training that needs to happen and the skills required in a broader sense. As for the country, the broad-based side of B−BBEE promotes the employment of the previously disadvantaged. Education also increases, stimulating entrepreneurship among black people and creating more jobs. It also contributes to an increased tax base for black people as more get money.

One of the most important aspects to note in the empowerment discourse articulated by the participants is the realisation that black people cannot uplift themselves from poverty after years of being disadvantaged. Therefore, the participants overwhelmingly agreed that corporates have a moral and corporate duty to help black businesses prosper. The empowerment theory backs this process (Chan and Mak, 2020) and indicates that empowerment entails the transfer and sharing of power to individuals, communities, and intuitions that are less powerful. However, black people have been marginalised in business, and even with the advent of democracy and B−BBEE implementation, the footprint of black people in the mainstream economy remains insignificant (Khupe, 2022). For enterprise and supplier development to benefit through the assistance of corporates, SMMEs need to have access to resources and the opportunities necessary for change.

7.3.6 Challenges facing corporates in the implementation of enterprise and supplier development

Corporates were asked about their challenges with implementing enterprise and supplier development. Therefore, it was important to establish the challenges that corporates face because they carry the duty of implementation and also face penalties

when they fail to comply. This question is linked to Objective 6 which focuses on the challenges facing corporates and SMMEs in implementing enterprise and supplier development. The results are presented below.

7.3.6.1 Cost and time

Implementing enterprise and supplier development requires an investment of resources directly from the corporates. The programmes are designed and implemented as the cost of corporates. Corporates are profit-orientated; therefore, enterprise and supplier development is an additional activity. This was sustained by Corporate 1 who indicated that:

> *We struggle to find companies who can currently feed our pipeline, which means that we have to work extra hard and now start from the beginning in terms of training these companies who probably come from other industries. The skills set that is specifically required, that is the one challenge regarding compliance to B−BBEE. The second challenge is within corporate, as a multinational company we have challenges internally, especially with the sourcing management who does not have the patience or the will to develop small suppliers because they are facing pressure on the factory floor to deliver in order for them to meet their objectives.*

Corporate 8 indicated that:

> *Capacity and resources are limited to develop suppliers, the company cannot develop 100 suppliers. Funding, loan, grant and work can accommodate three to four suppliers at a time. But communities we work around don't see that. For example, if you need to install a water tank and you give that job to locals, they do not understand that you do not need ten water tanks. There is a consequence on what goes in the scorecard and not everyone understands that. Getting the paperwork sorted is a challenge, the tax documents for SMMEs need to be in order, but sometimes we take ownership of that and help them to register, get compliance sorted out, ownership certificate, and all documentation because we cannot deal with a supplier that is not in compliance of the legislation.*

Corporate 19 indicated that :

> *The requisite skill within companies is an expense. The fact that you need somebody full-time to look to at it. Also, that corporates have to spend a certain percentage after profits on enterprise and supplier development; it is a new cost centre because it is something that was not done before. Another challenge is that you find that management is prepared to pay a fine, which in turn affects the B−BBEE level of the company and going forward you are unable to do business in the public sector and that is where a lot of money is in terms of infrastructure, construction. So, to maintain*

a good B−BBEE level you need the requisite skills, management support, because management can also be a problem with this if they do not support B−BBEE because whatever you present will not be implemented.

From the findings, it is indicative that corporates have to dedicate time and money to remain compliant. Corporates have the duty to give opportunities to black-owned SMMEs at their own expense. Mudyiwa (2018) opined that corporates view enterprise and supplier development as onerous because they need to implement it at their own cost. B−BBEE Commission (2021) affirmed that corporates incur cost when implementing enterprise and supplier development programmes.

7.3.6.2 Gap between objectives and impact

The corporate participants indicated that enterprise and supplier development implementation benefited both corporates and SMMEs, but it was not without challenges. One of the key challenges noted was the disconnect between the objectives of enterprise and supplier development and the reality in terms of the expectations and needs of small businesses. As a result, the type of assistance offered by corporates may have a little transformative impact on SMMEs.

The corporate participants expressed that there was a gap between the objectives and the expectations of SMMEs. Most participants indicated that in most cases, corporates simply implement the B−BBEE to be recorded as having fulfilled their obligation, but they have no power to redirect the objectives of the SMMEs. As a result, SMMEs may receive the assistance that does not correspond with their urgent needs.

Corporate 4 declared:

It's the commitment; if there is a lack of commitment from both parties, the partnership will collapse. When joining the enterprise and supplier development programme, they must understand what they want. Some of the SMMEs just want money. They don't want to go through the pain of being in the learning programme.

Corporate 8 added:

My biggest concern is if the SMME has not been around for longer than two years, the moment he finds a job, they leave the programme, and unfortunately, that happens a lot.

Khupe (2022) indicated that there is a gap in opportunities for growth between SMMEs and corporates. The research findings indicated that there were no aligned ideologies

in some cases, with SMMEs expecting corporations to give them funds. The researcher probed if SMMEs followed certain prescripts when applying to join enterprise and supplier development programmes within corporates.

Corporate 1 indicated that:

> *There is no guidance for SMMEs on selecting the best support for their business and as a result, they join programmes without focus.*

Corporate 9 pointed out:

> *SMMEs leave before completing the enterprise and supplier development programme, thus abandoning the contract. For this, there are no implications, and SMMEs are free to join any other programme.*

The researcher deduced that corporates are pointing to a weakness in implementing the enterprise and supplier development, thus insufficient guidance on what needs to be done to ensure that the needs of SMMEs and the efforts of corporates are aligned. Corporates indicated that the B−BBEE policy lacks mechanisms to ensure that the same compliance standard enforced upon corporates is extended to SMMEs. As a result of this gap, SMMEs can afford to ignore the conditions of a contract on enterprise and supplier development because there are no channels for corporates or government to hold SMMEs accountable.

Engineering News (2021) reported that the criteria are not well designed for black-owned SMMEs to access Enterprise and Supplier Development programmes, or for corporates to assist in unlocking the participation of black-owned enterprises. Bowmans (2020) indicated that although B−BBEE is designed to increase the number of blacks who manage, own and control the country's economy and decreasing racially based income inequalities, B−BBEE is also not an obligation for companies. This means that corporate can chose to comply or not. Therefore, not all corporates are spending on enterprise and suppler development.

7.3.6.3 Lack of funding

While the B−BBEE programme is noble and seeks to promote the economic emancipation of economically disadvantaged people in South Africa, most participants expressed that the lack of funding was a drawback to the initiative. Other participants reflected on the high costs of processing the paperwork for SMMEs. As a result, many

small businesses that cannot afford the exorbitant fees for the documentation eventually become relegated to the peripheries of business and miss the opportunities presented by B−BBEE.

These views were confirmed by Corporate 2:

> *This happens when an SMME is given a purchase order but lacks the tools and people to deliver on the project.*

Corporate 5 proclaimed:

> *The biggest challenge for SMMEs, they are living from hand to mouth. In some instances, SMMEs are unable to do the work and require an upfront payment.*

The lack of funding for SMMEs, coupled with the lack of tools and personnel to deliver projects, has a huge impact on corporates since they are required to support SMMEs that are 51% or more black-owned, but, for the most part, SMMEs do not have adequate funding. According to Molo (2018), a lack of funding means SMMEs struggle to meet supply demands.

The research findings revealed that SMMEs that are poorly funded struggle to develop a good working relationship with the corporates and often cannot fulfil contracts due to the lack of equipment such as machinery. This presents a precarious situation where the SMME can collapse. A report by the DPME (South Africa, 2020a) indicated that SMMEs are limited in their work because they do not have funds. As a result, they ask for upfront payments before commencing with the work.

7.3.7 Risks of dealing with SMMEs

The corporate participants were asked about the risks they encountered while procuring from designated SMMEs and conducting the enterprise and supplier development programme with SMMEs. The researcher found it important to explore these risks because they have an impact on the implementation of enterprise and supplier development. Furthermore, this question aimed at clarifying the particular risks that corporates faced and the impact that these risks had on business. Aspects related to poor service delivery, lack of commitment, unethical business conduct, lack of sustainability and gaps in knowledge and skills were indicated as major risks.

7.3.7.1 Poor service delivery

The researcher solicited the perceptions of the participants regarding the risks associated with SMME partnerships as part of the fulfilment of B−BBEE. Most participants agreed that it was highly risky to partner with SMMEs because of so many uncertainties. The corporates noted that most SMMEs still lack business acumen and adequate financial resources to run their businesses efficiently (Molo, 2018). As a result of these inadequacies, they often offer poor services such as delays in delivery and poor quality of goods (Hlebela, 2020). The uncertainty of dealing with SMMEs was aptly captured by Corporate 2, who stated:

> *Sometimes, SMMEs don't understand how they could impact our business because they don't necessarily have an understanding of how the business operates, and then because of the lack of resources, they don't necessarily deliver on time.*

Corporate 8 added:

> *The risks are quality and meeting standards. What happens is that [a] corporate is looking for a service provider that can immediately meet the requirements. And chances are SMMEs do not meet the requirements; there is a risk of failure to meet quality, expectations and deadlines. The risk then becomes service quality to the end user.*

At times, poor service delivery by SMMEs forces corporates to divert and overlook the need to comply with enterprise and supplier development. This is because there are specialised goods on which corporates cannot compromise, in addition to quality and delivery turnaround time on specific projects. According to the DPME (South Africa, 2016) and Bushe (2019), South African SMMEs lack the resources needed to participate in the economy. Based on the findings, the failure of SMMEs to fulfil their business commitments and the poor quality service reflect the lack of capacity that prevails despite the B−BBEE s policy of providing a platform for opportunities. It also reflects that business opportunities for SMMEs through enterprise and supplier development alone are insufficient. Bushe (2019) pointed out that the success of SMMEs is, therefore, connected to a sufficient capital base, skills and tools.

7.3.7.2 Lack of commitment by SMMEs

The majority of corporate participants expressed frustration with the attitude shown by most of the SMMEs towards corporates. Corporates indicated that some SMMEs only

wanted to receive business opportunities and were not prepared to put in much effort to ensure the project was successful. Because of this lack of commitment, they usually abandoned contracts midway. Leboea (2017) and Molo (2018) indicated that the success and growth of SMMEs largely depend on the characteristics and traits of the entrepreneur.

Corporate 1 indicated:

> *I think they don't have time to research their clients properly and don't have time to understand what it is that the client requires because they are just more concerned about getting the contracts.*

Corporate 5 noted:

> *For them, being on the enterprise and supplier development programme is seen [as] a waste of time. They feel that the time spent on the programme could be used looking for work or doing something.*

Corporate 9 opined:

> *Sometimes, SMMEs feel they are too big to do small work and they move on and you are stuck.*

Corporate 13 added:

> *You find one guy having three companies under different names just to get purchase orders. As a result, SMMEs are unable to grow.*

Corporate 20 indicated:

> *To some extent, the B−BBEE Act has created an impression of entitlement to certain opportunities. Some people are not entrepreneurs but want to be involved in the business because the B−BBEE Act says so.*

The views of corporate participants that experienced negative attitudes from SMMEs indicate that they are likely reluctant to invest their time in supporting these small enterprises. The probability is that they engage in enterprise and supplier development simply to 'tick the box' without intending to make a meaningful impact because SMMEs give the impression that they are not interested. Although Pillay (2018) indicated that the B−BBEE Act provides for the growth of SMMEs to be supported by corporates, SMMEs also need to position themselves for opportunities. The B−BBEE Act lays the foundation for empowering SMMEs (Chekenya and Klingelhöfer, 2022). The empowerment theory shows that empowerment allows people to take power and gain

information about themselves and their environment and emboldens them to be willing to identify and work with others for change (Balcazar et al. (2019). Therefore, empowering SMMEs cannot happen when those being empowered are not willing to change.

The researcher probed further on the lack of commitment by SMMEs. This was done to establish whether all corporates had the same view that SMMEs lack commitment. This was clarified in the responses below. Corporate 2 indicated:

> *I think they are trying. With the limited resources, we are seeing them regularly coming up with proposals.*

Corporate 5 added*:*

> *Yes, they are. They join the programme with the hope of improving and growing their business. It takes time, but they are also doing their best to grow.*

Corporate 18 is also of the view that SMMEs are trying:

> *I think they are trying. The problem is that many SMMEs are not doing things right. But they are mixed with honest SMMEs that want to do things right.*

Conversely, the above sentiments show that corporates that regard SMMEs in a positive way are likely to give full support because their mindset is that SMMEs can progress if given the opportunity.

According to the findings, corporate participants expressed different views on the issue of SMME commitment to enterprise and supplier development. Not all corporates have the view that SMMEs lack commitment. Corporates further indicated that it depends on the attitude of the entrepreneur. According to Ndovela and Chinyamurindi (2021), personality is a driver of performance outcomes. Therefore, attitude towards entrepreneurship plays a role in the state of commitment.

7.3.7.3 Unethical business conduct

Within the context of the lack of commitment by SMMEs, certain corporates indicated that some SMMEs lack the passion for delivering the best service. As a result, some even go to the extent of intellectual property infringement by obtaining goods

manufactured by other companies and removing the trademarks. Commenting on the unethical practices by SMMEs, Corporate 9 noted:

> *There is no corporate governance in SMMEs. So, if you are a corporate, there are alignment issues regarding following policies and procedures. For example, one SMME on the enterprise and supplier development supplied us with material previously owned by another company but had been re-painted.*

Commenting on the unethical business character of SMMEs, Corporate 5 asserted:

> *Ownership of the SMMEs is not clear; there is a lot of fronting happening. And it's a compliance challenge because you might think you are developing someone only to find that the person is non-compliant. You might think you are developing a small black-owned company only to find that you are developing a small white-owned company.*

Corporate 6 affirmed*:*

> *I am for that. I view it as a short-term solution for the previously disadvantaged races, but I don't see it being a complete solution for South Africa because it creates situations where there is fronting and not necessarily a transfer of skills, people going to business. But for me, the concern is that I don't see it as something where you transfer skills to black and disadvantaged people.*

Corporate 16 noted:

> *Another challenge is fronting. There are a lot of white companies that partner with black people to get into the enterprise and supplier development programme. Also, there is a lot of black-on-black fronting where males use females, so the company appears as a female-owned company.*

The above expressions by corporate participants show that a lack of ethics is prevalent among SMMEs. The above sentiments overwhelmingly reflect that the fulfilment of the B−BBEE policy has been negated by corrupt practices, which may be very complicated to identify within a short time. Black people fronting white individuals may not fully benefit from the empowerment intended by the B−BBEE policy. This unethical conduct is counter-effective for the 51% or more black-owned SMMEs and the overall objective government intends to achieve. According to Turyakira (2018), unethical behaviour is prevalent in businesses of all sizes. However, SMMEs are more vulnerable to corruption, fraud, and other unethical practices because they need to survive. This is since SMMEs are small in size. Therefore, they face many difficulties and, as a result, tend to take shortcuts.

Corporate participants also expressed frustration at the overwhelming levels of fronting among SMMEs. They indicated that these SMMEs present a false image of being black businesses, yet they are fronting white business people. Shai et al. (2019) explained that fronting occurs in various ways, and the most common type of fronting is 'window dressing', which entails appointing black people to a business for race presentation, but the same people are not in a position of power and decision-making. Another form of fronting is where the economic benefits of a project are awarded based on a favourable B−BBEE rating, but the benefits are diverted away from the black participants upon whom the rating is based. Furthermore, fronting occurs in the form of presenting opportunities to black people through joint ventures wherein black people are pursued to boost the B−BBEE status of the other partner.

7.3.7.4 Lack of sustainability

The study established that the lack of sustainability is one of the greatest challenges affecting SMME operations. This is mainly related to a lack of funding and the capacity to fulfil the market's needs. Rungani and Potgieter (2018) and Jordaan (2020) asserted that financial access is very limited for SMMEs. The concerns around the lack of sustainability are expressed below.

Corporate 15 noted:

> *From my experience, the greatest risk is the lack of sustainability. Most of them are looking for instant gratification and this mindset need[s] to change. They don't have [a] long-term strategy on how to sustain and grow their businesses.*

Corporate 17 agreed:

> *Some of the risks could be attributed to the fact that some SMMEs are looking for quick wins and not a long-term game, so you run the risk if you have a long-term project as the SMMEs can decide it is something that they cannot execute and now you have to worry about completion.*

Similar sentiments of sustainability uncertainty among SMMEs were raised by Corporate 18, who said:

> *The sustainability of the SMMEs – is the major one.*

The majority of participants highlighted that dealing with SMMEs is filled with uncertainty because they do not have confidence in the capacity of these SMMEs to fulfil their business obligations.

From the data, the researcher established that one of the concerns of corporates concerning the sustainability of SMMEs is that they are failing to compete with global players in the supply of goods and services. Many SMMEs depend on advance cash payments from corporates for survival. The SMME sustainability challenges are aptly echoed by Corporate 19:

> *The ability to supply at an acceptable price becomes an issue because they do not have the buying power. Also, other aspects of management that are lacking tend to show in the delivery of goods. Black suppliers do not always have cash up front.*

Existing research indicated that most SMMEs in South Africa fail to reach the maturity stage (Fakoti, 2014; Leboea, 2017; Bushe, 2019; Matekenya and Moyo, 2022). This was attributed to internal and external factors that impede the development and sustainability of SMMEs. Apart from the shortcomings of entrepreneurs that can be considered internal factors, there are external factors over which SMMEs have no control. Hence, their sustainability depends not only on the owner's willingness but also on the environment in which they operate. As such, corporates lack confidence in the ability of SMMEs to provide services despite the support they give them. This limitation may be a pointer to the lack of other support mechanisms for SMMEs in the B−BBEE legislation. Kleynhans and Kruger (2014) as well as Musabayana and Mutambara (2022) indicated that many black-owned SMMEs fail to reach the sustainability stage.

7.3.7.5 Knowledge and skills gap

The lack of adequate business knowledge and industry-specific skills among the disadvantaged South African population (Kalane, 2015; Menzies and Erwin, 2017; Neta, 2021) remains a significant setback in implementing B−BBEE. Regarding these limitations, Corporate 3 comments:

> *I will speak mainly on ownership, management control and skills development. If we look at our company, being in the manufacturing industry, we find that in executive positions, we have a lot of white people in that, and [in] our industry, when we look at it, skills is [sic] more required. So, finding people from the designated group actually to*

> *occupy those positions is a challenge that you find. We are slowly progressing in terms of having designated groups, and this causes a challenge to our customers because they want to see us transform. They want to see black people, obviously suitable qualified people, occupying top positions.*

Some corporates believed that regarding ownership, management control and skills development, most of the black population does not have the required knowledge and skills, which slows down the upward mobility of these groups into management positions.

Another challenge related to the skills gap is the unavailability of women with the skills and competencies needed to supply large corporates. Much must be done to empower women through education, skills and development. Corporate 8 noted:

> *We want to improve our scorecard, but the limitation is finding black-owned SMMEs.*

The researcher probed on the impact of the lack of knowledge and skills by SMMEs. Corporates expressed that inadequate knowledge greatly affects service delivery and is a significant risk of partnering with SMMEs.

Corporate 7 claimed:

> *We are in the engineering manufacturing space. The risk is mainly the lack of know-how because what is happening now is no longer about the local content. But if you seek partnerships with the SMMEs, it would be on the basis that they are global[ly] engaged. Our business is global, so the risk is the lack of engineering abilities to ensure that we supply and deliver the correct products.*

Shai et al. (2019) indicated that black people are disadvantaged because they were previously excluded from economic activities and occupying high workplace positions. The implementation of B−BBEE partially addressed this. Gumede (2017) and Zips and Zips-Mairitsch (2020) pointed out that a few black people benefited from government's transformation agenda. To this effect, the findings of this research established that the B−BBEE policy had not done enough to promote education and skills development among the black population. In turn, this has affected the implementation of the same policy regarding the opportunities awarded to black people and women in leadership positions with capable competencies to supply large corporates. Therefore, there is a need to change the business landscape for enterprise and supplier development to deliver the desired results.

7.3.8 Sustainability of SMMEs through enterprise and supplier development

A question was asked whether corporates perceived that enterprise and supplier development could bring change to the SMMEs beyond participating in the enterprise and supplier development programmes. This question was asked to establish if corporates believed their contribution towards SMMEs could create sustainable SMMEs. This question is linked to Objective 5 that focused on the perceptions of corporates and SMMEs on the implementation of enterprise and supplier development.

Corporate 1 expressed that:

> *In terms of skills, they can get proper management skills from interacting with these large corporates. Certainly, going forward, they would have a lever to help them become sustainable because they will understand how business works.*

Corporate 4 added that:

> *Yes, if large corporates can put their minds to empowering businesses on how to run a business, legal issues and how to manage contracts. Corporates need to be engaged to ensure sustainability and not just give out cash to SMMEs. A mentorship programme helps them to understand the business better.*

Corporate 8 also expressed that:

> *Once the skills are acquired and knowledge is transferred, the SMMEs will be able to operate long after that. Even big corporates that have been around for long, started small and grew over a long time. So, we cannot just put B−BBEE over 20 years and expect companies to grow, B−BBEE has to go on for longer to allow companies to grow. No, I don't see it as a dependency issue because different industries have different requirements, so enterprise and supplier development must still be implemented for longer.*

Corporate 12 indicated that:

> *Yes, we have done it. Some of our beneficiaries are now fully flagged partners. We do not call them ESD [enterprise and supplier development] beneficiaries anymore. And we enter business with them as a partnership. It is about providing the right support and making sure they become self-reliant.*

Corporate 17 emphasised that:

> *Yes, why would we develop people and we don't expect them to grow and be sustainable companies? We must develop them to become suppliers of what we need and supply to others. We have to move them from a developmental supplier to a strategic supplier. Because when they are strategic suppliers, you benefit from cost, better service delivery, and innovation.*

The statements by corporates are indicative that enterprise and supplier development has the potential to uplift SMMEs to become sustainable. This shows that if corporates apply the correct mindset to develop rather than to see enterprise and supplier development as a compliance exercise, their outcome can be significant in terms of sustainability of SMMEs. What was also evident is that corporates also gain from capable SMMEs that provide goods and services that meet the standards of corporates. According to Makgetla (2021), a mentorship programme helps SMMEs to understand the business better. This means that SMMEs that have better understanding of their business are able to understand the market needs and position themselves for potential businesses specific to the industry.

According to the capability approach, the extent at which corporates contribute to enterprise and supplier development should permit the process of development for SMMEs and extend on their capabilities rather than making them dependent (Frediani, 2008). Therefore, looking at this through the capability approach means that the sustainability of SMMEs derived from enterprise and supplier development should not only reflect on in terms business success but also transcend. This means, the people who are in the process also matter, therefore enterprise and supplier development should ease the supply chain journey of corporates when they have to source from SMMEs, and thus improved standards when doing business with SMMEs. Also, the profits that SMMEs make from improved businesses should improve their lives. Ponce et al. (2018) pointed out that the capability approach pursue the good of the population in a broader spectrum that considers basic economic welfare, health, education, political rights and freedom, environmental quality and other basic capabilities for all people, considering each is an end in themselves, and no one constitutes a simple means for the aim or purpose of the other. A unique aspect of the capability approach in analysing enterprise and supplier development is that it does not only measure

economic real value but is also concerned about the beings and doings, which are the products of capabilities.

7.3.9 Types of support by corporates to SMMEs within the manufacturing sector

The researcher asked corporates about the type of assistance they provide to SMMEs. The questions also sought to verify if corporates thought the support they provided was adequate and had the potential to improve the state of SMMEs. Furthermore, the question explored if corporates were providing assistance based on the B−BBEE scorecard or if they had the option to select the type of assistance they can genuinely offer. The question also intended to determine how corporates identified their enterprise and supplier development beneficiaries. The findings of this research indicated that the major support corporates provided to SMMEs involved funding and incubation, mentorship, and infrastructure capacitation. This question is linked to Objective 7 that focused on the contribution of corporates assisting SMMEs within the manufacturing sector. The results are presented below.

7.3.9.1 Funding and incubation

The issue of funding is highly debatable since some researchers (Barnard, 2022; Fele, 2022) indicated that corporates invest billions in enterprise and supplier development. To the contrary, Rungani and Potgieter (2018) and the DPME (2020b) argued that SMMEs repeatedly indicate a lack of funding as a significant challenge. However, what is contradictory is that the data collected for this study from interviews with both government and corporates reiterated that there were government institutions that provided financial assistance and most of the corporates have set up mechanisms to assist these small businesses with financial packages. In articulating the funding and incubation for SMMEs, Corporate 1 indicated:

> *We give funds and have established grants and interest-bearing and non-interest-bearing loans to our black-owned suppliers. By doing that, we [address] their working capital issues and any CapEx [Capital Expenditure] requirements they may have to become competitive suppliers.*

Corporate 16 added:

> *We give them loans and we pay them early. We understand that the major thing is cash flow. So, we try to cooperate and give them interest-free cash loans.*

Additionally, through funding and loans, small businesses can expand their business. These views were expressed by Corporate 17:

> *We provide them with financial support; we have our own fund, which loans are way cheaper than when you go to financial institutions. Our financing terms are more flexible. We provide SMMEs with training and capacity building because their skill set needs to be increased, and their technical and operational capability needs to be enhanced.*

This research established that funding is available in various forms, such as grants and low-interest loans. However, accessibility to the funds remains in question. Therefore, there is a need to ensure that funding reaches SMMEs on a large scale. Another aspect could be that corporates have no mechanism to monitor if the same SMMEs benefit more than once from similar initiatives provided by other organisations. Besides preventing the double-dipping of resources, such monitoring will also avoid long-term dependability of SMMEs on financial assistance.

The researcher asked a follow-up question on other types of support corporates provided to SMMEs. The corporates indicated that they provided incubation, and shared that incubation effectively allowed the SMMEs to be self-sufficient after the incubation period. The responses by corporates are provided below.

Corporate 1:

> *So, with regards to the incubation programme that we have in place, the incubation programme provides support with overall business strategy, so it's putting your strategy in place, your marketing, and your technical assistance.*

Corporate 2:

> *We do incubation through a third party. In the past three years, we have provided interest-free loans. We allow them to participate in our business. We provide training through our incubation, [and] we then take them through our business process so that they can see the business and how they can participate in our supply chain.*

Corporate 6 echoed the same sentiments:

> *There is also an incubation where we host entities inside our building to operate in our space rent-free and use our office equipment. We also give them contracts, but they do not have to incur operating costs regarding office space.*

The views expressed indicate that corporates support the B−BBEE policy and are willing to fulfil the policy's objectives. Some of the corporates indicated that they hosted

SMMEs in their business premises so that SMMEs could operate without incurring physical space rental.

The researcher probed if corporates are providing support to SMMEs only to meet the requirements of the B−BBEE Scorecard. Corporate 19 indicated that:

> *We are not limited to providing only the assistance that the B−BBEE scorecard requires. We have options to initiate other forms of support.*

Corporate 8 added that:

> *We do not use the same approach for all SMMEs; we assist according to the gaps that are identified.*

A key aspect revealed by the findings was that the corporates mostly select SMMEs in their industry, which poses a challenge for SMMEs involved in general trading since they are not affiliated with a specific industry. Corporates emphasised meeting the compliance targets on the scorecard when they profile the SMMEs.

7.3.9.2 Mentorship

Another way of assisting SMMEs is through the provision of mentorships. As indicated in previous sections, these small businesses face knowledge and skills challenges in running their operations. Regarding these challenges, most participants highlighted that their corporates assisted SMMEs with mentoring opportunities to become competent in running a business. Corporate 4 indicated:

> *There are extensive programmes within our company's academy which we take them in. We do aptitude tests just to get to know the individual, and you will also have to provide a business plan. So, the support we give you and training is to get to the market out there. So, we strengthen your business and train you as a person how to overcome challenges [and] come up with a solution.*

The above sentiments indicate that the training and mentoring of SMMEs require commitment for the objectives of business mentorship to be achieved. As such, some corporates offer partial assistance to SMMEs and expect them to play their part. When SMMEs also invest in their training or purchase machinery, it reflects their willingness to learn and to do business. Echoing the role of mentorship, Corporate 6 highlighted:

> *We provide mentorship because we have a way of doing business. There are several standards, and those standards are transferred to the enterprise in the form of mentorship. We assist them with marketing.*

Corporate 9 added:

> *There is training where we take SMMEs' owners to courses for them to understand the business's financials, fine-tune their business proposals, [and to] expose them to the mentorship of others in [a] similar industry or associated industries from whom they can learn.*

Related views were shared by Corporate 11:

> *We do mentorship as well. We let them enter the company; we have a good relationship with our suppliers. A lot of SMMEs come in and see how we run our business. We have an open-book policy where we show them how to price and how to purchase, and how we handle complaints.*

Mentorship plays an important role in bridging the knowledge and skills gap that has kept most black people outside the business fraternity for a long time (Titus, 2018; Hlebela, 2020). Makgetla (2021) added that mentoring SMMEs provides them with an opportunity to learn while doing business. These views were shared by Corporate 4:

> *Sometimes we require that SMMEs partner with large companies for certain services so that skills are transferred.*

The participants indicated a need for mentorship to strengthen the business competencies of SMMEs. Mentoring can potentially prepare SMMEs to face challenges (Titus, 2018) and to strive in business even when conditions are not favourable (Muthusamy, 2022). The lessons SMMEs must learn from corporates involve not only skills and knowledge but also the challenges that corporates encounter. This is supported by the empowerment theory (Perkins and Zimmerman, 1995). The theory indicates that individuals possess strengths that they can build. Therefore, the success of B−BBEE legislation in uplifting the black population and promoting their entry into business can be achieved if the right skills, knowledge and competences are imparted to the SMMEs.

7.3.9.3 Infrastructure capacitation

Corporates are well equipped and have a wealth of equipment and machinery to sustain business deliverables. However, the same cannot be said about SMMEs. Conversely, enterprise and supplier development require that corporates realign their strategies in terms of procurement. Therefore, corporates have the significant task of training and equipping SMMEs and thereafter buying from them. Bhorat et al. (2018)

indicated that the growth of SMMEs has also been linked to support in terms of infrastructural needs. Most of the corporates echoed that they support SMMEs in purchasing the necessary machinery when they have funds. However, with the uncertainty related to the lack of commitment of some SMMEs, the participants indicated that they ensured that the SMMEs played a part. Echoing these sentiments, Corporate 5 stated:

> *If we need to buy a certain machine, then we find quotations. But also, sometimes, to make sure you are committed, we say you must pay 20% and we pay 80% so that there is a commitment from your side as well. Their contribution to the equipment ensures that we buy something they need and will be used. We pay for anything they need, be it training, to be certified or equipment. We do not give cash directly.*

Corporate 6 added:

> *If a supplier was manufacturing some tubes and steel fabrication and doing it manually, the cost would be high. So now, if you assist them and bring some equipment, they can improve and produce more. Therefore, their cost is low.*

Corporate 18 noted:

> *Other companies – we gave them money to go and do their certification. We help with health and safety to help them comply and be competitive in the market. Others – we buy them machinery to increase their efficiency when supplying us and also their other clients.*

Another important aspect related to the capacity of small businesses is the technological challenges that many SMMEs face when doing business. Many participants indicated that the advancement in Information and Communications Technology pushes SMMEs out of the value chain; they struggle to acquire and/or use the technology. Therefore, corporates find enterprise and supplier development useful because it allows them to empower SMMEs, enabling small businesses to be competitive technically.

Echoing these sentiments, Corporate 20 noted:

> *Things have change[d] from day to day, and you need to keep up with the change. Keeping up with the changes requires access to information technology. Information technology [IT] requires understanding how these things work. So, what we do is we are looking at educating them on IT infrastructure and how to run the business successfully. Our enterprise and supplier development gives them the acumen to go*

out and do things further and grow their business. So, what our company does is give them extensive training on how to approach the market.

The research findings indicated that infrastructure is key to economic development and as such, the growth of SMMEs is hindered due to the lack of physical infrastructure. A report by the Organization for Economic Cooperation and Development (2017) indicated that SMMEs' contribution also depends on their access to strategic resources and infrastructure. According to Mugo, Kahuthia and Kinyua (2019), infrastructure facilities, such as transportation networks, water, electricity, security and telecommunications, have an impact on the operations and growth of SMMEs.

Based on the findings, the researcher established that although corporates provided support in infrastructure capacity, there were still gaps because SMMEs in different areas have different needs. Because of the high costs of renting or purchasing buildings, SMMEs in urban areas require physical space, whereas SMMEs in rural locations require utilities and transport. This is in addition to machinery to increase productivity. However, the initiative of infrastructure capacity carries a huge potential for making SMMEs self-reliant. It also helps them to address other challenges related to the cost of doing business and quality of service.

7.3.10 Corporates' recommendations to the government and SMMEs

To conclude the interviews, the researcher asked corporates if they had recommendations regarding enterprise and supplier development for government and SMMEs. This question was asked to establish if there was anything that government and SMMEs were doing incorrectly in the view of corporates. Corporate 11 expressed that:

The focus of the B−BBEE scorecard should be on bigger points like enterprise and supplier development. The is no value in measuring skills in the scorecard in the manner it is measured because companies do train anyway. Government must provide the scorecard to meet the requirements of an economy that needs to grow. The government needs to be focused on developing SMMEs. No government manufacturing incubation looks at the design of products, bringing products to the market. I have yet to see a thriving manufacturing hub or incubation of real products that take our economy forward, not just the manufacturing of soft products. The government speaks of black industrialists, but where will they come from because there is less interest in developing that area?

Corporate 17 indicated that:

> *There needs to be more cooperation. The government needs to work closer with corporates. There is no way the government can sort it out alone. There is no question about it. So, the partnership is critical and the private sector must also not be stuck in the hype of criticising the government. SMMEs must also understand that the challenge is that there are few opportunities for many entrepreneurs. This means that there is going to be competition and there will be winners and losers. There is no way that companies can take on all the SMMEs in South Africa. But the need is overwhelming that you feel you need to help everyone. SMMEs must not only focus in getting in but also focus in staying in when presented with opportunities.*

Corporate 19 added that:

> *When we go to the economics of supply and demand, corporates must ensure that they continue stimulating the economy. SMMEs must deliver and bring in value in whatever they have to deliver and also manage the cashflow. The government needs to play their role in terms of monitoring compliance.*

In the view of corporates, government needs to be proactive in ensuring that enterprise and supplier development makes a significant economic impact and the growth of SMMEs. The statements by corporates alluded to the fact that the foundation is laid through the B−BBEE regulation. However, there is a need to curb the loopholes that will hinder achieving the goals of enterprise and supplier development. This means that government should strengthen their involvement and effectively monitor.

From the findings, it is apparent that corporates possess own views on what could be improved in order for enterprise and supplier development to be effective and yield the intended output. Crocker (2009) indicated that the capabilities approach recognise that active or participatory agency is closely related to the nature of our values, meaning that people place high value on delivery of their goals through their own effort. From the capabilities approach perspective, the effectiveness of enterprise and supplier development is dependent on corporate, therefore it can be more meaningful if the corporates are engaged and included in policy processes or review, particularly policy that has direct bearings in their operations. A sense of ownership exude intention in achieving goals.

7.3.11 Summary of key findings: Interviews with corporates

The participants from the corporates overwhelmingly concurred that supporting the B−BBEE policy is a corporate responsibility to help redress the economic imbalances that are a legacy of apartheid. Corporates' understanding of the B−BBEE legislation is indicative that they acknowledged their critical role in assisting the government in meeting B−BBEE objectives. However, the corporates highlighted that government lacked monitoring of enterprise and supplier development.

The participants indicated that B−BBEE is not mandatory, however non-compliance automatically disadvantaged a business from entering into business with government or any other B−BBEE-compliant organisation. However, some participants indicated that the nature of their business determines who they should do business with, and in some instances, such business decisions affected their B−BBEE scoring. The corporates indicated that they worked hard to comply because their compliance status affected their business.

The corporates complied with the B-BBBEE legislation and thus participated in economically empowering those previously excluded from economic mainstream and economic transformation. The corporates highlighted that they provided different types of support, financial and non-financial. In the same light, the corporates were expected to support SMMEs. They were required to procure from SMMEs. Corporates highlighted concerns around inadequate resources that affected the capability of SMMEs to meet the business requirements of corporates. Some corporates explained that SMMEs lacked commitment and focus but also qualified that some SMMEs exhibited high business standards. The corporates believed that when implemented correctly, enterprise and supplier development can improve the status of SMMEs, and, thus, growth and sustainability.

7.4 PHASE 2 − QUANTITATIVE RESEARCH FINDINGS: SMMEs SURVEY

This section of the study focused on the presentation, analysis and interpretation of the data collected for the quantitative research. Data was collected from SMMEs through an online self-administered survey. The questionnaire consisted of closed-ended and open-ended questions. The results indicated that there were more females (56.86%) than males (43.14%) in the SMMEs that completed the survey. Also, 75.56%

of the participants were professionals with tertiary qualifications (diploma, under-graduate degree and postgraduate qualification), while 22.69% had completed secondary education. A total of 96.1% of businesses were in operation for more than five years and very few SMMEs (1.3%) have been operating for less than three years. Furthermore, all the 401 SMMEs operated in the manufacturing sector, within the various subsectors.

7.4.1 Response rate

The sample was 400, however in order to limit the risk of shortfall, a total of 455 questionnaires were distributed to the respondents, consisting of the owners and managers of SMMEs. However, only 401 questionnaires were completed; therefore, 401 questionnaires were analysed. The response rate was assumed satisfactory. The missing responses can be attributed to the lack of research assistance in clarifying the questions since the questionnaire was administered online. Table 7.3 provides a breakdown of the respondents.

Table 7.3 Sample breakdown of SMMEs

Classifications	Questionnaires distributed	Turn-up proportion
Business owners	150	103
Managers	305	298
Total	455	401

7.4.2 Empirical data

7.4.2.1 Demographic statistics

Demographic data was collected and analysed to determine whether the sample (N = 401) fairly represented the target population concerning gender, age, race and level of education. The researcher performed the statistical distribution for the measures of central tendency and measures of dispersion of the demographic profiles. The respondents were from SMMEs within the six-manufacturing sub-sectors; these are indicated in Table 7.4.

Figures 7.1 and 7.2 and Table 7.5 show the demographic composition of the research study.

Table 7.4 SMME sub-sectors

Manufacturing sub-sector	Number of SMMEs
Manufacturing of coke, refined petroleum products and nuclear fuel	62
Manufacturing of chemicals and chemical products	258
Manufacturing of rubber and plastic products	2
Manufacturing of electrical machinery and apparatus n.e.c.	5
Manufacturing of basic metals, fabricated metal products, machinery, equipment of office, accounting and computing machinery	73
Manufacturing of transport equipment	1

7.4.2.2 Gender of respondents

Figure 7.1 is a breakdown of the gender of the respondents.

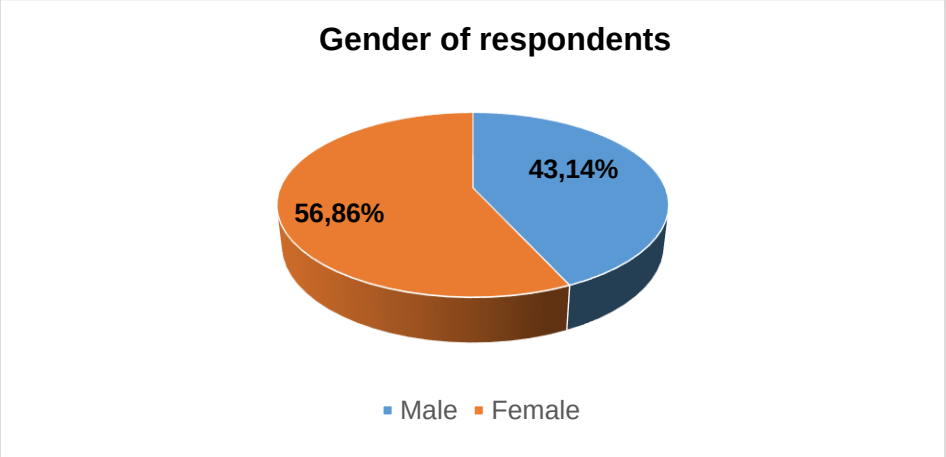

Figure 7.1 Gender of respondents

Figure 7.1 shows that there were more females (56.86%) than males (43.14%) in the SMMEs that were involved in the study. Bhorat et al. (2018) indicated that in South Africa, females dominate the ownership of SMMEs more than large businesses. Levy et al. (2021) pointed out that South African women have historically faced discrimination. The results of the study confirm that women empowerment is a government priority and that women participate in business. Furthermore, it is worth acknowledging that manufacturing has predominantly been a male industry. Urban-Econ Development Economists (2019) also confirmed that generally, women are concentrated in low profitability or low growth sectors such as retail, beauty and education and less likely to be in competitive sectors such as manufacturing. This is

substantiated by the Mastercard Index of Women Entrepreneurs (2020). The report indicated that 59% of women-owned businesses in South Africa that work in economic downturn such as retail, restaurants, food shops and domestic services have been hit hard by the COVID-19 pandemic.

7.4.2.3 Race of respondents

Figure 7.2 shows the race breakdown of the respondents.

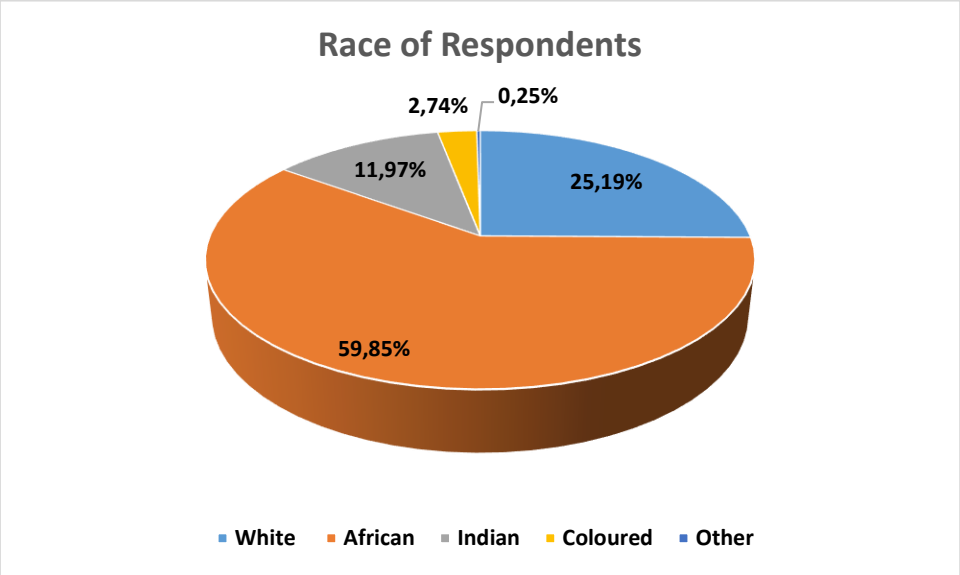

Figure 7.2 Race of respondents

Figure 7.2 shows that 59.85% of the population consisted of `black and 25.19% white respondents. Furthermore, 11.97% of the sample represented Indian respondents, 2.74% represented coloured respondents and 0.25% represented other races. Although B−BBEE is designed to empower black people, based on these statistics, it should be noted that the majority of SMMEs were black people (59.85%), whereas 25.19% of the respondents were represented by their white partners. Thus, it can be concluded that white individuals are also benefiting from enterprise and supplier development. This finding is substantiated by Bhorat et al. (2018), who indicated that black South Africans were marginalised in business and were denied market opportunities and access to labour markets. Furthermore, black people were hindered by the lack of assets required for entrepreneurship. This also confirmed the findings

from corporates that few black-owned SMMEs could provide services to the manufacturing sector.

7.4.2.4 Education level of respondents

Figure 7.3 indicates the level of education of the respondents.

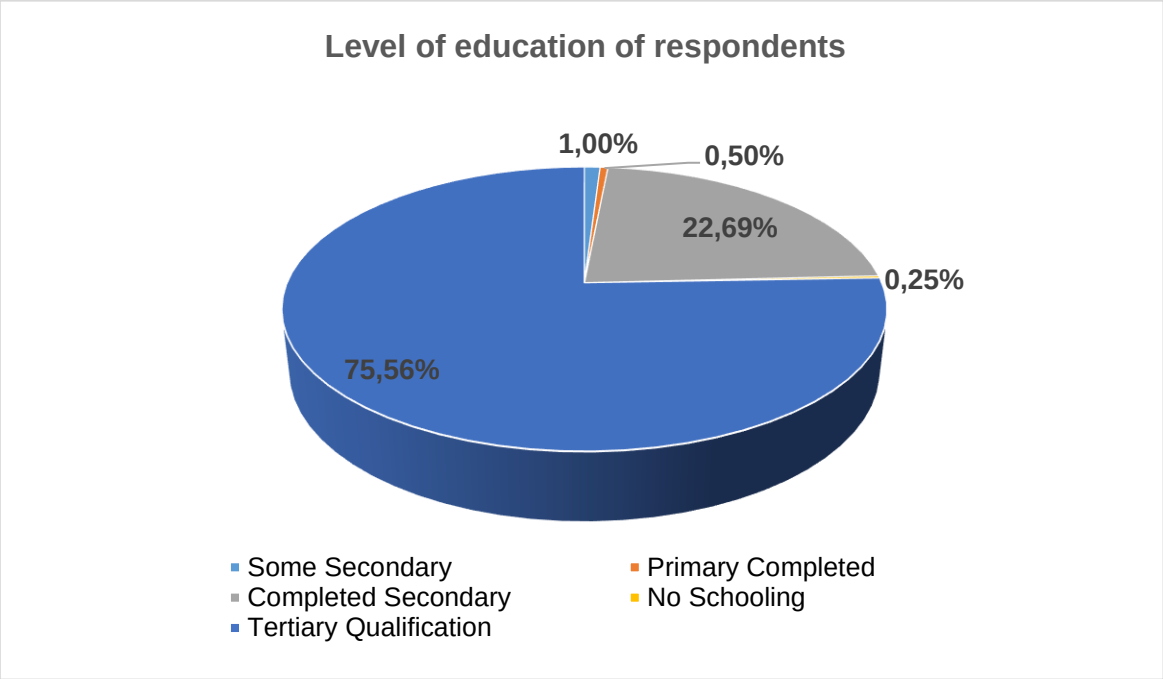

Figure 7.3 Education level of respondents

Figure 7.3 shows that 75.56% of the respondents were professionals with tertiary qualifications (diploma, undergraduate degree and postgraduate qualification), while 22.69% had completed their secondary education. However, 1% had some secondary education, 0.5% had completed primary school and 0.25% had no schooling. The majority of the respondents had either attained a tertiary qualification or had completed secondary school, demonstrating that they were competent to answer the questionnaire. Khuluvhe and Negogogo (2021) indicated that there were improvements in the level of education in South Africa. The number of adults with Grade 12 and those with degrees was much higher than a decade ago.

7.4.3 Business information

7.4.3.1 Reason for starting the business

Figure 7.4 presents the various reasons why individuals started their businesses.

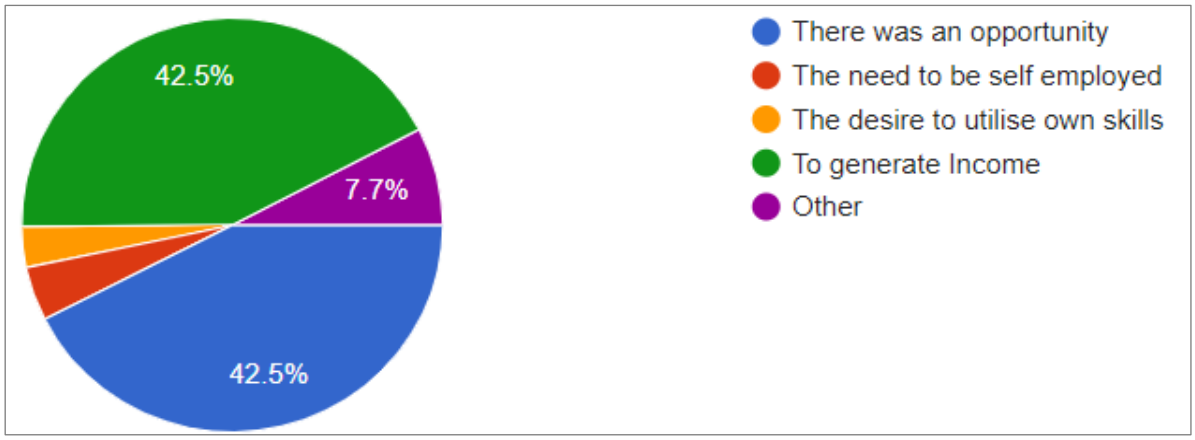

Figure 7.4 Reason for starting the business

Figure 7.4 shows that 42.5% of businesses started because of an opportunity, and that an equal number (42.5%) indicated that they needed to generate an income. These businesses were therefore started to generate an income. However, this also demonstrates that business opportunities existed in the precinct. Moreover, the fact that these respondents started businesses to make money shows that people are confident that SMMEs can generate income. Income generation is associated with poverty alleviation; therefore, those who started SMMEs to generate income contribute to alleviating poverty. According to Geitlinger (2016) and Burger (2021) entrepreneurship is critical for South Africa because it can facilitate positive economic development and the inclusion of previously disadvantaged population groups into the economy, which ultimately contributes towards job creation and economic growth. The Seed Academy (2016) reported that those who start a business due to opportunity are more likely to survive and employ people than those who start a business through necessity. According to Panina and Lane (2017), those who are opportunity-driven and have self-efficacy may contribute to long-term sustainable economic development. However, Urban−Econ Development Economists (2019) also pointed out that a developing country such as South Africa has more necessity-driven entrepreneurs than opportunity-driven entrepreneurs. This is because individuals pursue entrepreneurship since there are limited employment options.

7.4.3.2 Years in operation

Figure 7.5 indicates the number of years the SMMEs have been operating.

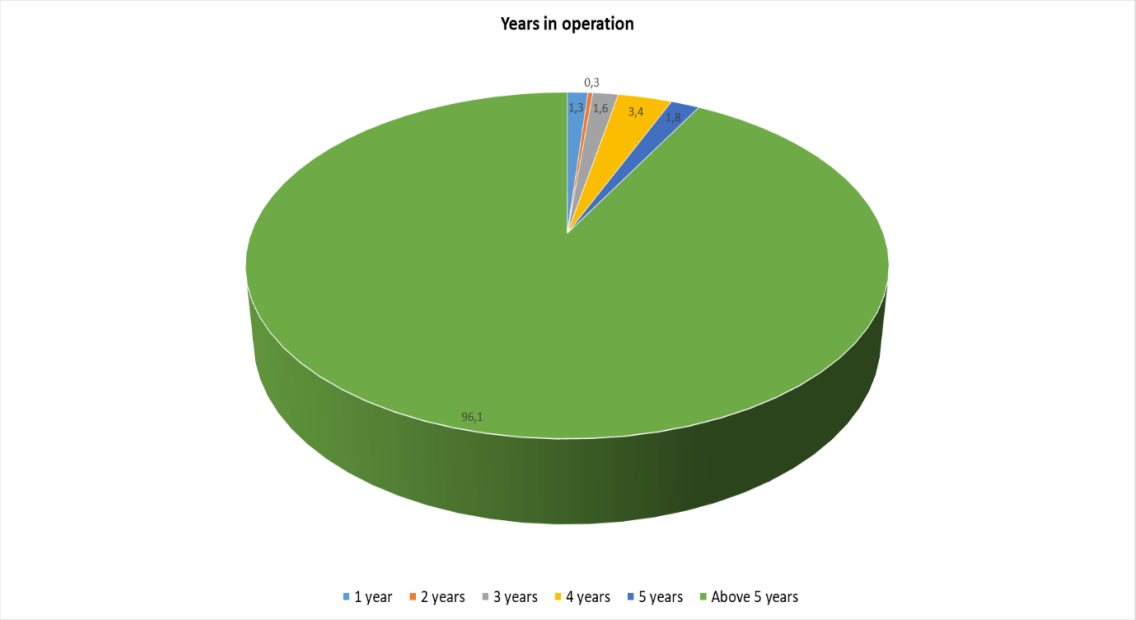

Figure 7.5 Years in operation

Figure 7.5 shows that 96.1% of businesses have been operating for more than five years and 3.4% have been operating for four years. Furthermore, very few SMMEs in the current study have been operating for less than three years. In contrast, SEDA (2016), Binns, Lynch and Nel (2018) and Kamga (2021) reported that the majority of SMMEs in South Africa rarely survive beyond three years.

Moos and Sambo (2018) indicated that SMMEs face challenges that have an impact on their operational efficiency. However, the findings from this research indicated that despite the challenges, most SMMEs have survived beyond five years.

7.4.3.3 Number of employees

Figure 7.5 shows the breakdown of the number of people employed by the SMMEs.

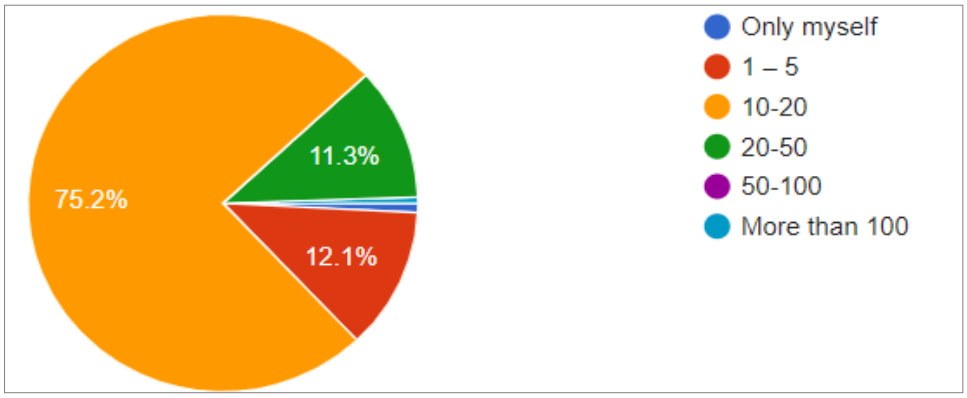

Figure 7.6 Number of employees

Figure 7.6 shows that 75.2% of businesses had 10–20 employees, 12.1% had 1–5 employees, and 11.3% had 20–50 employees. The high number of employees identified in most SMMEs indicated that most SMMEs were small businesses and very few were micro-enterprises. Schirmer and Visser (2021) indicated that the number of employees defines the size of an SMME. The classification shows that SMMEs with 0–10 employees were micro-enterprises; those with 11–50 employees were small businesses; those with 51–200 employees were medium firms; and those with more than 200 employees were large businesses. None of the respondents' SMMEs was medium enterprises. This proves that the landscape for SMMEs in South Africa requires considerable effort for SMMEs to reach maturity and become medium enterprises. Hence, there is a need to support SMMEs so that they can make a significant contribution to the economy and potentially create more jobs.

7.4.3.4 Annual turnover

The annual turnover of SMMEs is presented in Figure 7.7.

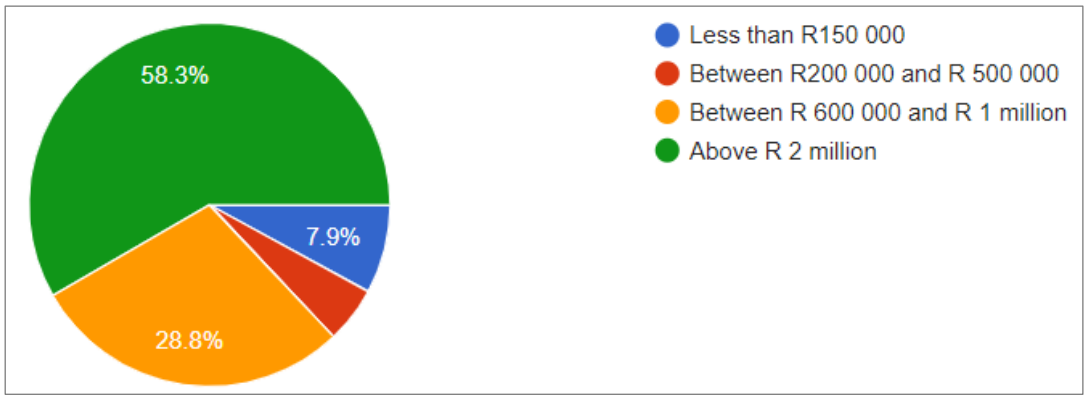

Figure 7.7 Annual turnover

Figure 7.7 shows that 58.3% of the businesses had an annual turnover of more than R2 million, which is a good indication that SMMEs can potentially generate income. Furthermore, if SMMEs receive meaningful support, there could be great achievements for job creation and contribution to the economy. Only 7.9% of SMMEs generated less than R150 000 annually. Rungani and Potgieter (2018) pointed out that the role of SMMEs is being acknowledged worldwide because of their potential to create employment and contribute to social and economic growth.

7.4.4 Perceptions of SMMES of enterprise and supplier development

Table 7.5 presents the SMMEs' view on enterprise and supplier development.

Table 7.5 Views on enterprise and supplier development

Do you think enterprise and supplier development is important?	Frequency	Percentage	Cumulative
A little bit	35	8,73	8,73
No	7	1,75	10,47
Yes	359	89,53	100,0
Total	401	100,0	

Table 7.5 indicates that 89.53% of the SMME respondents indicated that enterprise and supplier development was important to their businesses. However, 8.73% of the respondents were of a different perspective and indicated that enterprise and supplier development was not important. From the findings, it can be interpreted that SMMEs are interested in enterprise and supplier development, also meaning that SMMEs were willing to learn from the enterprise and supplier programmes. Vuba (2019) indicated that many SMMEs were willing to learn important elements that were required for businesses such as finance management and operations support.

7.4.5 Awareness and experience of SMMEs on enterprise and supplier development

Figure 7.8 presents the SMMEs' awareness of enterprise and supplier development.

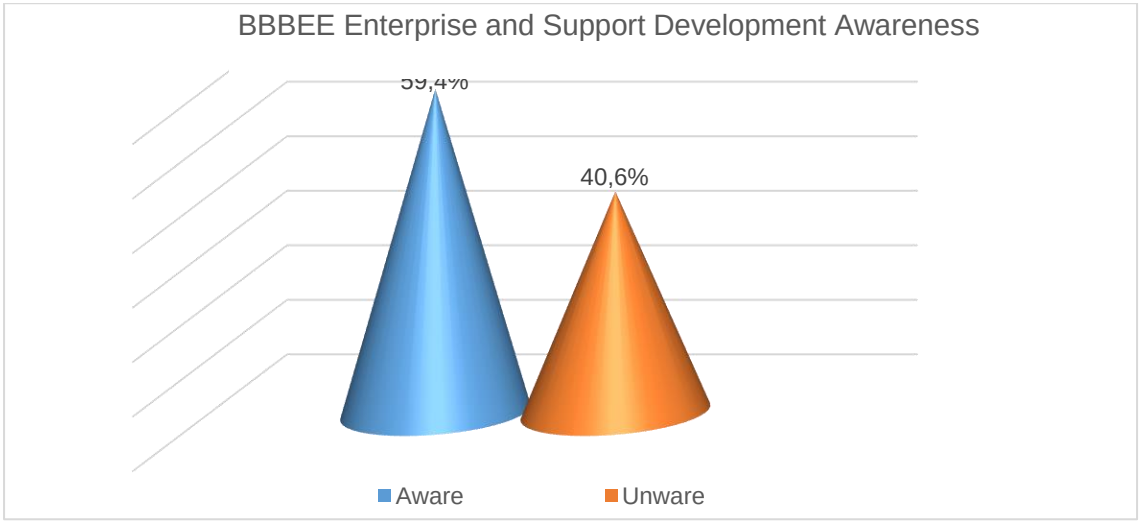

Figure 7.8 Awareness

Figure 7.8 shows that 59.4% of the SMMEs were aware of the B−BBEE enterprise and supplier development. Conversely, 40.6% of the respondents were unaware of the existence of B−BBEE enterprise and supplier development. Ngcobo and Sukdeo (2015) and Neeta (2021) indicated that SMMEs lack awareness and information on support measures because the owners are either not informed or are not approached by those who are supposed to offer them support. Gullan, Power and Leff (2013) indicated that the empowerment theory asserts that access to information is a key aspect of empowerment because informed individuals are well positioned to explore opportunities, access services, exercise their rights, negotiate effectively and hold state and other actors accountable.

7.4.5.1 Beneficiaries of enterprise and supplier development

Figure 7.9 presents the number of SMMEs that were beneficiaries of enterprise and supplier development and those that were not beneficiaries.

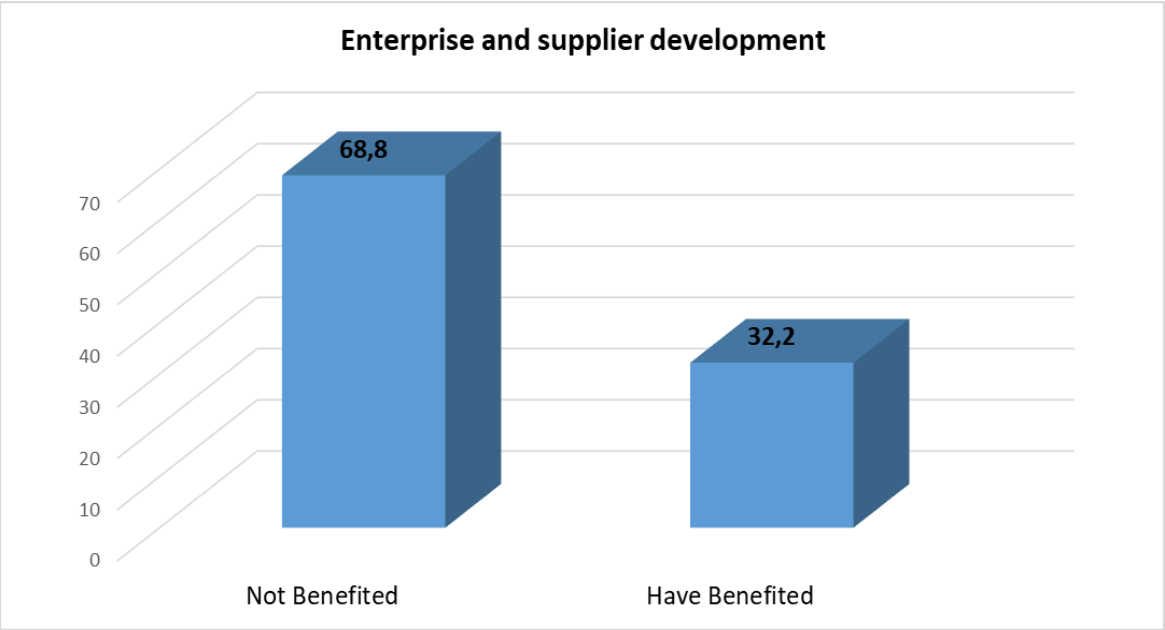

Figure 7.9 Beneficiaries

Figure 7.9 shows that only 32.2% of the SMMEs have benefited from enterprise and supplier development programmes, and 68.8% have not benefited. The findings indicated that although enterprise and supplier development has been implemented, only a few SMMEs have benefited. Sun International (2014) and Wiid and Cant (2021) pointed out that SMMEs are a key influence in driving economic growth, and there is

a need to support them. However, the majority of the respondents were not beneficiaries. This shows a gap between the compliance levels of corporates with the enterprise and supplier development element and the actual objective. This poses a significant challenge to the objectives of enterprise and supplier development, particularly concerning black-owned SMMEs since they are already disadvantaged. This raises the question regarding the model required to encourage a dense population of SMMEs to participate.

7.4.5.2 Process of becoming a beneficiary

Figure 7.10 shows a breakdown of how the SMMEs experienced becoming a beneficiary.

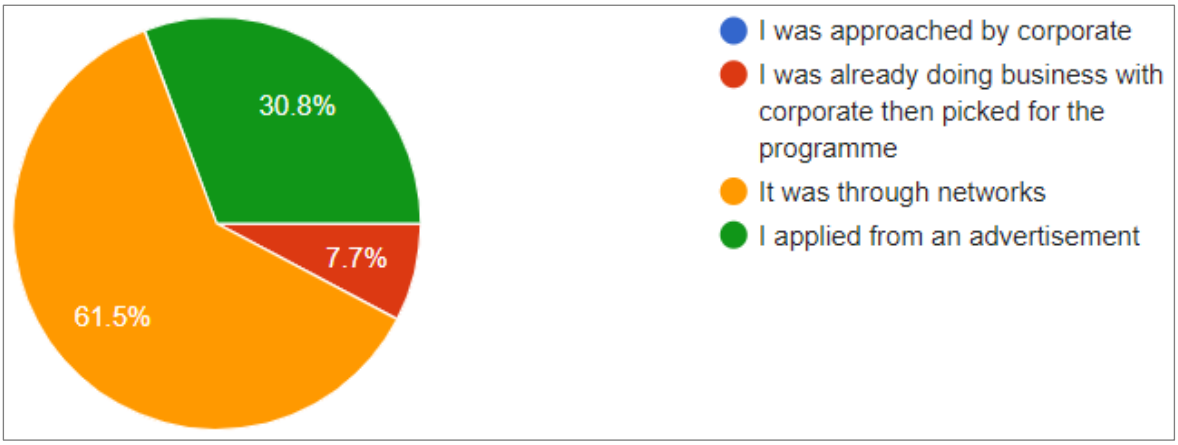

Figure 7.10 Process of becoming a beneficiary

Figure 7.10 indicates that 61.5% of the SMMEs that were beneficiaries indicated that they had joined enterprise and supplier development through networks. This means that those without networks were not able to benefit.

A follow-up question asked SMMEs why it was difficult for them to join the enterprise and supplier development programmes. The respondents from the SMMEs indicated that it was difficult to secure meetings with prospective supporting corporates. They provided reasons linked to corruption and connections, stating that only those with networks within corporates had access. In addition, the respondents from the SMMEs indicated that corporates took a long time to respond to their proposals and applications. The SMMEs indicated that attempts to contact corporates were usually unpleasant experiences of being sent through many channels only to be rejected.

Moreover, the statistical data indicated that 30% of the SMMEs indicated that they had responded to advertisements and succeeded. This is concerning since it could mean that either the reach of corporates was not widespread or SMMEs did not respond to advertisements. Only 7.7% of the SMMEs were doing business with corporates before joining enterprise and supplier development. Corporations must improve how they communicate the available opportunities to the broader SMME population. In the same light, SMMEs should increase their knowledge of how they respond to advertisements.

7.4.5.3 Barriers experienced in the process of becoming a beneficiary of enterprise and supplier development

Figure 7.11 presents the barriers hindering SMMEs from becoming enterprise and supplier development beneficiaries.

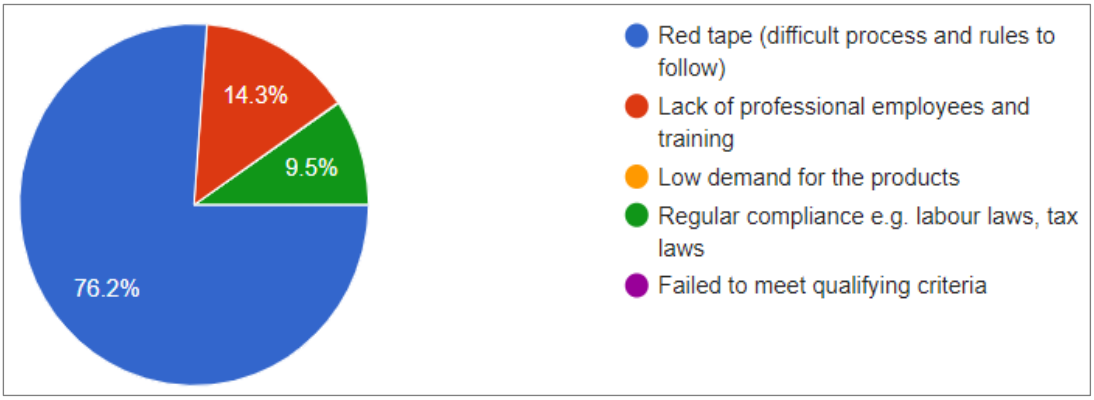

Figure 7.11 Barriers

The results shown in Figure 7.11 indicate that 76.2% of the SMMEs experienced red-tape barriers. This implies that SMMEs are excluded because they cannot meet all the requirements. Letsema (2019) confirmed that the legislation requires SMMEs to produce many documents, such a certification, some of which are paid for in South Africa. To become part of enterprise and supplier development, SMMEs must meet all the stipulated requirements. These results suggest that government regulations do not entirely favour SMMEs. Vabaza (2022) indicated that red tape is sabotaging the survival of small businesses and their ability to grow productively.

7.4.5.4 Expectations from enterprise and supplier development

Figure 7.12 indicates the expectations of SMMEs from enterprise and supplier development.

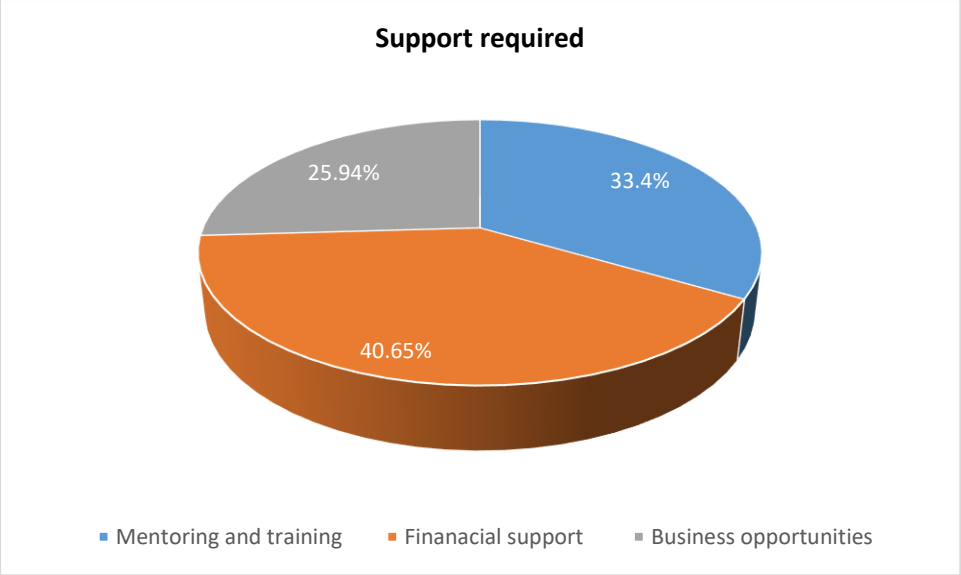

Figure 7.12 Expectations

The majority of the SMMEs (40.65%) indicated that they expected financial support; 33.4% indicated an expectation for mentoring and training, whereas 25.94% were expecting business opportunities from enterprise and supplier development.

A follow-up question was directed to SMMEs that were not beneficiaries of enterprise and supplier development. The question aimed at getting elaboration from SMMEs on why they would like to become beneficiaries. The respondents from the SMMEs that were not beneficiaries of enterprise and supplier development indicated that they would like to participate because they knew that it would help them access the industry, improve the quality of their products, and market their business. Furthermore, the respondents from these SMMEs believed enterprise and supplier development would expose them to opportunities and could assist them in improving the management skills necessary for emerging businesses, thus helping to grow their businesses.

7.4.6 Challenges facing SMMES

7.4.6.1 Training of SMMEs

Figure 7.13 presents a breakdown of SMMEs that have received training and those that have not.

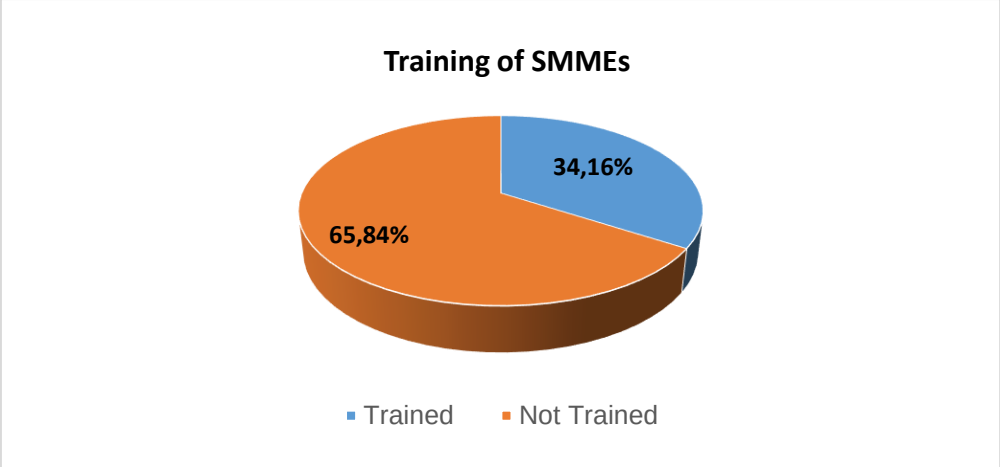

Figure 7.13 Training of SMMEs

Figure 7.13 shows that 34.16% of the SMMEs have received training on business management and 65.84% of the SMMEs have not. Weidenstedt (2017) and De Jager (2020) opined that individuals must be empowered to control their surroundings and implement business change. Based on the findings, it can be concluded that corporates only provide training to SMMEs who are part of their enterprise and supplier development programme or supply chain. Although the findings indicated that most of the respondents from SMMEs had tertiary education, business operations require specific training, particularly when the SMME operates in manufacturing. Training means that individuals learn a new set of skills.

7.4.6.2 SMME research and development of products

Figure 7.14 presents the number of SMMEs that can research and develop the products and those that cannot.

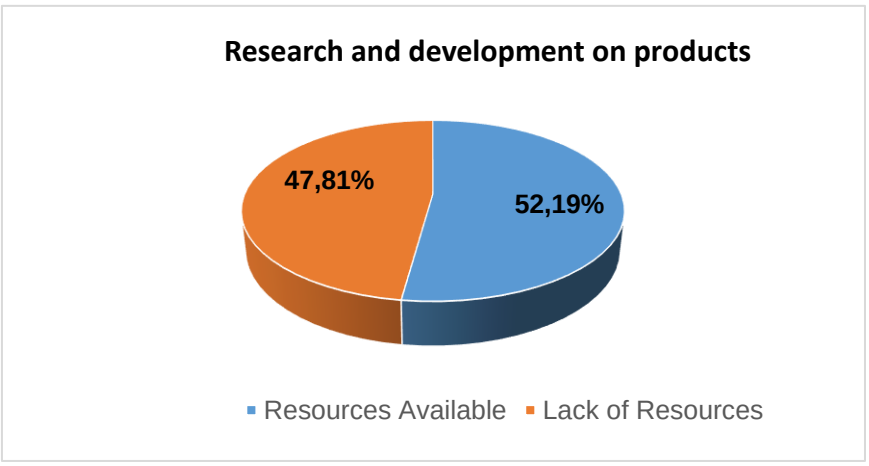

Figure 7.14 Research and development

Figure 7.14 shows that 47.81% of the SMMEs had no resources to conduct research and development of the products or make any changes to meet customers' needs. However, 52.19% of the SMMEs had access to resources for research and development to improve their products. The findings of this study indicated that SMMEs were lacking sufficient resources to remain competitive in the market, and thus, it may be difficult to take advantage of opportunities that are linked to enterprise and supplier development. Wang (2015) pointed out that the empowerment theory indicates that individuals perform better when they have access to resources. This means that SMMEs should be able to access supplies, times and equipment needed to achieve work targets. Furthermore, Otto et al. (2017) indicated that the capability approach adds that individuals should have agency and, thus, the ability to pursue and achieve the objectives they value. This implies that SMMEs must have access to the resources required to conduct research and development and the freedom to convert the information gained into a key resource that will expand opportunities. The ability to conduct research and development does not automatically imply that SMMEs will improve because platforms to showcase the knowledge that they have gathered are required.

7.4.6.3 Access to finance

Figure 7.15 presents a breakdown of SMMEs that have access to finance and those that do not have access.

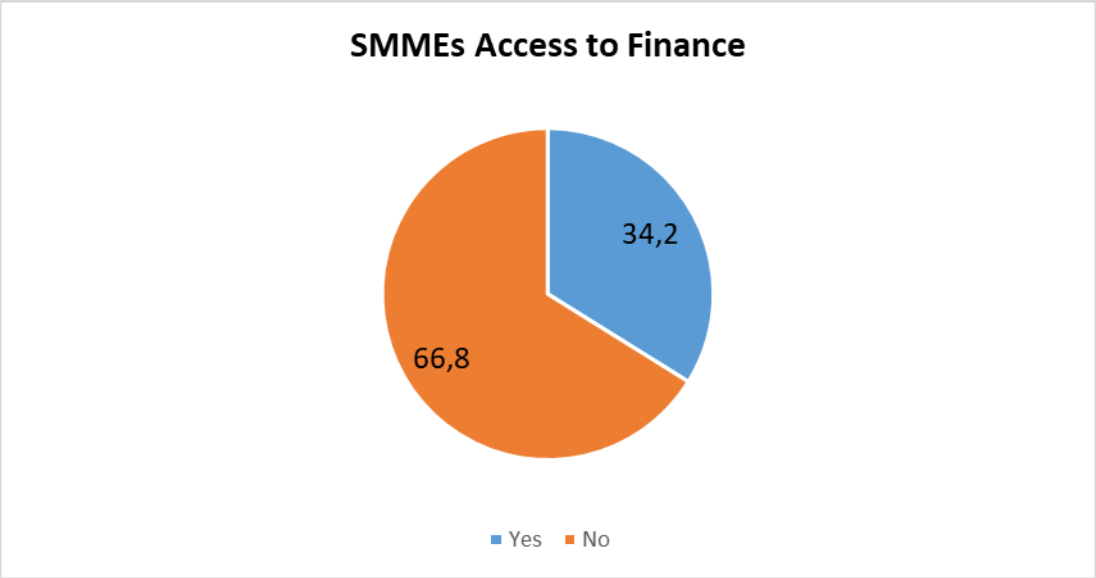

Figure 7.15 Access to finance

Figure 7.15 shows that only 32.4% of the SMMEs in the current study had access to finance from financial institutions, with 66.8% having no access. Fakoti (2021) and SME South Africa (2018b) indicated that SMMEs lacked access to finance due to short operating history, inadequate cash flow, lack of collateral and bad or non-existent credit scores. Therefore, this impedes the start-up phase or growth of SMMEs. A report by SEDA (2016) and Fakoti (2021) indicated that access to finance plays a role in the sustainability of SMMEs.

A follow-up question requested SMMEs to elaborate on why they did not have access to finance. The respondents indicated that the major reasons for the lack of access to finance were that they did not meet the loan requirements, did not have collateral, did not have a credit record, and did not generate enough money to pay back the loan.

7.4.7 Support provided by corporates to SMMES within the manufacturing sector

7.4.7.1 Corporate support provided for SMMEs in the manufacturing sector

Figure 7.16 below indicates the support that corporates provide for SMMEs.

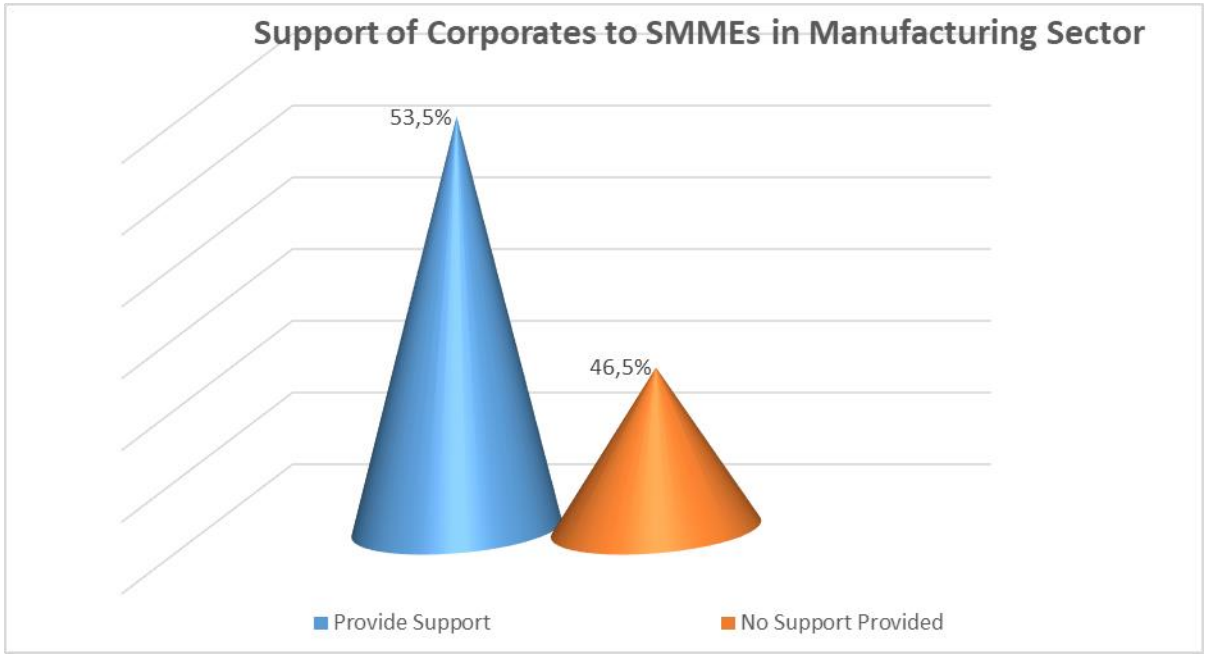

Figure 7.16 Support

Figure 7.16 shows that 53.5% of the respondents from the SMMEs indicated that corporates supported them, whereas 46.5% of the respondents expressed that

corporates did not provide support. These results show that large South African corporations support empowering SMMEs because they consider SMMEs as the drivers of economic growth. The respondents from the SMMEs indicated that corporate support could potentially secure their sustainability. Additionally, SME South Africa (2021) indicated that corporates provide various support mechanisms ranging from mentorship, training, technical and operational support, financial support in the form of low-interest loans, grants, procurement of machinery, the meeting of legislative requirements and standards, early payments and incubation. Evident in the survey was that the SMME respondents confirmed the need for such support.

A follow-up question asked those SMMEs that were not part of any enterprise and supplier development if they believed that enterprise and supplier development could add value to their business. The respondents indicated that enterprise and supplier development could assist them in registering their products since they were already operating efficiently. They also indicated that with the right support, they could grow because they were business minded and desired to succeed in business. In addition, they indicated that mentorship would assist them in addressing challenges and embracing the notion that business is long-term. Most respondents had invested their own money into the business and wanted it to succeed.

7.4.7.2 Empowerment of SMMEs

Table 7.7 presents the perceptions of SMMEs on empowerment.

Table 7.6 Empowerment

Do you think empowerment can significantly improve innovation capabilities for SMMEs?	Frequency	Percentage	Cumulative
No	259	64,59	64.59
Yes	142	35,41	100.00
Total	**401**	**100.00**	

Table 7.7 indicates that 35.41% of the SMME respondents think that enterprise and supplier development will empower them. However, most respondents strongly

believed that enterprise and supplier development was not reaching its maximum potential in supporting them.

A follow-up question asked SMMEs what they think government and SMMEs could improve in implementing enterprise and supplier development. The respondents from the SMMEs further indicated that there is a need for government and corporates to gather statistics on the actual needs of SMMEs to develop relevant and effective support programmes. The response of SMMEs confirms the expression by corporates that SMMEs need to focus on the type of assistance they need and not wait for corporates to do everything. However, this statement by corporates is debatable because SMMEs cannot make demands as they fear losing opportunities. According to Myres et al. (2022), SMMEs reported in their research that sometimes mistreatment was rife in the relationship between SMMEs and corporates. The problems were reported as being entry requirements by corporates that impeded SMMEs from becoming suppliers, late payments, unfair compliance requirements, abuse of power, and unfair supplier selection. SMMEs indicated that when they secure a large order from corporates, they request a portion of the payment up-front to be able to supply. This is another reason why corporates tend to overlook SMMEs for large orders. However, enterprise and supplier development are designed to address such limitations.

7.5 Improved business as result of enterprise and supplier development

The question was asked if there was a difference in your business before and after being a beneficiary of enterprise and supplier development? Though the open-ended questions, SMMEs were able to provide in-depth information on whether there has been improvement in their businesses as a result of enterprise and supplier development. This question aimed at exploring if enterprise and supplier development has the capability to capacitate SMMEs. The responses in the survey indicated the following:

> *We were running on **manual** interventions. With the impact of enterprise and supplier development, we have technological advancement and market opportunities. We grew our client base exponentially and have access to local, regional and cross-border markets.*
>
> *Training and skill development.*

Yes, there's is a different because I have moved from the level that I was in before.

Yes, cash flow increases, mentorship, monitoring and evaluation are available. More business opportunities and growth become available.

Yes, enterprise development allows more frequent orders, which builds confidence, and grows activity and turnover.

The above sentiments are indicative that, if effectively implemented, enterprise and supplier development provides capabilities to uplift SMMEs into matured businesses through the various support options that corporates provided. However, research by Iwara (2020) pointed out that there are no widely accepted success standards or indicators for measuring performance and, as a result, success is measured relative to the nature of the business and the category of an enterprise. Aspects such as annual turnover, size of business, number of employees, survival trends, capacity to deliver and client base are used to estimate the success of SMMEs. The findings from SMMEs also pointed out that their businesses experienced growth with reference to aspects such as growth in terms of orders, capacity to meet client needs, cash flow increase, skills, business opportunities and turnover.

It can be interpreted that the aspects indicated in the survey by SMMEs depict success. However, the capability approach goes beyond what is considers as achievements by further evaluating the capabilities for affiliation, which is related to the capability of reflexiveness. This implies that the individual owners of SMMEs were cognisant that they needed to be active in shaping up their own surroundings; furthermore, the capability of learning, which is the ability to use the knowledge and skills and make informed choices. Learning and skills goes further and considers the capability of the individual SMMEs for learning and cultivating the values and norms that are fundamental to the corporates that the SMMEs are serving. The values are reflected through critical awareness, reflective capacity, and upholding ethical conduct of the corporates. Therefore, the success revealed by the findings was subject to combined capabilities.

In response to the same question of whether there was a difference in the businesses before and after being a beneficiary of enterprise and supplier development, there were SMMEs that also indicated the following:

I don’t have any benefits.

Not yet, I hope there will be.

I have not yet benefited from the enterprise and supplier development.

No access to information before becoming a beneficiary.

Apart from those SMMEs that indicated that they had seen the impact of enterprise and supplier development, the findings also indicated that a large number of SMMEs (71%), had not seen any improvement in their businesses as a result of enterprise and supplier development, and 26% indicated that they were unsure whether there was any significant change in their businesses, and only 3,4% confidently indicated that their businesses had seen progress as a result of participating in enterprise and supplier development programmes.

7.6 Possibility of doing business with corporates

The question was asked: *Briefly describe your first attempt to do business with corporate and what was the outcome?* The aim of this question was to establish whether SMMEs found it easy or difficult to do business with corporates. The data provided by SMMEs indicated that SMMEs were also doing their part in looking for opportunities. Furthermore, the findings also indicated that SMMEs had challenges in meeting the business requirements of the corporates. The sentiments from SMMEs that had been successful were recorded as follows:

Customer gave us a small motor 1.5 kw to test with it first. Then at a later stage gave us 200 kw.

I approach petrol stations, churches, nursery schools, carwashes and they started ordering cleaning detergents.

Supplied at City of Johannesburg and it all went well because I had funds.

These findings indicated that it was possible for SMMEs to conduct business with corporates and deliver goods and services that met the standards. However, only 30% of the SMMEs indicated that they had opportunities of doing business with corporates. According to Forbes (2018), with the right structural support, SMMEs can deliver.

Furthermore, the findings from SMMEs that struggled to do business with corporates were recorded as follows:

We tried to supply sanitizers last year and the challenge was that they were not SABS approved.

Competitive pricing.

First attempt went well with a lot of promises made but none of them materialised.

It was a difficult process because of their requirements.

My challenge is finances and machinery.

Inability to produce products on a larger scale as my business is too small.

The findings further indicated that SMMEs experienced limitations in attempts to conduct business with corporates. The findings confirmed that SMMEs were affected by the challenges, such as lack of quality standards, lack of finance, insufficient capacity to deliver goods and services at a large scale, competitive, skills and bureaucracy. The challenges facing SMMEs have been discussed in several studies. Forbes (2018) and Iwara (2020) pointed out that the capability of SMMEs was hindered by a lack of resources. Albalushi and Naqshbandi (2022) also added that the difficulties related to financial resources, inability to obtain loans and lack of skills play a role in limiting the capacity of SMMEs, and thus affecting their growth.

7.7 RECOMMENDATIONS FOR CORPORATES AND GOVERNMENT

Form the open-ended questions, the SMMEs were asked to provide recommendations for corporates and the government in order to improve on how enterprise and supplier development was currently being implemented. The findings showed that SMMEs felt disregarded by the government and not fully supported by corporates.

7.7.1 Recommendations for the government

- **Funding**: SMMEs indicated that the government should provide funding to start up SMMEs as well as existing SMMEs as financial support will support growth.
- **Stop corruption**: SMMEs indicated that the government should stop corruption in order for everyone to have equal opportunities.
- **Accountability**: SMMEs indicated that the government should take accountability and track progress on the various enterprise and supplier development programmes.

7.7.2 Recommendations for corporates

- **Increase awareness on opportunities and access**: SMMEs recommended that corporates should raise awareness in the types of support and opportunities that may be useful to SMMEs as information was not easily accessible.
- **Impactful programmes**: SMMEs recommended that corporates should provide programmes that actually benefit SMMEs and not for compliance purposes. The programmes should empower SMMEs and thus helping to reduce unemployment.

7.8 SUMMARY OF KEY FINDINGS

The survey findings indicated that enterprise and supplier development had not reached the wider population of SMMEs and, therefore, had not made a significant impact because many of the SMMEs had not benefited.

The findings indicate that although SMMEs (59.4%) were aware of B−BBEE's enterprise and supplier development and its benefits, few SMMEs (32%) were beneficiaries. This can be attributed to the lack of information on how SMMEs can become beneficiaries. Furthermore, a large number of SMMEs (76%) indicated that a major barrier to entering the enterprise and supplier development programmes was red tape within corporates and the applications required too many documents of which some SMMEs were not in possession of.

The findings indicated that enterprise and supplier development can potentially assist SMMEs to grow, this was evident in the data provided from the open-ended questions. SMMEs depicted that growth and sustainability was possible. However, SMMEs also indicated that although there were benefits, in some cases corporates mistreated them and did not see them as partners. A total of 35.4% of SMMEs held the perception that if given the opportunity to participate, there could be improvements in the status of their SMMEs. They regarded enterprise and supplier development important in terms of access to finance, business opportunities, mentoring and acquiring skills. However, most SMMEs (64.59%) believed that enterprise and supplier development would not empower and capacitate their businesses.

The findings indicated that the major challenges for SMMEs were lack of finance to operate a business, insufficient research on the products in order to understand and meet client needs as well as a lack of training. The findings revealed that SMMEs had different preferences on how they felt they needed to be supported versus the forms of support corporates provided. Corporates provided them with different forms of financial support, which was disbursed either as grants, low-interest loans or early payment to a supplier, and the non-financial support was in the form of incubation, mentoring, procurement of equipment for SMMEs and providing operating space. Most SMMEs (66.9%) indicated that they needed financial support.

7.9 CONVERGENCE AND DIVERGENCE OF THE FINDINGS

The study applied mixed methods research, convergence parallel. Saunders, Lewis and Thornhill (2012) and Skamagki et al. (2022) pointed out that the qualitative and quantitative results are merged and compared to determine where findings converge or diverge. Convergence indicates the positive alignment between qualitative findings from the government and corporates and the quantitative findings from the SMMEs in B−BBEE's enterprise and supplier development, and divergence indicates issues of disagreement in the findings.

Table 7.1 indicates convergence and divergence of aspects in the framework. The table includes is a list of core matters of convergence and divergence from the government, corporates and SMMEs.

Table 7.1. Converge and divergence of the findings

Category	Phase 1		Phase 2	Meta inferences and interpretation
	Qualitative findings: Government	Qualitative findings: Corporates	Quantitative and qualitative findings: SMMEs	
Empowerment and transformation	The aim was to increase the participation of black people in the management, ownership and control of South Africa's economy by measuring the economic involvement of black people over a range of specified B−BBEE elements.	The impact was that we can create jobs and creating job result(s) in people being able to support their families; and furthermore, it was also really [to] assist in driving the country forward because it is really about the value chain. So, the full value chain – if you look at it in terms of B−BBEE and the elements where companies are expected to hire black people – so the impact is that now these people have jobs and can support their families.	35.41% of the SMME respondents thought that enterprise and supplier development will empower them. No access to information before becoming a beneficiary.	Areas of divergence and convergence from Phase 1 and Phase 2 were indicative because few SMMEs held a positive view on enterprise and supplier development as an empowering tool, whereas the government and corporates were of the belief that enterprise and supplier development will empower SMMEs and transform the economic landscape and permit SMMEs to participate meaningfully in the economy.

Category	Phase 1		Phase 2	Meta inferences and interpretation
	Qualitative findings: Government	Qualitative findings: Corporates	Quantitative and qualitative findings: SMMEs	
				The open-ended questions in the survey provided areas for expansion by further indicating that SMMEs had no information on how to join the programmes, hence few SMMEs believed enterprise and supplier development would assist them.
Challenges	There was still resistance to open up opportunities [and] give market access to small enterprises so that they can supply to big corporates. They are told that they do not have the right quality, and so forth. We are working hard to ensure that big corporates can bring them on board. We also see a lot of so-called service providers and fund managers because there is no regulation as such, some of which go to corporates and get money, and they are not spending those funds on the right beneficiaries.	The risks are quality and meeting standards. What happens is that [a] corporate is looking for a service provider that can immediately meet the requirements. And chances are SMMEs do not meet the requirements; there is a risk of failure to meet quality, expectations and deadlines. The risk then becomes service quality to the end user.	66.8% had no access to finance. My challenge is finances and machinery.	The findings from Phase 1 and Phase 2 converge because the challenges depicted correlate. The findings pointed out that enterprise and supplier development is faced with challenges related to financial and non-financial resources. Areas of expansion was provided by the open-ended questions in Phase 2 by providing in-depth information in the challenges, particularly lack of finance for SMMEs.
Value from enterprise and supplier development programmes	Through B−BBEE, we still make sure that big corporates support black SMMEs. We monitor compliance by large corporates to ensure that SMMEs are given a level playing field in business and that the support provided is adding value to SMMEs.	There are extensive programmes within our company's academy which we take them in. We do aptitude tests just to get to know the individual, and you will also have to provide a business plan. So, the support we give you and training is to get to the market out there. So, we strengthen your business and train you as a person how to overcome challenges [and] come up with a solution.	Only 32.2% of the SMMEs have benefited from enterprise and supplier development programmes. It was a difficult process because of their requirements.	The findings From Phase 1 and Phase 2 diverged because Phase 1 indicated that enterprise and supplier development had valuable impact on SMMEs; however, Phase 2 findings depicted that only few SMMEs had benefitted from enterprise and supplier development. Therefore, the magnitude of value and impact of enterprise and supplier development programmes was at a small scale. Areas of expansion was provided by the open-ended questions in Phase 2 by providing in depth information by indicating that it was difficult to meet the requirements, and thus not meeting the requirements implied exclusion from programmes.

7.10 SYNTHESIS OF THE QUALITATIVE AND QUANTITATIVE FINDINGS

This study was set to analyse compliance to B−BBEE's enterprise and supplier development, using the capability approach. Empirical research began by

investigating the role of the government in B−BBEE and enterprise and supplier development in particular to develop a holistic understanding of the role of the government, other than being the custodian of the B−BBEE policy. The study provided insights into the perceptions, challenges and experiences of corporates and SMMEs in the implementation of enterprise and supplier development.

The findings of the study revealed that the government, corporates and SMMEs equally understood that B−BBEE is an empowerment and transformation policy that is driven by the government to ensure that those who were previously marginalised from the mainstream economy become included. However, the findings of this study indicated that the implementation of B−BBEE has been faced with challenges; the government acknowledged that B−BBEE is challenged by resistance and that transformation has been slow. Government is aware that successful B−BBEE implementation is highly dependent on the flexibility of corporates in opening the market for SMMEs; however, B−BBEE compliance is not compulsory. This means that corporates that are not dependent on the government for business and did not participate in government's transformation and empowerment agenda continued to operate in the culture of inequality and marginalisation of black-owned SMMEs. Despite B−BBEE being a government policy, the government was not effectively playing its role in the monitoring of B−BBEE implementation. The government alluded to the fact that there was no systematic channel for monitoring. Furthermore, the rating of the B−BBEE scorecard was open to various interpretations by the different rating agencies.

The findings revealed that corporates were compliant to B−BBEE and implementing enterprise and supplier development programmes. However, the findings also revealed that the compliance level of corporates did not determine the effectiveness and success of enterprise and supplier development programmes. The majority of the SMMEs indicated they were not beneficiaries of the enterprise and supplier development support programmes and struggled to find information on how to participate. Although corporates depicted a positive mindset in supporting SMMEs, challenges such as the lack of skills and capacity for SMMEs to meet the demands of goods and services were revealed as impediments. The findings further revealed that the capabilities of SMMEs also play a determining role in the success of SMMEs. The

findings revealed that SMMEs that were capacitated in terms of finance, skills and capital were flourishing and could maximise on the benefits of participating in enterprise and supplier development programmes. Furthermore, the majority of SMMEs indicated that the obstacles such as lack of finance to deliver goods and services hindered them from benefiting from enterprise and supplier development programmes.

The findings indicated misalignment in the support provided by corporates in comparison to business needs of SMMEs. Corporates provided different forms of financial support, which was disbursed either as grants, low-interest loans or early payment to a supplier, and the non-financial support was in the form of incubation, mentoring, procurement of equipment for SMMEs and providing operating space. Most SMMEs indicated that they needed financial support. The findings of the study are consistent with the capability approach; the findings depicted that enterprise and supplier development effectiveness is dependent on combined capabilities of the government, corporates and SMMEs. The B−BBEE policy stressed the need for corporates to support SMMEs into sustainable businesses and also giving them opportunities and access to the market so that SMMEs can be competitive businesses. However, resources and opportunities that can be made available through enterprise and supplier development are meaningless if they cannot be converted into functionings that add value to the operations of corporates and growth of SMMEs.

The capability approach assesses the values that the government, corporates and SMMEs attach to implementation and enterprise and supplier development, and thus their value to empowerment and transformation. The capability approach evaluates the opportunities for SMMEs to use the financial and non-financial resources in a way that permits them to do the things they value; will there be market demand of the products and services that SMMEs will produce; do SMMEs have a choice in the type of support they need, and this playing a role towards their own development.

7.11 CHAPTER SUMMARY

This chapter presented the research findings. The findings reflected that government acknowledges that enterprise and supplier development, a newly introduced element of the Codes, has its challenges. Government indicated there is resistance to opening

up opportunities and giving market access to SMMEs by large businesses. This is a barrier to the efficient implementation of enterprise and supplier development and thus slows the transformation rate. Government also acknowledges that challenges related to the implementation of enterprise and supplier development are not only prevalent at the corporate level but also the SMMEs level.

The next chapter presents a summary of all the chapters in this research, together with the conclusions and recommendations.

Chapter 8
CONCLUSION AND RECOMMENDATIONS

8.1 INTRODUCTION

The previous chapter presented analysis of the findings. The data analysed was collected from the government as the policymakers and custodians of B−BBEE policy; corporates as the implementers of the policy, particularly enterprise and supplier development; and SMMEs because they are the targeted beneficiaries of enterprise and supplier development.

This chapter provides a summary of all the chapters in the study, together with conclusions that encompass the findings presented in the previous chapter. The chapter further shows how the study's objectives were achieved and discusses the main findings of the research. In addition, the chapter presents the study's contribution to the body of knowledge, provides recommendations and proposes a framework for implementing enterprise and supplier development that will benefit government, corporates and SMMEs. It also reflects the study's limitations and suggests avenues for further research.

8.2 RESEARCH OBJECTIVES

The study's primary objective was to analyse B−BBEE compliance in enterprise and supplier development using the capability approach. The following secondary objectives were set:

Objective 1*:* To analyse the role of the South African government in terms of B−BBEE implementation, specifically in facilitating enterprise and supplier development.

Government plays a significant role because it is the policymaker and custodian. The analysed data indicated that government was actively playing its role in ensuring B−BBEE compliance as an empowerment policy of the country. The Codes are monitored through a scorecard. Government realised that the Codes were not achieving the desired level of transformation and empowerment and as a result, the Codes were amended. The participants from government maintained that the

amended Codes aimed at achieving better results through the element of enterprise and supplier development. This element was introduced to fast-track the integration of black-owned SMMEs into the mainstream economy. Government indicated that B−BBEE enabled SMMEs to access the otherwise rigid business environment.

However, data collected from the corporates and the SMMEs indicated shortcomings. The perceptions of corporates and SMMEs were that government was not entirely visible in implementing B−BBEE. The findings indicated a misalignment between the views of government, corporates and SMMEs on the objectives of enterprise and supplier development. The fact that ideologies were not aligned presented structural challenges for implementing enterprise and supplier development.

***Objective 2**:* To analyse how B−BBEE legislation affects the current procurement needs and compliance of businesses.

Complying with B−BBEE requires businesses to have all B−BBEE documentation, such as B−BBEE certificates. Broad-Based Black Economic Empowerment affects the procurement needs of businesses because they must realign how they conduct business and with whom to do business. The data analysed show that large businesses struggle to procure specialised goods and services from SMMEs who followed B−BBEE requirements mainly, because SMMEs from the designated groups cannot meet the business needs of corporates. Therefore, B−BBEE is perceived as onerous when suppliers are not compliant with the standard or the sales agreement since most of the corporates are multinationals and their standards are international.

Based on the findings, the corporates accepted that they play a critical role in supporting B−BBEE implementation. Nevertheless, the corporates were profit-driven and that is how they sustained themselves. In many cases, corporates have long-term relationships with suppliers that are also large corporates and can supply goods and services that meet safety and quality standards. However, B−BBEE requires that corporates procure goods and services from black-owned businesses. Corporates that do not comply with B−BBEE and do not procure from black-owned businesses are excluded from doing business with government and its entities. Moreover, this exclusion extends to other complying corporates because doing business with non-compliant cooperates affects their B−BBEE scoring. The corporates were also

affected by the compliance level of the institution with which they were doing business. Therefore, B−BBEE legislation influences the procurement needs of corporates because it determines with whom they can do business. Broad-Based Black Economic Empowerment exerts pressure on corporates because while maintaining their business requirements, they must comply with the procurement directive so that their business is not limited.

***Objective 3**:* To assess how international countries approached empowerment and the integration of those previously marginalised into the mainstream economy, particularly in business.

Chapter 3 of this research provided detailed information on the characteristics of previously oppressed countries and where certain ethnic groups were marginalised. The chapter reflected on the policies that the various countries developed to address previous imbalances and how they approached empowerment. Central to the empowerment process, the countries developed policies to bring economic parity by prioritising those previously oppressed. The data reflected that South Africa's empowerment agenda is shaped by how other countries affected their policies. In this instance, South Africa's B−BBEE policy resembles what other countries are doing to empower those previously marginalised.

***Objective 4**:* To analyse the theoretical background of B−BBEE through the capability approach.

Various theories were explored to form a basis for this study; however, the capability approach was the main theory used to analyse the formation of B−BBEE in South Africa. The capability approach is a framework that asserts that development is about the well-being of people and their capabilities because the well-being and the development of people depend on their capabilities to function. Furthermore, the capability approach not only focuses on individuals but also considers the role of institutions because individuals live and operate in a world of institutions and the opportunities presented to individuals depend on existing institutions and how they operate. The capability approach goes further and indicates that institutions should not only contribute to opportunities but must also be assessed according to their contribution to these opportunities. From this dimension, it is apparent that institutions

must provide individuals with rights and opportunities, enabling the political system to carry out effective public policies.

***Objective 5**:* To analyse the perceptions of corporates and SMMEs in the implementation of enterprise and supplier development.

The data analyses showed that corporates supported enterprise and supplier development because they perceive it as an opportunity to train suppliers that will work according to their standards. At the same time, corporates can empower SMMEs to keep up with changing business needs, giving SMMEs sound business acumen. Corporates believe that although enterprise and supplier development are costly, the benefits are significant because once the SMMEs reach the required efficiency level, they can produce the right goods at the right time.

However, the data reflects that the SMMEs do not consider enterprise and supplier development as beneficial. There are also concerns that enterprise and supplier development programmes are not easily accessible. However, SMMEs strongly believe they will gain skills and operational support if implemented correctly.

Objective 6: To analyse the challenges facing corporates and SMMEs in implementing enterprise and supplier development.

The findings reflected that corporates face the challenge of limitations when conducting business with SMMEs because SMMEs often did not meet the requirements, lacked capacity to deliver goods and services at a large scale owing to lack of resources. Furthermore, identifying pipeline SMMEs in the manufacturing industry for enterprise and supplier development programmes was a challenge. This is because, in the past, the industry has been dominated by white-owned companies and there has not been a strong development in manufacturing in South Africa. As a result, corporates must work tirelessly in training SMMEs that are not entirely from the manufacturing industry. The skill set specifically required within manufacturing poses a challenge regarding compliance with B−BBEE.

The contradiction is that SMMEs believe that they are not presented with opportunities to join enterprise and supplier development programmes and consider the opportunities inaccessible. Although the data analysis reflects that SMMEs were aware of their challenges, such as the lack of access to finance, inadequate technical

skills and operational shortcomings, they were of the view that the inaccessibility of support through enterprise and supplier development remained challenging.

***Objective 7**:* To measure the contribution that corporates have made in assisting SMMEs within the manufacturing sector.

The impact of the support provided by corporates for SMMEs is not significant because the majority of SMMEs were not benefiting from the provided support programmes. However, the data analysis reflects that corporates comply with the B−BBEE elements that require them to support SMMEs, but the impact is minimal.

8.3 SUMMARY OF PREVIOUS CHAPTERS

8.3.1 Chapter 1: Introduction and background

Chapter 1 discussed the introduction, the background of the study and the significance of the research. Furthermore, this chapter also presented the problem statement, research questions, objectives, research methodology and chapter outline. The study centred on analysing B−BBEE compliance with enterprise and supplier development using the capability approach. The introduction provided a brief history of South Africa's racial segregation and the marginalisation of black people during the apartheid years. The background articulated the efforts by government to address the inequalities inherited from apartheid through the B−BBEE Act 53 of 2003. The B−BBEE Act is accompanied by the Codes that came into effect in 2015. The Codes were first issued in 2007 and were subsequently amended in 2013. The Codes guide implementation, indicating target areas for empowerment and transformation.

8.3.2 Chapter 2: Theories of empowerment and transformation

Chapter 2 introduced the theories that formed the foundation of the study, namely the empowerment theory, the transformation theory, Ostrom's IAD framework, the theory of North, Wallis and Weingast on violence and social orders, and the capability approach. The theories were applied based on their relevance to forming the B−BBEE policy and its objectives.

The empowerment theory shares the empowerment principles embraced by the B−BBEE policy.

The transformation theory explains why South Africa's B−BBEE policy is important in facilitating economic transformation. The theory indicates that transformation is a specific type of social change that possesses specific process structures to change all levels and relevant spheres of the economy, from legislation and policy to arts and science, at once. The B−BBEE policy aims at redistributing wealth by transforming the economy's sectors and integrating black people into the mainstream economy.

Ostrom's IAD indicates that all institutions are built upon and nested within other institutions. Institutions are the prescripts that humans use to organise all forms of repetitive and structured interactions. The transformation and empowerment agenda of the B−BBEE policy entails amending or repealing unjust apartheid laws; new laws are developed and institutions foster their implementation and promote compliance.

The North, Wallis and Weingast contributes to interpreting developmental patterns in various contexts, and in the South African context it provides a framework for understanding the importance of developing policies that respond to change. South Africa is one of the few African countries that peacefully embraced the transition from apartheid to democracy.

The capability approach presents the perspectives of two writers, Amartya Sen and Martha Nussbaum. Sen indicated that capabilities are the opportunities and the freedom to achieve what individuals value. Furthermore, expanding that capability is a set of functionings reflecting a person's freedom to lead one type of life. Moreover, Nussbaum's perception of functionings is that valuable functions and valuable capabilities to function are interconnected and distinguishable as sources of value. Additionally, Sen and Nussbaum agreed that people need to be and do a variety of things and stated that human agency and dignity are essential to capabilities. The capability approach is applicable as a framework for developing and evaluating policies, ranging from a welfare−state design in affluent societies to policies by government and NGOs in developing countries. However, in South Africa, with its history of apartheid, factors still inhibit individuals' freedom to participate in the economy. Therefore, from a freedom-based perspective, the capability approach encourages rethinking dynamics between government, institutions and ordinary South Africans. Such a perspective can change how governments plan and design policies.

8.3.3 Chapter 3: International approach to empowerment and transformation

Chapter 3 discussed how different countries approached empowerment and transformation. The chapter presented the policies implemented in Malaysia, Zimbabwe, Angola, Namibia, Botswana, and Brazil to address inequalities. South Africa's history is unique, the country experienced colonisation by Britain and apartheid by the Afrikaners. The aftermath is similar to what many other countries experienced under different oppressors, with the dominant factor being unequal treatment between races and/or ethnic groups.

Malaysia implemented NEP to address the inequalities between ethnic groups. Zimbabwe implemented the IEEA Act (2008) to include indigenous Zimbabweans who were excluded from the country's economic activities. Angola implemented Angolanisation, a policy to empower the Angolan people. The policy aims at involving Angolans in the oil industry, certain reserve work at different levels and ensure preferential treatment for Angolan businesses. Namibian introduced NEEEF, which consists of policies to build an equal society. The policy is aimed at restructuring the private business sector to achieve equity in the economic ownership of the means of production and employment creation. Botswana developed citizen economic empowerment policy to encourage citizens to proactively engage in entrepreneurship. Brazil introduced New Developmentalism, which views discrimination as a moral threat and a hindrance to economic growth. The policy acknowledges that economic development requires an increasingly well-educated population. It involves industrialisation, increasing productive sophistication and the transference of labour from low- to high-income per capita industries.

8.3.4 Chapter 4: Empowerment and transformation policy in South Africa

Chapter 4 provided an overview of the South African history from British colonial rule to the apartheid era and the transition to democracy in 1994. Apartheid ended in 1994 when the ANC won the elections and assumed control as a black-led government. The end of apartheid meant the abolishment of the apartheid laws that were designed to promote and substantiate divisions based on race. The advent of democracy inevitably meant that government had to design and introduce new policies. These policies were set to redress apartheid injustices, empower those previously disempowered, and

drive transformation. Therefore, the transition into democracy necessitated inclusivity and the inclusion of previously disadvantaged people into the mainstream economy to foster empowerment at all levels – individual, community and institutional.

The empowerment and transformation policy implemented in South Africa was guided by the Constitution, which proclaims that everyone has equal rights. South Africa also sanctioned BEE, later becoming B−BBEE (Act 53 of 2003). To guide implementation, the B−BBEE Act is accompanied by the Codes, initially released in 2007 and amended in 2013 for implementation in 2015. To strengthen B−BBEE implementation and broaden the chances of black people benefiting from B−BBEE, the amended Codes introduced enterprise and supplier development as a new element. It is perceived that this element will drive the inclusivity of black people into the mainstream economy.

8.3.5 Chapter 5: Approaches of corporates and small, medium and micro enterprises to implementation of enterprise and supplier development

Chapter 5 discussed the B−BBEE's enterprise and supplier development. Furthermore, the chapter presents the compliance issues, perceptions and challenges of corporates and SMMEs regarding the implementation of enterprise and supplier development. The chapter also explores the role of government, corporates and SMMEs in implementing enterprise and supplier development. Government is the policymaker and custodian; it regulates implementation and monitors compliance. Corporates are required to assist black-owned SMMEs by providing financial and non-financial support. The type of support entails the provision of resources such as time and capital to assist SMMEs in establishing, maintaining or improving their businesses. Furthermore, corporates must include black-owned suppliers within their supply chains. The SMMEs that are set to benefit from enterprise and supplier development are 51% or more black-owned.

8.3.6 Chapter 6: Research methodology

Chapter 6 introduced the research methodology, research paradigm and the research design for the study. Furthermore, the research site, population and the analysis of the collected data was discussed. This study applied convergence mixed mixed-method research. The mixed methods approach allows the researcher to use qualitative and

quantitative methods to gain insight into individuals' experiences, perceptions and attitudes.

The qualitative research and quantitative research were conducted concurrently. Qualitative research comprised two target populations. The first population consisted of the participants from government since it was important to understand the role of government, the objectives and the rationale for implementing B−BBEE and amending the 2007 Codes. The second population consisted of corporates that are B−BBEE-compliant and implementing enterprise and supplier development. It was important to analyse their perceptions and challenges in implementing enterprise and supplier development. Semi-structured interviews were used to collect the qualitative data. For the quantitative research, data was collected from SMMEs using a survey. SMMEs are the intended beneficiaries of enterprise and supplier development.

8.3.7 Chapter 7: Data analysis and interpretation

The primary objective of this research was to analyse B−BBEE compliance with enterprise and supplier development using the capability approach. Broad-Based Black Economic Empowerment is compulsory for government and all its entities. However, B−BBEE is not compulsory for corporates, although its design forces them to comply; there are penalties for those that do not comply or suffer a drop in their B−BBEE level of compliance.

The corporates acknowledged that SMMEs are potential job creators. Through enterprise and supplier development, SMMEs are exposed to business opportunities that would have remained reserved for white-owned companies. The support corporates provide to SMMEs occurs in various forms, including funding, incubation, mentorship and training. Moreover, the time spent by SMMEs in the enterprise and supplier development programmes is different; however, it is not less than 18 months for the majority of SMMEs. Funding is provided through interest-free loans, low-interest loans or grants. In this way, SMMEs are allowed to fund the business requirements that they are unable to afford. However, the corporates indicated that funding is always risky because SMMEs mismanage the funds. Hence, corporates prefer to pay directly for the business needs of SMMEs. Incubation is the most effective type of support because SMMEs can use workshops and equipment and thus operate

without incurring costs. Mentorship and the transfer of skills have long-term effects, even for SMMEs exiting the enterprise and supplier development programme. However, a determining factor for mentorship effectiveness is the owner's willingness.

The analysed data reflected that generally, there is awareness of enterprise and supplier development among SMMEs but do not know how to access the opportunities. The findings revealed that most SMMEs that responded to the questionnaire are not beneficiaries of enterprise and supplier development; only 32.2% of the respondents indicated they are beneficiaries. Although government is confident that enterprise and supplier development is changing the economic landscape for SMMEs by providing platforms for growth, access to meaningful economic activities that lead to sustainability is difficult. It concerns that an insignificant number of SMMEs are participating, thus slowing down transformation. Based on the findings, it can be concluded that not many SMMEs are currently benefiting from enterprise and supplier development. Therefore, more effort is required from government and corporates to reach a wide pool of participating SMMEs for SMMEs to optimise financial and non-financial support. The potential of SMMEs is hindered by challenges such as access to finance, one of their greatest challenges. Furthermore, access to markets and the concentration of the economy were also serious challenges. Therefore, addressing such challenges through enterprise and supplier development can significantly impact the status of SMMEs.

8.3.8 Chapter 8: Conclusion and recommendations

Chapter 8 presented the conclusion and recommendations. The research objectives are aligned with the literature and the findings. A summary of Chapters 1 to 7 of the study is provided. Furthermore, this chapter provides the theoretical contribution, the key findings, and the recommendations for government, corporates and SMMEs in implementing enterprise and supplier development. The need for further research is articulated. The chapter concludes with a framework for implementing enterprise and supplier development through the capability approach. The purpose of this framework is to guide the government, corporates and SMMEs in enhancing their respective roles in enterprise and supplier development, given that each has a distinct role towards the realisation of enterprise and supplier development.

8.4 Framework for the implementation of enterprise and supplier development through the capability approach

The framework guides the implementation of B−BBEE enterprise and supplier development for the key role players (government, corporates and SMMEs). B−BBEE is a government policy that aims at empowering the previously disadvantaged people, particularly in business. Furthermore, the policy aims at ensuring that transformations take place, and that black people are included in business and have the capabilities to access resources and explore opportunities to their favour. The capabilities approach advocates that people should find value and meaning in what they do. Therefore, the proposed framework (Figure 8.1) suggests steps and disposition that the government, corporates and SMMEs ought to take in order for enterprise and supplier development to bring valuable change in their respective environments and into the business and lives of those that are being empowered.

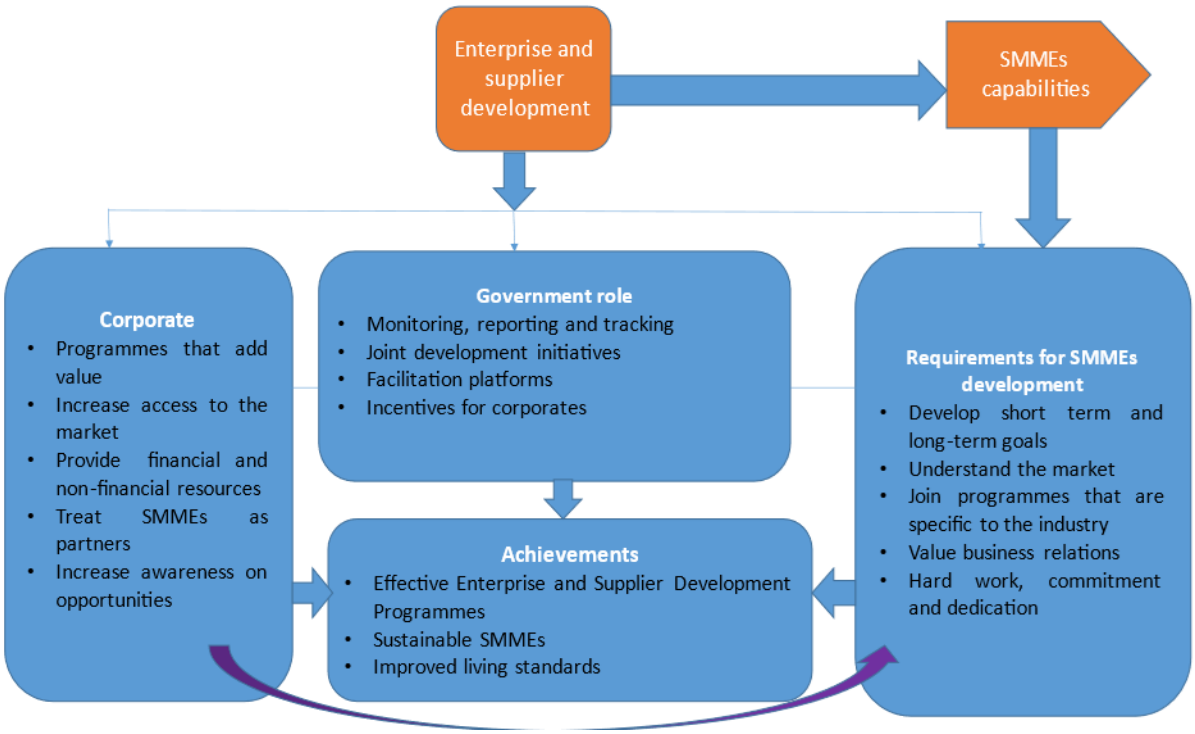

Figure 8.1 Proposed framework for enterprise and supplier development implementation
Source: Author's own (2022)

8.4.1 The role of government

8.4.1.1 Monitoring, reporting and tracking

The South African government has prescribed the law and stipulated what needs to be done; therefore, it is essential that the government vigorously monitors implementation to determine the achievements and challenges. There are no systems that enable corporates to report back to government on the programmes they offer. Also, SMMEs do not have a formal channel to report their experiences in enterprise and supplier development to the government. This requires a system that combines information on the financial and non-financial support that is provided to SMMEs by corporates in the form of a database that will assist to track the number of SMMEs that are on various programmes and even after completing the programmes, to monitor their sustainability. Government must develop a structured system to capture values derived from enterprise and supplier development. In this way, government will quantify the impact on those involved; impact reporting is an important element of B−BBEE, reporting on the skills, knowledge as well as the support provided by corporates.

This means that government should have a baseline of indicators to determine achievements and whether enterprise and supplier development is meeting its objectives. The type of monitoring required is more than just monitoring compliance with the scorecard. It should also entail checking the quality of the enterprise and supplier development programmes offered to SMMEs by corporations. It is essential for government to determine whether enterprise and supplier development is successfully meeting the needs of SMMEs and to draw lessons for continuous improvement. It will be worth recording if the supported SMMEs continue to operate and are profitable after participating in enterprise and supplier development programmes. This requires a form of inventory of an approximate number of SMMEs that have been enrolled in the various enterprise and supplier development programmes, how many SMMEs completed the programme and how many dropped out, and how many SMMEs have closed down even with the support of enterprise and supplier development.

8.4.1.2 Joint development initiatives

The government should provide support to both corporates and SMMEs. This support should include providing platforms for SMMEs to access opportunities with corporates through keeping rapport with both SMMEs and corporates. In addition, the government funding institutions for SMMEs should collaborate with corporates to ensure that the grants or loans SMMEs receive from the government institutions are used for the development of SMMEs. To this end, the resources of the government and corporates can jointly develop SMMEs.

Furthermore, the government should invest in skills, technology, and capabilities to increase local production prospects. Government must emphasise the development of SMMEs and ensure that they are included in the production of specialised material. South Africa has a wealth of raw materials; however, the manufacturing industry has declined, and companies are closing down. The country's manufacturing industry needs to be revitalised and SMMEs should be an integral part of this process. There is a need not only for the manufacturing of soft products but also for a thriving manufacturing hub and incubation processes for productive products that will take the economy forward. Furthermore, most SMMEs do not qualify to borrow funds from lending institutions. Therefore, government should intervene in financing new enterprises by expanding the current financial support systems and making funds accessible to the wider population of entrepreneurs; widening grants and low-interest rate loans to SMMEs will add value and strengthen SMMEs to contribute significantly to manufacturing.

8.4.1.3 Facilitation platforms

Although government is responsible for policymaking, it is crucial that the government consults all stakeholders to avoid reaching decisions that affect corporates and SMMEs without considering their input and other available options. Consultations that were done at the commencement of enterprise and supplier development cannot be conclusive because the economic landscape is not stagnant. Hence, to be well equipped to respond to emerging situations, government should conduct continuous consultative activities with all stakeholders. Furthermore, the engagements have the potential to improve collaboration between government and the private sector.

Furthermore, it is the role of government to ensure that the expectations of corporates and SMMEs are clarified, and the relationship is mutual. The ideologies of the stakeholders can only align through engagements.

Government regulations should model growth paths for SMMEs to meet the objectives of enterprise and supplier development, while enhancing the status of SMMEs through various forms of support. Furthermore, access to infrastructure is critical for innovation, research and development, and so is information, communication and technology.

8.4.1.4 Incentives for corporates

Corporates must spend a total of 3% net profit after tax, including their own resources to implement enterprise and supplier development. Therefore, the government should introduce incentives to complying corporates for allowing certain tenders to be applied for by corporates that meet the compliance and attain the 40% score in enterprise and supplier development by giving them preference when awarding tenders. Certain tenders should be served for those where there is evidence of their contribution to meaningfully support the development of SMMEs as well as job creation.

Furthermore, the government should record the status of SMMEs, and thus, indicating whether they are first-time beneficiaries, have successfully completed enterprise and supplier development programmes or dropped out of programmes. In this way, corporates make informed and impactful decisions when registering SMMEs into their programmes. The information can be used as a checkpoint by corporates to disqualify SMMEs that have previously dropped out of programmes, as well as those SMMEs that want to continuously rotate among corporates as beneficiaries of enterprise and supplier development programmes.

8.4.2 Corporate implementation

8.4.2.1 Programmes that add value

Corporates should not regard enterprise and supplier development as a tick box exercise. Corporates should apply the right mindset to see the change in the landscape, and SMMEs should gain meaningfully from participating in the programmes. These programmes should transfer skills and capital in a strategic manner that leads to sustainable growth for SMMEs; the programmes should add

value for both corporates and SMMEs. Successful implementation requires that corporates incorporate enterprise and supplier development into their business strategies and establish targets to purchase and train SMMEs. Furthermore, the impact of investments in enterprise and supplier development programmes should be quantified in order for all stakeholders to realise the value of these programmes.

SMMEs should be assessed when starting the programmes in order to align the available support with the actual needs of SMMEs. This will ensure a fit between the corporates and the SMMEs being supported because corporates should see a change in the state of SMMEs during the span of the programme and after the programme. Furthermore, there should be a selection criteria that SMMEs must comply with before they are accepted as part of the enterprise and supplier development for accountability and sustainability. Apart from SMMEs being 51% or more black-owned, there are no other formal criteria for SMMEs that want to participate in enterprise and supplier development. This means there are no obligations that compel SMMEs to complete enterprise and supplier development programmes. A threshold needs to be formally established to ensure that SMMEs that join the programmes will persist.

The data from both government and corporates corroborate that many SMMEs fail during the early stages. Therefore, it is key for corporates to invest resources in SMMEs that have been existing for more than three years, with credible financial statements. Although this does not guarantee that SMMEs will effectively participate and complete the programme, it is indicative that a particular SMME is determined to succeed in business. Furthermore, the aptitude of the owner should be taken into consideration because it also plays a determining part whether the SMMEs will succeed or fail.

8.4.2.2 Increase access to the market

Economic transformation and empowerment cannot happen without inclusiveness. Corporates have an established footprint in the market and brand credibility; therefore, they should provide market access to SMMEs through working within them in their value chains because this offers SMMEs market access opportunities to participate in global and local markets. The economic landscape remains race-conscious because large industries are still white-dominated; through extending their procurement,

SMMEs can become suppliers of corporates that export. This implies that, in addition to the building capacity of SMMEs, corporates should also give SMMEs market access so that SMMEs can be profitable and ultimately sustainable. The reason why SMMEs struggle to succeed in selling their products or services is not only related to lack of quality but also lack of access to the market, increasing their access to the market through recognition of goods or services and easing trade barriers so that SMMEs can infiltrate. Market access can help SMMEs to create visibility because they do not have many customers. Providing market access to SMMEs has the potential to increase the confidence of SMMEs in producing quality and competitiveness, therefore building sustenance.

8.4.2.3 Provide financial and non-financial resources

Not all SMMEs are at a level where they can meet the business and procurement needs of corporates; therefore, enterprise and supplier development should bridge the gaps through its various financial and non-financial support mechanisms. The financial mechanisms should include loans, grants and early payments, while the non-financial support mechanisms should include incubation and skills training that are specific to industry survival and coping with business challenges. This type of support will assist SMMEs to overcome challenges that impeded on their capacity. SMMEs are negatively affected because, in most cases, they do not have the resources to do business with corporates. Access to appropriate business resources must be available through all the business phases of development, growth, maturity and sustainability. Knowledge, skills and technical assistance must back the ability of SMMEs to perform. Therefore, the financial and non-financial resources provided for SMMEs must increase their ability to own key production factors.

The operation and survival of SMMEs depend on the set of capabilities that entrepreneurs possess. In this study, the capability approach evaluated whether SMMEs can benefit from enterprise and supplier development through their agency. According to the capability approach, the availability of resources does not guarantee the success of SMMEs if they cannot access those resources. As specified by the capability approach, the development of SMMEs requires that SMMEs have access to resources and can convert the available resources into what they value and contribute to their lives.

8.4.2.4 Treat SMMEs at partners

The business environment is not yet entirely conducive to small businesses, as such the ideal level of economic transformation will not be achieved overnight. Economic transformation will be achieved by dismantling barriers that exclude SMMEs through aspects such as pricing and the perception of undermining SMME participation. Corporates should not view SMMEs as burdens but as partners who can deliver professional services when given the opportunity. This requires that corporates value the transformational potential of enterprise and supplier development. Moreover, corporates should assist SMMEs in improving operational efficiency.

8.4.2.5 Increase awareness on opportunities

The findings indicated that the majority of SMMEs that accessed the enterprise and supplier development opportunities had done so through personal networks. Therefore, corporates should increase awareness of the available opportunities to attract the relevant SMMEs into their programmes. This is because SMMEs are also at different stages of development, therefore SMMEs approaching maturity does not need the same support as new SMMEs. Corporates should consider using a variety of platforms to raise awareness on the opportunities and to reach a wider population of SMMEs. This way, SMMEs can select to participate on programmes that will add value to their business and also, corporates can be able to realise the impact when the right calibre of SMMEs join their programmes.

8.4.3 Requirements for SMME development

8.4.3.1 Develop short-term and long-term goals

A critical aspect that can ensure that SMMEs are better positioned to effectively benefit from enterprise and supplier development in planning and assessment includes short- and long-term goals that will provide guidance. SMMEs should set goals to help them assess their progress, plan for the future and remain on track. Tracking progress will assist SMMEs in realising if the actions taken are making impact in the business. Goal setting should also include who to interact with to reach the goals. Furthermore, the goals ought to be revised in order to move forward with industries. Corporates use their own resources in the implementation, and SMMEs need to be well positioned in

order to benefit meaningfully. SMMEs must take charge of their own growth by planning the future so that they can be more disciplined and manage their goals. SMMEs ought to have well-defined business plans that provide direction and guide their growth path.

8.4.3.2 Understand the market

An extremely hostile business environment limits the ability of SMMEs to meet the quality, health, safety and environmental standards of corporates. To infiltrate the market, SMMEs must be able to acquire knowledge of what is required in the market. SMMEs should understand the state of corporates and their needs through researching the various corporates in the industry what their procurement needs because the type of products and services required by corporates is not negotiable. Corporates have systems and processes that determine the products and how they should be delivered, therefore SMMEs need to fully understand how corporates work in order to succeed as a supplier. Therefore, SMMEs should position themselves to be credible suppliers producing products that fit into the procurement needs of corporates.

8.4.3.3 Join programmes that are specific to the industry

SMMEs ought to join enterprise and supplier development programmes that are in the industry that they want to infiltrate. SMMEs should also avoid moving from one programme to another without having to learn anything. SMMEs should be able to implement the learning from the programmes. Furthermore, SMMEs should be in the position to assess their own progress and realign their strategies so that they are able to target the relevant industries. SMMEs also have the responsibility of exploring opportunities instead of waiting to be identified for opportunities. They should be able to approach corporates with proposed solutions. In this way, they will be distinctive since corporates receive many profiles from SMMEs. Furthermore, SMMEs need to stand out as specialists in the industry and indicate that they can bring value.

8.4.3.4 Value business relations

SMMEs are affected by a lack of funding, inability to access markets, lack of sound business management skills and limited networking opportunities. Additionally, the

capabilities of SMMEs are limited because of their composition, which directly affects their ability to function. SMMEs should value the business relations by being responsive to the needs of the clients, showing integrity when they deliver goods and services, make effort to meet clients and make continuous contact. Business relations need to be valued in order to build rapport. SMMEs must maintain professionalism, pay attention to turnaround times and meet the requirements as needed. Corporates expect these attributes when entering a business and/or a partnership with SMMEs.

8.4.3.5 Hard work, commitment and dedication

SMMEs need to understand that starting a business is a long journey, and they should not enter enterprise and supplier development programmes for seeking instant gratification. There must be a willingness to work hard, commitment and dedication; this should include obtaining new skillsets and enhancing existing knowledge. Although this does not guarantee that SMMEs will effectively participate and complete the programme, it is indicative that a particular SMME is determined to succeed in business. SMMEs should take advantage of opportunities in the mainstream economy, go an extra mile, they should be able to approach corporates and propose solutions. The aptitude of the owner plays a determining part whether the SMMEs will succeed or fail, hard work, commitment and dedication is required.

8.4.4 Validation of the framework

In order to validate the proposed framework, expert advice was solicited. According to the expert advice, the framework ought to emphasise its intention to ease the implementation of the B−BBEE enterprise and supplier development so that the intended objectives are achieved from the side of the government, corporates and SMMEs.

8.4.4.1 Role of government

The framework should clarify that the platforms created by the government should raise awareness and educate corporates and SMMEs on the collaborative vision for the value chain to work as intended. Furthermore, the stakeholders involved need to be taught and trained on enterprise and supplier development monitoring, reporting

and tracking to be swift. This also includes elaborating on the ability of each of the corporates and SMMEs to comply with the applicable laws.

The role and visibility of enterprise and supplier development practitioners within the government would definitely build SMMEs and hold corporate accountable. Another role to be played by the government is to diversify economic transformation.

8.4.4.2 Corporates

The framework should talk about the B−BBEE Act and its intention in the distribution of wealth. At the moment, there also some corporates that are not attentive to the Act's intent, whether it is lack of awareness or because there are no proper assurance audits to verify the implementation.

Corporates must be able to sample among themselves those that have succeeded so that they will be available to guide other businesses in the business community. SMMEs will also know what to ask, what to do and where to go. Therefore, corporates should consider geographic location, and create platforms for networking with others in the area. Furthermore, corporates should look at subcontracting small-scale work to local SMMEs for exposure. Apart from subcontracting, availing resources such as meeting and boardrooms to SMMEs to conduct sessions, would capacitate them. This should also encompass offering training for future skills and rotation programmes.

It should be the responsibility of corporates, SMMEs and government to track, monitor and report statistics, and the duration of involvement. There should also be a document cooling-off period before an SMME can join another programme if circumstances led them to not complete the programme.

8.4.4.3 SMMEs

Poor feasibility studies before entering the market and understanding the power of customers have proven to be detrimental to the sustainability of SMMEs. Therefore, with clear proposed solutions, SMMEs will know which corporates and sectors they want to be part of in the value proposition. SMMEs must be a good fit for corporate. Expert advice indicates that innovation be paired with feasibility in order to demonstrate that the SMMEs should set achievable goals and be realistic in their expectations from enterprise and supplier development programmes.

8.5 KEY FINDINGS

The study established that government was cognisant that implementing B−BBEE, particularly enterprise and supplier development, would not be easy because corporates must use their resources in the implementation, and SMMEs need to be well positioned to benefit meaningfully. Furthermore, this research findings indicated implementation alignment gaps, particularly in government's monitoring of enterprise and supplier development. The study findings pointed out that government does not conduct monitoring and does not probe into issues encountered by corporates and SMMEs. Government relies on information gathered by rating agencies when they issue scores to corporates. In addition, government does not have a formal platform for engagements regarding enterprise and supplier development issues.

Corporates participating in this study depicted compliance with B−BBEE and enterprise and supplier development. However, its impact was not strongly evident. Corporates indicated difficulty obtaining advice from government, stating that it was not following up in its policy with comparable actions and support. Implementation of enterprise and supplier development presents challenges for corporates because they are required to realign how they have been conducting their business, specifically concerning procurement, the development of suppliers and the added responsibility of supporting SMMEs, even those that are not necessarily their suppliers. Some SMMEs have high expectations of quick solutions because they need resources, whereas corporates want to follow a structured programme.

Moreover, SMMEs are facing challenges in accessing enterprise and supplier development programmes. Although it is evident from the findings that corporates are implementing programmes and that government has set up various institutions to support SMMEs, the findings of this study revealed that SMMEs are not largely benefiting. Furthermore, SMMEs have limited capital and finance, and they indicated that access to finance is not easy because lending institutions often reject their applications to borrow. This limits their capacity to conduct research and develop products, while hindering their capability to broaden their horizons and opportunities. Access to the market is also challenging because SMMEs sometimes have to compete with established companies that own the means of production and generally have established access to the market. It can be concluded that enterprise and supplier

development has not had a major impact on SMMEs because many SMMEs indicated that it is difficult to become a beneficiary and information on how to participate is limited.

Based on the findings, it can be said that there is a lack of alignment among the three role players, government, corporates and SMMEs. Although government clearly articulates the obligations to be met by corporates, there are no explicit obligations for SMMEs, so it is not easy to manage SMMEs. This also affects the success rate of enterprise and supplier development programmes. The findings revealed that some SMMEs did not complete the programmes and there were no consequences for not completing. This ultimately affects the programmes that corporates provide to SMMEs.

8.6 CONTRIBUTION OF THE STUDY

8.6.1 Managerial implications

8.6.1.1 Government

The findings indicated that the government is not adequately involved in implementing enterprise and supplier development because it does not directly monitor the progress made by corporates nor the benefits to SMMEs. Therefore, the government should be visible in the B−BBEE arena and play its role of facilitating policy implementation through ensuring coordination among the stakeholders. To improve the current situation, the monitoring should also entail checking the quality of the enterprise and supplier development programmes offered to SMMEs by corporations. This should entail creating a formal feedback mechanism through a formalised systematic process through which corporates can provide government feedback regarding their performance, achievements and challenges. Furthermore, the government should be in close contact with the beneficiaries to determine what SMMEs find beneficial and what needs to be improved. The government should have a baseline of indicators to determine whether enterprise and supplier development is meeting its objectives.

The results revealed that corporates are compliant with enterprise and supplier development. However, a key emerging issue is that the enterprise and supplier development programmes were not meeting economic transformation and the empowerment agenda. Some corporate participants asserted that although they had

strategies in place for implementation, it was challenging to implement these strategies. Therefore, the business executives must understand that enterprise and supplier development is not a tick-box exercise but an economic transformation and empowerment agenda. It must be an undertaking by the respective corporates to play their part in economic transformation. Furthermore, corporates can work together so that enterprise and supplier development is not a single corporate issue but an industry issue. There is a need for standard criteria for enterprise and supplier development in similar industries so that available resources can make a significant impact.

8.6.1.2 SMMEs

The study's findings revealed that most SMMEs in the manufacturing sector have not benefited from enterprise and supplier development. Furthermore, the findings revealed that SMMEs face resource challenges impeding their growth and operations. Therefore, SMMEs need to have sustainable growth plans because the development of their businesses also depends on the enthusiasm of the individual. SMMEs must align their businesses with the corporates' demands and be competitive. SMMEs must understand their clients and what is needed because B−BBEE will not replace the business needs of corporates.

8.6.2 Contribution to policy

B−BBEE legislation is set to address apartheid inequalities and thus eradicate poverty among the black population by creating equal economic opportunities. However, the findings of this study showed that B−BBEE has not succeeded in addressing poverty, particularly through the earmarked path of transforming the economic landscape by including black people. Therefore, policymakers are tasked with increasing black people's participation in major productive business activities through strengthening partnerships, increasing awareness of the B−BBEE enterprise and supplier development, and monitoring implementation. Also, policy should focus on strengthening the local manufacturing industry to invest in skills, technology, and capabilities to increase local production prospects. This should include SMMEs in the production of specialised material.

For the number of SMMEs to increase and be productive, policymakers must re-evaluate the process of registering new businesses and reduce red tape. The onerous

regulations play a role in influencing the morale of entrepreneurs and contribute to failure of the SMMEs. However, the study also made a suggestion for policymakers to develop a selection criterion for SMMEs that aspire to participate in enterprise and supplier development. The criteria suggested are that SMMEs must be older than three years and with credible bank statements. Furthermore, SMMEs must also be rated on their engagement in enterprise and supplier development, this must include programmes joined previously, duration, support received and overall performance. These must be recorded just as the corporates are measured by means of the scorecard.

8.6.3 Contribution to theory

While there are no specific theoretical explanations of the B−BBEE policy, this study applied different theories related to empowerment and transformation. The theories are consistent with the empowerment and transformation process that South Africa embarked upon to dismantle racial discrimination and inequity among individuals, communities, and organisations. The basis of the study was the capability approach, which provided a view that B−BBEE enterprise and supplier development need enabling structures to meet its objectives and that individual capabilities cannot be achieved independently. This study combined the empowerment theory, the transformation theory, Ostrom's (2010) IAD theory, and North, Wallis and Weingast's theory on violence and social orders to understand and explain enterprise and supplier development and thus contribute to the larger body of B−BBEE. Application of the empowerment theory helps to understand that the empowerment process is lengthy. Furthermore, there is evidence that empowerment may not necessarily benefit those being empowered but may exacerbate their conditions and benefit those who are empowered. Furthermore, the empowerment and the transformation theories were critical as they described why and how both empowerment and transformation are important aspects of society. The government introduced enterprise and supplier development to accelerate economic transformation and empowerment of black people into the mainstream economy. Existing literature (Institute of Race Relations, 2014; Dongwana, 2016; Pooe, 2016; Govender, 2021) indicated that B−BBEE has not succeeded in the transformation and empowerment agenda because most people are not benefiting from the policy. The research confirms that B−BBEE has not significantly

impacted the inclusion of black people in business through the enterprise and supplier development component of the B-BBB codes. Ostrom's (2010) IAD theory, and North, Wallis and Weingast's theory on violence and social orders, were critical in understanding and explaining the importance of policy and institutions in development. These theories provide a theoretical foundation for understanding B−BBEE's enterprise and supplier development and, thus, contribute to the literature in the B−BBEE arena. The capability approach indicated that opportunities are not advantageous if people do not have the agency to explore them. The capability approach analyses the extent to which the B−BBEE enterprise and supplier development supports SMMEs and the value it provides for the corporates that are the implementers. The capability approach argues that although government provided the policy to facilitate transformation and empowerment through integrating SMMEs into the mainstream economy, the policy does not guarantee automatic integration into the mainstream economy.

8.6.4 Contribution to methodology

The study makes a distinct contribution because it incorporates the data from government, corporates and SMMEs in a single study, using mixed methods research. This study provided an opportunity to discover new knowledge regarding the amended 2013 Codes using mixed methods. This method allowed the researcher to find in-depth information and obtain the knowledge necessary to meet the research objectives and answer the research questions. To best capture the current state of events under the amended Codes, a converge parallel design was the most suitable approach. The study has thus generated new information by converging the findings of government, corporates and SMMEs, and further contributed to existing knowledge on B−BBEE enterprise and supplier development.

The foundation for mixed methods research is based on two philosophies: pragmatism and perspectivism. As a result, mixed methods research is more than a way of conducting research. It is also a philosophical orientation to an enquiry. Shannon-Baker (2016) indicated that pragmatism is an approach to clarifying concepts or ideas to understand their practical consequences. Perspectivism is a philosophical foundation for research that integrates qualitative and quantitative approaches (Hesse-Biber, 2016). This study used mixed methods research and adopted the

pragmatic approach. It was most suitable for answering broad and complex questions with multiple facets explored by qualitative and quantitative methods. Mixed methods research, therefore, brought complementary development.

8.7 RECOMMENDATIONS

8.7.1 Recommendations for government

The following are recommended actions that government should consider:

8.7.1.1 Improve coordination between government and other role players

Therefore, government should strive to keep a database of potential enterprise and supplier development beneficiaries and categorise them according to the sectors so that companies who need to identify potential beneficiaries can access the database. Government has a major role in strengthening implementation to ensure stringent compliance so that SMMEs are not kept on the periphery of the business environment. Furthermore, government should be in close contact with the beneficiaries to determine what SMMEs find beneficial and what needs to be improved. In this way, government can provide practical guidance for corporates on successfully implementing enterprise and supplier development. It is government's role to change the people's mindset, reverse the perception that B−BBEE is onerous, and ensure that B−BBEE is an instrument that should be accepted by everyone.

A gap identified by this study is that government does not have a strong channel that brings government, corporates and SMMEs together. This creates a gap between the objectives and the actual implementation. Although SMMEs are expected to approach corporates to explore possible opportunities, it is not easy. This is mainly because of the lack of information about opportunities available to SMMEs. In addition, corporates will not spend time on unknown suppliers; therefore, SMMEs seldom break through on their own. Therefore, government needs to play a proactive and collaborative role in grouping SMMEs according to sectors and linking them with relevant corporates. This will require government to maintain an active database of SMMEs within the different economic industries where corporates can find SMMEs that meet their business needs. Government needs to ensure that enterprise and supplier development is systematically supported.

Government should create a formal feedback mechanism in the form of a formalised systematic process through which corporates can provide government with feedback regarding their performance, achievements and challenges. Such a feedback mechanism will also enhance the accountability of corporates and SMMEs. In addition, enterprise and supplier development will become a transparent process in which all stakeholders can stop perceiving each other negatively and instead use the information to resolve complaints.

Government has a responsibility to protect the business interests of SMMEs by ensuring that parts of the by-laws do not disregard SMMEs because this contributes to their failure. Furthermore, government should reserve certain types of SMMEs to be operated by South African nationals only, to curb the influx of small businesses that do not comply with the by-laws, as this has an impact on the entire SMME landscape.

8.7.2 Recommendations for corporates

8.7.2.1 Consistent and structured enterprise and supplier development programmes to actively participate in economic transformation and empowerment

The dedication of corporates to comply with enterprise and supplier development is supported by various individuals who are either employed or outsourced to manage the implementation of enterprise and supplier development. However, the key issue for corporates is that transformation leaders report to business executives and do not make the decisions required to influence transformation. Some corporate participants asserted that although they have strategies in place for implementation, it is challenging to implement these strategies. Therefore, the executives must understand that enterprise and supplier development is not a tick-box exercise but an economic transformation and empowerment strategy. It must be an undertaking by the respective corporates to play their part in economic transformation.

The findings of this research indicated that corporates have different time scales for the enrolment of SMMEs into the enterprise and supplier development programmes. The objective is to achieve quality SMMEs from the process; therefore, corporates should not set short periods, such as 6 and 12 months, to avoid compromising the quality of the training and the skills imparted. Such short periods are setting SMMEs

up for failure. Enterprise development must have long-term considerations and a rule should be in place stating a minimum duration of two years.

Corporates have the capabilities to assist SMMEs because they have the skills, capacity and resources required to change the landscape and present opportunities to SMMEs. Therefore, corporates should see enterprise and supplier development as a platform to form partnerships with SMMEs. Corporates must also identify SMMEs for enterprise and supplier development compliance because they are the right partners for this element.

8.7.2.2 Simplify the payment process

Furthermore, corporates could simplify their processes. For instance, payment terms play a role in efficiency because SMMEs work on a tight budget. Therefore, the recommendation is that corporates structure their terms to pay SMMEs within 14 days after delivery. This would assist SMMEs with cash flow and enhance their ability to meet other business needs.

8.7.2.3 Collaborate with other corporates

Corporates have an opportunity to work together so that enterprise and supplier development is not a single corporate issue but an industry issue that encourages corporates to develop a sustainable model. There is a need for standard criteria for enterprise and supplier development in similar industries so that available resources can make a significant impact.

8.7.3 Recommendations for SMMEs

8.7.3.1 Develop long-term goals

SMMEs need to have sustainable growth plans because the development of an enterprise also depends on the enthusiasm of the individual. Therefore, SMMEs need to have both short-term and long-term goals, recording what they hope to achieve over a specific time and what can be achieved in the long term. Furthermore, they should set realistic goals and have patience because corporates have their own challenges, goals and objectives. SMMEs must align their offerings with the corporates' demands and become competitive.

8.7.3.2 Industry alignment

Corporates will not change their procurement needs simply because SMMEs are offering something else. Therefore, SMMEs must understand their clients and what is needed because B−BBEE will not replace business needs. It is really about value-adding because ultimately, corporates are profit-orientated and will not compromise their operations to be compliant with B−BBEE. The SMMEs should not see themselves as worthy of support simply because it is a legislative requirement but because of the huge value that they can add to large corporates and their ability to grow the economy. This is because moving into the future, SMMEs will be large employers in this country; there is no doubt about that. Corporates also need to perceive doing business with SMMEs as creating jobs and growing the economy.

8.8 LIMITATIONS

This study analysed the amended 2013 Codes and focused specifically on the enterprise and supplier development Code. Although the other Codes were included in the study, they were not areas of focus. The study limited its enterprise and supplier development focus to the manufacturing sector. Data was collected from a government department that is responsible for B−BBEE implementation. Therefore, the views from government were expressions from personnel that work in the B−BBEE space and not necessarily all government departments. Corporates in the manufacturing sector are represented by corporations implementing enterprise and supplier development and have active programmes. Data was collected from corporates in the Gauteng, Mpumalanga and Western Cape provinces. SMMEs contributing to this study operated in the manufacturing sector, providing goods, services, and manufacturing. It is also important to note that not all of the SMMEs were beneficiaries of enterprise and supplier development. The proposed framework and recommendations are limited to corporates and SMMEs within the manufacturing sector and the sub-sectors selected for this study.

8.9 AVENUE FOR FURTHER RESEARCH

Further research is required on the impact of enterprise and supplier development on corporates and SMMEs. The research can potentially focus on whether corporates can sustain the enterprise and supplier development programmes. The main reason

for conducting such research would determine the longevity of enterprise and supplier development programmes. Historically, programmes introduced through other strategies such as the Accelerated and Shared Growth Initiatives for South Africa (known as AsgiSA) were short-lived. Therefore, research to project the future could assist government to plan strategically.

This study can be replicated across different sectors to see if the perceived challenges faced by corporates and SMMES are the same. Therefore, a different framework is required because different sectors have different business needs. However, the selection criteria of three years or more in operation can be uniform in order to maintain a credible database and the calibre of SMMEs that join the enterprise and supplier development programmes.

Furthermore, the contribution of SMMEs in improving livelihoods must be investigated further because, in many instances, the focus is on the contribution of SMMEs to the GDP. The contribution must be measurable to quantify its impact on development. It may be necessary to engage the DSBD in future to gain insight into the role of the department in the formation and growth stage of SMMEs.

REFERENCES

Abdullah, A.J. 2012. Inequality, education and growth in Malaysia. [Doctoral thesis], Deakin University, Victoria Australia.

Accelerate Cape Town. 2017 (July 19). Building bridges between SMEs and corporates through enterprise and supplier development (ESD). *Global Africa Network*. Available at https://www.globalafricanetwork.com/company-news/building-bridges-between-smes-and-corporates-through-enterprise-and-supplier-development-esd/ [Accessed 17 October 2022]

Accenture. 2021 (June 3). Inclusion and diversity. Available at https://www.accenture.com/za-en/insights/inclusion-diversity/dv8 [Accessed 20 July 2021].

Acemoglu, D., Gelb, S. and Robinson, J.A. 2007. Black economic empowerment and economic performance in South Africa. Available at https://www.researchgate.net/publication/228416806 [Accessed 10 April 2018].

Acemoglu, D., Naidu, S., Restrepo, P. and Robinson, J.A. 2019. Democracy does cause growth. *Journal of Political Economy*, 127(1):47-100. https://doi.org/10.1086/700936

Adedoyin, O.B. 2020. *Research methodology*. Near East University. Available at https://www.researchgate.net/publication/340594200_Research_Methodology [Accessed 24 October 2022]

Addo, M. 2014. Qualitative research. In: Taylor, R. (Ed.), The essential of nursing and healthcare research. London: Sage Publications.

African Commission on Human and Peoples' Rights. 2005. *African Charter on Human and People's Rights*. https://www.achpr.org/legalinstruments/detail?id=49#:~:text=The%20African%20Charter%20on%20Human,freedoms%20in%20the%20African%20continent [Accessed 29 December 2022]

African Development Bank. 2014. *Namibia: Country strategy paper 2014-2018*. https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/2014-2018_-_Namibia_Country_Strategy_Paper.pdf

Aguiar, J. 2012. Empowerment – A relational challenge*. Global Journal of Community Psychology Practice*, 3(4):1-4. https://www.gjcpp.org/pdfs/2012-Lisboa-002-empowerment.pdf

Ajayi, V.O. 2017. Primary sources of sources data and secondary sources of data. Advance statistical methods in education. https://www.academia.edu/34661351/Primary_Sources_of_Data_and_Secondary_Sources_of_Data

Aji, Z.M., Yusof, S.A.M., Osman, W.R.S. and Yusop, N. 2010. A conceptual model for psychological empowerment of telecentre users. *Computer and Information Science,* 3(3):71-79. https://doi.org/10.5539/cis.v3n3p71

Albudaiwi, D. 2017a. Survey: Open-ended questions. In Allen, M. (Ed.), *The SAGE encyclopedia of communication research methods*. Newbury Park, CA: SAGE. https://dx.doi.org/10.4135/9781483381411

Albudaiwi, D. 2017b. Surveys, advantages and disadvantages of. In: Allen, M. (Ed.), *The SAGE encyclopedia of communication research methods*. Newbury Park, CA: SAGE. https://dx.doi.org/10.4135/9781483381411

Alexander, M.C. 2018. *The provinces and 'homelands' of South Africa before 1996*. South Africa Gateway. Available at https://southafrica-info.com/infographics/provinces-homelands-south-africa-1996/ [Accessed 3 October 2021]

Alkire, S. 2002. *The capability approach and human development.* Oxford Poverty & Human Development Initiative. University of Oxford. https://www.ophi.org.uk/wp-content/uploads/OPHI-HDCA-SS11-Intro-to-the-Capability-Approach-SA.pdf

Alvarez, K., Van Leeuwen, E., Montenegro-Montenegro, E. and Van Vugt, M. 2018. Empowering the poor: A field study of the social psychological consequences

of receiving autonomy or dependency aid in Panama. *British Journal of Social Psychology,* 57(2):327-345. https://doi.org/10.1111/bjso.12234

ANC (African National Congress). 1955. *The Freedom Charter*. Congress of the People, Kliptown, Johannesburg. https://www.anc1912.org.za/the-freedom-charter-2/

ANC (African National Congress). 2017. *Organisational renewal and organisational design: Discussion document.* 5th National Policy Conference, 30th June – 5th July, 2017. https://www.anc1912.org.za/wp-content/uploads/2022/08/National-Policy-Conference-2017-Organisational-Renewal.pdf

Anderson, L.R. 1998. Truth and objectivity in perspectivism. *International Journal for Epistemology, Methodology and Philosophy of Science*, 115(1):1-32.

Andreoni, A., Mondliwa, P., Roberts, S. and Tregenna, F. 2021. Framing structural transformation in South Africa and beyond. In: Andreoni, A., Mondliwa, P., Roberts, S. and Tregenna, F. (Eds.), *Structural transformation in South Africa: The challenges of inclusive industrial development in a middle-income country*. Oxford, UK: Oxford University Press, pp. 1-27. https://doi.org/10.1093/oso/9780192894311.003.0001

Andrew, S. & Halcomb, E. J. 2009. Future challenges for mixed methods research in nursing and the health sciences. In: Andrew, S. & Halcomb, E.J. (Eds.), *Mixed methods research for nursing and the health sciences*. Chichester: Wiley-Blackwell.

Andrew, S. and Halcomb, E. 2006. Mixed methods research is an effective method of enquiry for community health research. *Journal for the Australian Nursing Profession*, 23(2):145-153.

Andrews, M., Pritchett, L., Samji, S. and Woolcock, M. 2015. Building capability by delivering results: Putting problem-driven iterative adaptation (PDIA) principles into practice. In: Whaites, A., Conzalez, E., Fyson, S. and Teskey, G. (Eds.), *A governance practitioner's notebook: Alternative ideas and approaches* (p. 11). Paris: OECD, pp. 123-133. https://www.oecd.org/dac/accountable-effective-institutions/Governance%20Notebook%202.3%20Andrews%20et%20al.pdf

Arias, D., Vieira, P.A., Contini, E., Farinelli, B. and Morris, M. 2017. *Agriculture productivity growth in Brazil: Recent trends and future prospects*. Brazil Productivity Growth Flagship Report. Washington, D.C: World Bank. https://documents1.worldbank.org/curated/en/268351520343354377/pdf/123948-WP-6-3-2018-8-39-22-AriasetalAgriculturalgrowthinBrazil.pdf

Asadullah, N.M., Mansor, N. and Savoia, A. 2019. *Explaining a 'developmental miracle': Poverty reduction and human development in Malaysia since 1970s*. Global Development Institute Working Paper Series 2019-038. Manchester UK: University of Manchester. https://hummedia.manchester.ac.uk/institutes/gdi/publications/workingpapers/GDI/GDI-Working-Paper-201938-Asadullah-Mansor-Savoia.pdf

Attiah, E. 2019. The role of manufacturing and service sectors in economic growth: An empirical study of developing countries. *European Research Studies Journal*, XXII(1):112-127. https://doi.org/10.35808/ersj/1411

Aun, L.H. 2021. *Fifty years of Malaysia's new economic policy: Three chapters with no conclusion*. Economics working paper No 2021-27. ISEAS – Yusof Ishak Institute, Singapore. Available at https://www.iseas.edu.sg/wp-content/uploads/2021/07/ISEAS_EWP_2021-7_Lee.pdf [Accessed 22 March 2023].

Avenyo, E.K., Bell, J.F., Nyamwena, J. and Robb, N. 2021. *Identifying vulnerable and priority manufacturing sectors for economic recovery in South Africa: An empirical approach*. CCRED-IDTT Working Paper 2021/05. Centre for Competition, Regulation and Economic Development, University of Johannesburg.

Avolio, B.J., Zhu, W., Koh, W. and Bhatia, P. 2014. Transformational leadership and organizational commitment: Mediating role of psychological empowerment and modernisation role of structural distance. *Journal of Organizational Behaviour*, 25:915-968. https://doi.org/10.1002/job.283

Ayandibu, A.O. and Houghton, J. 2017. The role of small and medium scale enterprises in local economic development (LED). *Journal of Business and*

Retail Management Research, 11(2):133-139. https://jbrmr.com/cdn/article_file/i-26_c-262.pdf

Sanchez-Bayon, A. and Lucero, M.A.G-R. 2022. Trends in eBusiness: Digital Currencies for a CSR 3.0 good Practice. In: Aydin, O. (Ed.), *Trends in eBusiness and eGovernment*. 2nd edition. Izmir Akademi Dernegi. http://www.izmirakademi.org/pdfViewer.php?f=Trends_In_eBusiness_and_eGovernment_2ndEdition

Bailey,T.L. 2009. *Organisational culture, macro and mirco empowerment dimensions and job satisfaction: An Application of concurrent mixed and multi-level methods in the federal sector*. Dissertation.com. Florida, USA.

Balcazar, F.E., Keys, C.B. and Vryhof, J.A. 2019. Empowerment. In: Jason, L.A., Glantsman, O., O'Brien, J.F. and Ramian, K.N. (Eds.), *Introduction to community psychology. Becoming an agent of change.* Chicago, Illinois: DePaul University.

Balshaw, T. and Goldberg, J. 2014. *Broad-based black economic empowerment: Amended codes and scorecard*. Cape Town: Tafelberg Publishers.

Balthazar, C.H. and Vendrely, A.M. 2018. *Rehabilitation research: Principles and applications*. 6th ed. Amsterdam, Netherlands: Elsevier.

Balthazar, C.H. and Vendrely, A.M. 2021. *Rehabilitation research*, 6th Edition. Elsevier.

Barnard, J.L. 2022. Making Enterprise and Supplier Development Work. https://www.acumenmagazine.co.za/articles/making-supplier-and-enterprise-development-programmes-work-11985.html [Accessed 15 January 2023].

Craig, T.C. 2017. Enabling capabilities in engineering extended curriculum programme. In: Bangeni, B. and Kapp, R. (Eds.) 2017. *Negotiating learning and identity in higher education: Access, persistence and retention*. Rondebosch, Cape Town: University of Cape Town.

Bates, R. 2010. A review of Douglass C. North, John Joseph Wallis, and Barry R. Weingast's violence and social orders: A conceptual framework for interpreting

recorded human history. *Journal of Economic Literature*, 48(3):752-756. https://www.jstor.org/stable/20778766

Bazeley, P. 2013. *Qualitative data analysis: Practical strategies*. Thousand Oaks, CA: SAGE.

BDO South Africa. 2019 (March 15). B−BBEE: What counts? Ownership or status level? Available at https://www.bdo.co.za/en-za/insights/2019/B−BBEE-what-counts-ownership-or-status-level [Accessed 17 October 2022].

Becker, C. 2018 (April 12). Amendments to Zimbabwe's indigenisation laws to open economy to foreign investment*. ENS Africa*. Available at https://www.mondaq.com/southafrica/inward-foreign-investment/691594/amendments-to-zimbabwe39s-indigenisation-laws-to-open-economy-to-foreign-investment [Accessed 17 September 2021].

BEE Chamber. 2022. (August 23). Understanding socio-economic development, Part 1. Available at https://www.bee.co.za/post/understanding-socio-economic-development-part-1 [Accessed 13 March 2023].

BEE Commission. (Black Economic Empowerment Commission). 2001. Commission Report. 2001. https://www.westerncape.gov.za/text/2004/5/beecomreport.pdf [Accessed 14 January 2020].

B−BBEE Commission (Broad-Based Black Economic Empowerment Commission). 2016. *Integrity and quality needed in the B−BBEE verification process to stop fronting practices.* Available at https://www.bbbeecommission.co.za/integrity-and-quality-needed-in-the-B−BBEE-verification-process-to-stop-fronting-practices/ [Accessed 20 October 2022].

B−BBEE Commission (Broad-Based Black Economic Empowerment Commission). 2017a. *Media release: B−BBEE Commission initiates investigation into possible fronting practices and non-compliance with B−BBEE Act*. http://bbbeecommission.co.za/wp-content/uploads/2017/08/MEDIA-RELEASE-B−BBEE-COMMMISSION-INVESTIGATIONS.pdf

B−BBEE Commission (Broad-Based Black Economic Empowerment Commission). 2017b. *National state of transformation and trend analysis national report*.

http://bbbeecommission.co.za/wp-content/uploads/2017/05/B−BBEE-Commission-National-State-of-Transformation-and-Trend-Analysis-National-Report-Booklet.pdf

B−BBEE Commission (Broad-Based Black Economic Empowerment Commission). 2018. *Broad-Based Black Economic Act, Act No. 53 of 2003*. http://bbbeecommission.co.za/wp-content/uploads/2016/09/Consolidated-B−BBEE-Act-2013.pdf

B−BBEE Commission (Broad-Based Black Economic Empowerment Commission). 2019. *National status and trends on broad-based black economic empowerment report*. https://www.bbbeecommission.co.za/wp-content/uploads/2019/06/National-Status-Trends-on-Black-Economic-Empowerment-Report-31-March-2019-Approved-FINAL.pdf

B−BBEE Commission. (Broad-Based Black Economic Empowerment Commission). 2020. Annual report on national status and trends on B−BBEE. Available at: https://www.bbbeecommission.co.za/wp-content/uploads/2020/07/National-Status-and-Trends-on-Broad-Based-Black-Economic-Empowerment .pdf [Accessed 10 July 2021].

B−BBEE Commission. (Broad-Based Black Economic Empowerment Commission). 2021a. *Guide on enterprise and supplier development*. Pretoria: B−BBEE Commission. Available at: https://www.bbbeecommission.co.za/wp-content/uploads/2021/02/Enterprise-and-Supplier-Development.-22-02-21.pdf [Accessed 12 March 2022].

B-BBEE Commission. 2021b. National status and trends on B-BBEE Transformation Report. Available at https://www.bbbeecommission.co.za/wp-content/uploads/2022/07/B-BBEE-NATIONAL-STATUS-AND-TRENDS-ON-B-BBEE-TRANSFORMATION-JULY-SP-Final.pdf [Accessed 12 April 2023].

B−BBEE Commission. (Broad-Based Black Economic Empowerment Commission). 2023. Media release: B−BBEE Commission research survey puts a stoplight on the gains and challenges on implementing Enterprise and Supplier Development Programmes. https://www.bbbeecommission.co.za/b-bbee-commission-research-survey-puts-a-spotlight-on-the-gains-and-challenges-

on-implementing-enterprise-and-supplier-development-programmes/ [Accessed 16 March 2023].

BEE Institute. 2015 (March 30). *The implications of the revised BEE codes*. Available at https://beeinstitute.wordpress.com/2015/03/30/the-implications-of-the-revised-bee-codes/ [Accessed 29 December 2022]

Bellack, A.S and Hersen, M. (Eds.) 1998. *Comprehensive clinical psychology*. Oxford: Elsevier Science.

Bergin, T. 2018. *An introduction to data analysis: Quantitative, qualitative and mixed methods*. Newbury Park, CA: SAGE.

Berman, E.A. 2017. An exploratory sequential mixed methods approach to understanding researchers' data management practices at UVM: Integrated Findings to Develop Research Data Services. *Journal of eScience Librarianship*, 6(1), article 1104.

Bernstein, A. 2017 (September 19). *CDE's opportunities first: Create an enabling environment for all entrepreneurs*. Johannesburg: Centre for Development and Enterprise (CDE). Available at https://www.cde.org.za/cdes-opportunities-first-create-an-enabling-environment-for-all-entrepreneurs/ [Accessed 01 November 2022].

Bernstein, A., De Kadt, J., Roodt, M. and Schirmer, S. 2014. *South Africa and the pursuit of inclusive growth. Democracy works. Country report*. Centre for Development and Enterprise and Legatum Institute. https://www.cde.org.za/wp-content/uploads/2018/07/Democracy-works-South-Africa-and-the-Pursuit-of-Inclusive-Growth-CDE-Report.pdf

Bernstein, M.J., Del Mar Mancha-Cisneros, M., Tyson, M., Brady, U., Rubiños, C.A., Shin, H.C., Vallury, S., Smith-Heisters, S. and Ratajczyk, E. 2019. Mapping Ostrom's common-pool resource systems coding handbook to the coupled infrastructure systems framework to enable comparative research. *International Journal of the Commons*, 13(1):528-552. http://doi.org/10.18352/ijc.904

Berry, B. 2011. The protective role of psychological empowerment on tobacco use behaviours. [Masters' dissertation], Virginia Commonwealth University, Richmond, Virginia. https://scholarscompass.vcu.edu/etd/2498/

Bertelsmann Stiftung, BTI 2016 — Brazil Country. Report. Gütersloh: Bertelsmann Stiftung. https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2016_BRA.pdf [Accessed 12 March 2020].

Bhattacherjee, A. 2012. *Social science research: Principles, methods, and practice*. 2nd edition. Textbooks Collection. Book 3.

Bhorat, H. and Rooney, C. 2017. *State of manufacturing in South Africa.* DPRU Working Paper 201702. Development Policy Research Unit, University of Cape Town. http://www.dpru.uct.ac.za/sites/default/files/image_tool/images/36/Publications/Working_Papers/DPRU%20WP201702.pdf

Bhorat, H., Asmal, Z., Lilenstein, K. and Van der Zee, K. 2018. *SMMEs in South Africa: Understanding the constraints on growth and performance*. DPRU Working Paper 201802. Development Policy Research Unit, University of Cape Town. http://www.dpru.uct.ac.za/sites/default/files/image_tool/images/36/Publications/Working_Papers/DPRU%20WP201802.pdf [Accessed 01 June 2020].

Binns, T., Lynch, K. and Nel, E. 2018. *The Routledge Handbook of African development*. New York: Routledge.

Black Economic Empowered. 2020. Benefits of B−BBEE. Available at http://bempowered.net/information/benefits-of-bee/ [Accessed 20 April 2020].

Black Economic Empowerment Commission. 2001. *Black Economic Empowerment Commission report*. Johannesburg: Skotaville Press. https://www.westerncape.gov.za/text/2004/5/beecomreport.pdf

Black Umbrellas. 2020. *Black Umbrella mentorship programme*. https://cdn.ampmarketing.co.za/wp-content/uploads/2020/07/Black-Umbrellas-Mentorship-Programme-Brochure.pdf

Blaxter, L., Hughes, C. and Tight, M. 2010. *How to research*. 4th edition. Maidenhead, Berkshire: Open University Press.

Boddy-Evans, A. 2019 (August 28). South Africa's Apartheid Era Population RegistrationAct. *ThoughtCo.* Available at https://www.thoughtco.com/population-registration-act-43473 [Accessed 01 October 2021]

Bolarinwa, O.A. 2015. Principles and methods of validity and reliability testing of questionnaires used in social and health science research. *Nigerian Journal of Postgraduate Medicine*, 22(4):195-201. https://doi.org/10.4103/1117-1936.173959

Bolton, B. and Brookings, J. 1998. Development of a measurement of interpersonal empowerment. *Rehabilitation Psychology*, 43(2):131-142. http://dx.doi.org/10.1037/0090-5550.43.2.131

BonelliErede. 2015. Doing business in South Africa. *South Africa – Italy Summit,* Cape Town, 1-2 October. The European House Ambrosetti. https://eventi.ambrosetti.eu/summit-south-africa/wp-content/uploads/sites/34/2017/09/11-BONELLI-EREDE-Doing-Business-in-Sudafrica-ENG.pdf

Boone, H.N. and Boone, D.A. 2012. Analyzing Likert data. *The Journal of Extension*, 50(2):6.

Booysen, T. 2015 (September 30). B−BBEE: Could the new codes be a 'stalemate'? *HR Pulse.* Available at http://www.hrpulse.co.za/legal1/235896-B−BBEE-could-the-new-codes-be-a-stalemate [Accessed 20 April 2020].

Boshoff, W. and Fourie, J. 2010. The significance of the Cape Trade Route to economic activity in the Cape Colony: A medium-term business cycle analysis. *European Review of Economic History*, 14(3):469-503.

Bosiu,T., Nsomba,G. and Vilakazi, T. 2019. Black Industrialists, barriers to entry, and appropriate interventions. Working Paper 8/2019. Centre for Competition, Regulation and Economic Development. University of Johannesburg. https://static1.squarespace.com/static/52246331e4b0a46e5f1b8ce5/t/5d5141

2c8c9c7e0001a77244/1565606193226/IDTT2+Black+Industrialists+Working+Paper+8.pdf

Bosma, N.S., Schøtt, T., Terjesen, S.A. and Kew, P. 2016. *The Global Entrepreneurship Monitor (GEM) 2015 to 2016: Special report on social entrepreneurship.* London: Global Entrepreneurship Research Association. https://www.gemconsortium.org/report/gem-2015-report-on-social-entrepreneurship

Botha, R. 2022 (February 8). How SMEs can benefit from enterprise and supplier development programmes. Available at https://www.businesspartners.co.za/how-smes-can-benefit-from-enterprise-supplier-development-programmes/ [Accessed 22 April 2022].

Boubekeur, S. 2016. Private sector development program in Botswana: How SME's are facing challenges. *eVALUation Matters*, Second quarter 2016. http://idev.afdb.org/sites/default/files/documents/files/Article%20from_EMQ2__Botswana_WEB%206.pdf

Bouma, G.D. and Ling, R. 2004. *The research process*, 5th edition. Melbourne, Victoria: Oxford University Press.

Bowmaker-Falconer, A. and Harrington, M. 2020. *Global entrepreneurship monitor South Africa (GEM SA): Igniting startups for economic growth and social change*. Available at https://www.gemconsortium.org/report/igniting-startups-for-economic-growth-and-social-change [Accessed 24 April 2022].

Bowmans. 2016. *Guide – Broad-based black economic empowerment*. https://bowmanslaw.com/wp-content/uploads/2016/11/Guide-to-Broad-Based-Black-Economic-Empowerment-Digital.pdf

Bowmans. 2020. Guide 1-Overview of B−BBEE in South Africa. Cape Town. https://bowmanslaw.com/wp-content/uploads/2020/10/BBBEE-1_15.12.2021.pdf [Accessed 18 January 2023].

Breene, K. 2016 (January 18). Why does inclusive growth matter? *World Economic Forum*. Available at https://www.weforum.org/agenda/2016/01/why-does-inclusive-growth-matter/ [Accessed 02 March 2018]

Breisinger, C. and Diao, X. 2008. *Economic transformation in theory and practice: What are the messages for Africa?* International Food Institute Policy Research Institute Discussion Paper 00797. Development Strategy and Governance Division. https://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/14310/filename/14311.pdf

Bresser-Pereira, L.C. 2016. Reflecting on new developmentalism and classical developmentalism. *Review of Keynesian Economics,* 4(3):331-252. https://doi.org/10.4337/roke.2016.03.07

Bridging the Gap. 2013. *Enterprise development*. Available at https://www.btgh.co.za/index.php/enterprise-development [Accessed 02 April 2019].

Brijlal, P., Naicker, V. and Peters, R. 2013. Education and SMME business growth: A gender perspective from South Africa. *International Business & Economics Research Journal*, 12(8), article 855. http://hdl.handle.net/10566/2931

Brook, M. and Sloane, J. 2020. *B−BBEE fronting*. Johannesburg: Schindlers Attorneys. Available at https://www.schindlers.co.za/2020/B−BBEE-fronting/?pdf=12687 [Accessed 20 October 2022].

Buchholz, K. 2019 (December 13). *Fourth Industrial Revolution. This infographic charts the decline of manufacturing worldwide*. World Economic Forum. Available at https://www.weforum.org/agenda/2019/12/the-global-decline-of-manufacturing [Accessed 20 March 2021].

Bulbulia, T. 2022 (April 1). BBBEE requires collaborative, proper implementation to realise transformation. *Creamer Media's Engineering News*. Available at https://www.engineeringnews.co.za/article/bbbee-requires-collaborative-proper-implementation-to-realise-transformation-2022-04-01 [Accessed 21 April 2023]

Burger, R., McAravey, C. and Van der Berg, S. 2015 (May 25). *The capability threshold: Re-examining the definition of the middle class in an unequal*

developing country. Stellenbosch Economic Working Papers 16/2015. https://dx.doi.org/10.2139/ssrn.2973746

Burger, S. 2021 (August 25). South Africa needs more entrepreneurship to tackle unemployment. *Creamer Media's Engineering News*. Available at https://www.engineeringnews.co.za/article/south-africa-needs-more-entrepreneurship-to-tackle-unemployment-2021-08-25/rep_id:4136 [Accessed 25 October 2022].

Bushe, B. 2019. The causes and impact of business failure among small to micro and medium enterprises in South Africa. *Africa's Public Service Delivery and Performance Review*, 7(1), article 210. https://doi.org/10.4102/apsdpr.v7i1.210

BusinessTech. 2015 (October 29). The truth about black and white ownership on the JSE. *BusinessTech*. Available at https://businesstech.co.za/news/trending/102513/the-truth-about-black-and-white-ownership-on-the-jse/ [Accessed 29 December 2022].

BusinessTech. 2016 (April 27). Big shift in racial distribution of South Africa's super-rich. *BusinessTech.* Available at https://businesstech.co.za/news/wealth/121877/big-shift-in-racial-distribution-of-south-africas-super-rich/ [Accessed 12 April 2022].

Business Tech. 2022 *August 18). Proposal for tougher BEE laws in South Africa as Compliance Dwindles. Available at https://businesstech.co.za/news/business/617935/proposal-for-tougher-bee-laws-in-south-africa-as-compliance-dwindles/ [Accessed 12 April 2023].

Bvuma, S. and Marnewick, C. 2020. Sustainable livelihoods of township small, medium and micro enterprises towards growth and development. *Journal on Sustainability*, 12(8), article 3149. https://doi.org/10.3390/su12083149

Calitz, T.M.L. 2015a. A capabilities approach to student experiences of pedagogy, power and well-being at a South African University. [Doctoral thesis], University of the Free State, Bloemfontein. http://hdl.handle.net/11660/4392

Calitz, T.M.L. 2015b. A capability approach to student engagement: Amplifying student voice using narrative methods. *Conference: International Studies Group*

Seminar Series. University of the Free State, Bloemfontein. Available at https://www.researchgate.net/publication/301620480 [Accessed 09 August 2022].

Calleja, C. 2014. Jack Mezirow's conceptualisation of adult transformative learning: A review. *Journal of Adult and Continuing Education,* 20(1):118-136. https://doi.org/10.7227/JACE.20.1.8

Callingham, R. and Hay, I. 2018. The paradigmatic challenge of mixed methods research: Positivism, relativism or pragmatism. In: Kember, D and Corbett, M.(Eds.), Structuring the thesis: Matching method, programme, theories and findings. Springer.

Calves, A.E. 2009. Empowerment: The history of a key concept in contemporary development discourse. *Revue Tiers Monde*, 4(200):735-749. https://doi.org/10.3917/rtm.200.0735

Cameron, J. and Hoque, M. 2017. Overcoming barriers by SMMEs when accessing financial support from banks: A case study from eThekwini Metro, KwaZulu-Natal. *Journal of Contemporary Management*, 14:1125-1242. https://journals.co.za/doi/pdf/10.10520/EJC-e8369f3c5

Carbone, G. (Ed.) 2016. *South Africa: The need for change (Ispi report)*. Milano, Italy: Ledizioni Ledi Publishing. https://www.ispionline.it/sites/default/files/pubblicazioni/rapporto_sudafrica.pdf

Carew, J. 2017 (August 30). Enterprise development – The role of SMEs. *ITWeb*. Johannesburg. Available at https://www.itweb.co.za/content/ALPwQ57llJL7Ngkj [Accessed 02 April 2019].

Carnaghan, I. 2013. Philosophical assumptions for qualitative research. https://www.carnaghan.com/philosophical-assumptions-for-qualitative-research/ [Accessed 12 September 2021].

Carr, G.F. 2011. Empowerment: A framework to develop advocacy in African American grandmothers providing care for their grandchildren. *International Scholarly Research Notices*, Volume 2011, Article ID 531717. https://doi.org/10.5402/2011/531717

Carrillo, I.R. 2014. The new developmentalism and the challenges to long-term stability in Brazil. *Latin American Perspectives*, 41(5):59-74. https://www.jstor.org/stable/24573899

Cenfed. 2016a. Explained: B−BBEE codes vs new B−BBEE codes. Available at http://cenfed.co.za/explained-old-bbbee-codes-vs-new-bbbee-codes/ [Accessed 19 April 2020].

Cenfed. 2016b. How long will BEE remain government policy? Available at https://cenfed.co.za/long-will-bee-remain-government-policy/ [Accessed 01 November 2020].

Cenfed. 2016c. *The benefits of having a B−BBEE certificate*. B−BBEE Verification Agency. Available at http://cenfed.co.za/benefits-bbbee-certificate/ [Accessed 11 January 2018].

Chan, R.C.H. and Mak, W.W.S. 2020. Empowerment for civic engagement and well-being in emerging adulthood: Evidence from cross-regional and cross-lagged analysis. *Social Science & Medicine Journal*, 244, article 112703. https://doi.org/10.1016/j.socscimed.2019.112703

Chauke, K.R. 2020. Broad–based black economic empowerment (B−BBEE) as a competitive advantage in conducting business in South Africa. *5th Annual International Conference on Public Administration and Development Alternatives,* 07–09 October, University of Limpopo, South Africa. Available at http://ulspace.ul.ac.za/bitstream/handle/10386/3258/chauke_broad_2020.pdf?sequence=1&isAllowed=y [Accessed 30 October 2022].

Chekenya, N.S. and Klingelhöfer, H.E. 2022. The effects of broad-based black economic empowerment laws (B−BBEE) on mutual funds' performance in South Africa. *African Journals*, 18(4):14-17. https://hdl.handle.net/10520/ejc-afgrow_v18_n4_a3

Chell, E. and Karataş-Özkan, M. (Eds.) 2014. *Handbook of research on small business and entrepreneurship.* (Research Handbooks in Business and Management Series). Cheltenham, UK: Edward Elgar.

Cheong, K.C,. Hill,C. and Leong,Y.C. 2016. Malaysia's education policies and the law of unintended consequences. *Journal of International and Comparative Education*, 5(2):73-85. https://doi.org/10.14425/jice.2016.5.2.73

Chowa, T. and Mukuvari, M. 2013. An analysis of Zimbabwe's Indigenisation and Economic Empowerment Programme (IEEP) as an economic development approach. *Research Journali,* 1(2):2-18. https://researchjournali.com/pdf/213.pdf

Christie, M., Carey, M., Robertson, A. and Grainger, P. 2015. Putting transformative learning theory into practice. *Australian Journal of Adult Learning,* 55(1):0-30. https://files.eric.ed.gov/fulltext/EJ1059138.pdf

Chuhan-Pole, P and Angwafo, M. 2011. *Yes Africa can. Success stories from a dynamic continent.* Washington D.C.: World Bank. https://doi.org/10.1596/978-0-8213-8745-0

Chutel, L. 2017 (August 25). Post-apartheid South Africa is failing the very people it liberated. *Quartz.* Available at https://qz.com/africa/1061461/post-apartheid-south-africa-is-failing-the-very-people-it-liberated [Accessed 19 May 2021].

Citizen Entrepreneurial Development Agency. 2012. *2011/2012 Annual Report*. Available at https://www.ceda.co.bw/sites/default/files/Publications/annual_report_2012.pdf [Accessed 05 October 2019].

CJPME Foundation. 2014. *South Africa under apartheid*. CJPME Foundation, Analysis 2014-004-v1. Available at https://d3n8a8pro7vhmx.cloudfront.net/cjpmefoundation/pages/41/attachments/original/1453675297/004_-_South_Africa_under_Apartheid_v.1.pdf?1453675297 [Accessed 04 October 2021].

Clark, D.A. 2005. *The capacity approach: Its development, critiques and recent advances.* Global Poverty Research Group. GPRG-WPS-032. Economic and Social Research Council. Available at https://base.socioeco.org/docs/developments_critiques_advances.pdf [Accessed 05 March 2018].

Clark, D.A. 2007. Sen's capability approach and the many spaces of human well-being. *The Journal of Development Studies*, 21(8):1339-1368. https://doi.org/10.1080/00220380500186853

Clark, T., Foster, L., Sloan, L. & Bryman, A. 2021. *Bryman's social research methods*. 6th edition. Oxford: Oxford University Press.

Clow, K.E. and James, K.E. 2014. *Essentials of marketing research: Putting research into practice*. Thousand Oaks, CA: SAGE. https://dx.doi.org/10.4135/9781483384726

Cochrane, L. and Chellan, W. 2017. "The Group Areas Act affected us all": Apartheid and socio-religious change in the Cape Town Muslim community, South Africa. *Oral History Forum d'histoire orale*, Religious Individuals and Collective Identities: Special Issue on Oral History and Religion. Available at https://www.researchgate.net/publication/316692064 [Accessed 01 October 2021].

Comins, L. 2021 (February 23). SA's official unemployment rate hits new record high. *The South African*. Available at https://www.thesouthafrican.com/news/sa-official-unemployment-rate-hits-new-record-high/ [Accessed 01 January 2022].

Conger, J.A. and Kanungo, R.N. 1988. The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13(3):471-482. https://doi.org/10.2307/258093

Cosby, K. 2017. Medical decision making. In: Croskerry, P., Cosby, K., Graber, M.L. and Singh, H. (Eds), *Diagnosis: Interpreting the shadows*. Taylor & Francis Group.

Cramer, C., Sender, J. and Oqubay, A. 2020. *African economic development: Evidence, theory, policy*. Oxford: Oxford University Press.

Crampton, N. 2016. How do I become B−BBEE compliant? *Entrepreneur Magazine*, 10 October. Available at https://www.entrepreneurmag.co.za/ask-entrepreneur/doing-business-in-sa-ask-entrepreneur/how-do-i-become-bee-compliant/ [Accessed 11 January 2018].

Creamer, E.G. 2018. *An introduction to fully integrated mixed methods research*. Newbury Park, CA: SAGE. https://dx.doi.org/10.4135/9781071802823

Creswell, J.W. 2009. *Research design: Qualitative, quantitative, and mixed methods approaches*. 3rd edition. Thousand Oaks, CA: Sage Publications

Creswell, J.W. 2013. *Research design: Qualitative, quantitative, and mixed methods approaches*. 4th edition. Thousand Oaks, CA: SAGE.

Creswell, J.W. 2014. Research design: Qualitative, quantitative and mixed methods approaches. 4th Edition. Thousand Oaks, CA: SAGE

Creswell, J.W. 2021. *A concise introduction to mixed methods research*. Newbury Park, CA: SAGE.

Creswell, J.W. and Creswell, J.D. 2017. *Research design: Qualitative, quantitative, and mixed methods approaches*. 4th edition. Newbury Park, CA: SAGE.

Creswell, J.W. and Plano Clark, V.L. 2011. *Designing and conducting mixed methods research.* 2nd edition. Thousand Oaks, CA: SAGE.

Creswell, J.W. and Plano Clark, V.L. 2018. *Designing and conducting mixed methods research*. 3rd edition. Newbury Park, CA: SAGE.

Crocker, D.A. 1992. Functioning and capability: The foundations of Sen's Nussbuam's development ethic. *Political Theory*, 20(4):584-612. https://www.jstor.org/stable/191970

Crocket, D.A. 2009. *Ethics of global development, agency, capability, deliberative democracy*. Cambridge University Press.

Croskerry, P., Cosby, K., Graber, M.L. and Singh, H. 2017. *Diagnosis: Interpreting the shadows*. Milton Park, Oxfordshire: Taylor & Francis Group.

Cross, E. 2018 (September 16). Inequality in Zimbabwe after EWC. *Politicsweb*. Available at https://www.politicsweb.co.za/opinion/inequality-in-zimbabwe-after-ewc [Accessed 10 October 2019].

Crossman, A. 2020. An overview of qualitative research methods. Direct observation, interviews, participation, immersion, Focus Groups. Thought Co. https://www.thoughtco.com/qualitative-research-methods-3026555

Crowford, N.C. and Klotz, A. (Eds.) 1999. *How sanctions work. Lessons from South Africa*. New York, Palgrave Macmillan. https://www.sahistory.org.za/sites/default/files/archive-files/neta_crawford_audie_klotz_how_sanctions_work_sbook4you.org_.pdf

Cumming, D., Firth, M. Hou, W. and Lee, E. (Eds.) 2015. *Developments in Chinese entrepreneurship: Key issues and challenges*. New York: Palgrave MacMillan.

Daniel, L. 2018 (July 13). Is South Africa really the most unequal country in the world? *The South African.* Available at https://www.thesouthafrican.com/news/is-south-africa-really-the-most-unequal-country-in-the-world/ [Accessed 12 October 2018].

Daszko, M. and Sheinberg, S. 2017. *Survival is optional: Only leaders with new knowledge can lead the transformation*. Available at https://static1.squarespace.com/static/5912a7a5725e2534f1acb123/t/59234bc72e69cfef7292c881/1495485386266/TRANSFORMATION-+A+DEFINITION%2C+THEORY%2C+AND+THE+CHALLENGES+TO+TRANSFORMING.pdf [Accessed 2 May 2020].

Dawadi, S., Shrestha, S. and Giri, R.A. 2021. Mixed-methods research: A discussion on its types, challenges, and criticisms, 2(2):25-36. https://doi.org/10.46809/jpse.v2i2.20

De Brito, B. 2018 (March 14). New expectations in Angola. The Energy Year: Information is power. Available at: https://theenergyyear.com/articles/new-expectations-in-angola/ [Accessed 20 October 2019].

De Jager, C. 2020. *Creative intelligence (CQ)@Play: Shaping your future in the fourth industrial revolution*. Johannesburg: KR Publishing.

De Klerk, S.S. 2008. A critical analysis of broad-based black economic empowerment in the mining sector. [Master's dissertation]. University of Johannesburg.

De Leeuw, E.D., Hox, J. and Dillman, D. (Eds.). 2008. *International handbook of survey methodology*. New York: Routledge.

De Pina, B.X and Brigolas, R. 2011 (August 31). The wealth shield – The legal framework now in operation in resource-rich Angola. *LegalWeek*. Available at https://www.law.com/international-edition/2011/08/31/the-wealth-shield-the-legal-framework-now-in-operation-in-resource-rich-angola/ [Accessed 10 March 2018].

Devlin, A.S. 2020. *The research experience: Planning, conducting, and reporting research*. Sage Publications.

De Vos, A.S., Strydom, H., Fouché, C.B. and Delport, C.S.L. 2011. *Research at grass roots: For social sciences and human services professions*, 4th edition. Pretoria: Van Schaik.

DeCaro, D.A. 2011 (May 4). Considering a broader view of power, participation, and social justice in the Ostrom Institutional Analysis Framework. *Grassroots Economic Organizing (GEO) Newsletter*, 2(9). Available at https://geo.coop/articles/considering-broader-view-power-participation-and-social-justice-ostrom-institutional [Accessed 02 March 2020].

Deloitte. 2009. Partnerships for small enterprise development. https://www.unido.org/sites/default/files/2009-04/Partnerships_for_small_enterprise_development_0.pdf [Accessed 12 July 2019].

Deloitte. 2013. *Enhancing manufacturing competitiveness in South Africa*. https://www2.deloitte.com/content/dam/Deloitte/dk/Documents/manufacturing/manufacturing-competitiveness-South-africa.pdf

Deneulin, S. 2006. *The capability approach and the praxis of development*. New York: Palgrave MacMilllan.

Deneulin, S. 2014. *Wellbeing, justice and development ethics*. New York: Routledge.

Department of Statistics, Malaysia. 2021. *Employment Statistics First Quarter 2021*. Available at

https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=439&bul_id=d0dUQ3c3NDBYbkl0WE9oY0srNXRaUT09&menu_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09/ [Accessed 22 July 2021].

Devi, P.S. 2017. Research methodology: A handbook of beginners. Notion Press

Dixon, A.O. and Pusparini, E.S. 2020. The role of structural empowerment and innovative behaviour in defining business process innovation and competitive advantage to cope with industry 4.0. *Journal of Advances in Economic, Business Management Research*, 160:226-232. https://doi.org/10.2991/aebmr.k.201222.033

Dlova, M.R. 2017. Small, micro and medium enterprises access to credit in the Eastern Cape, South Africa. [Doctoral thesis], University of the Witwatersrand, Johannesburg. http://hdl.handle.net/10539/23472

Dludla, S. 2015 (January 26). 5 Initiatives helping SMEs in Botswana. *SME South Africa*. Available at https://smesouthafrica.co.za/5-initiatives-helping-SMEs-in-Botswana/ [Accessed 05 October 2019].

Dongwana, N.P. 2016. The impact and related costs of implementing changes in the broad-based black economic empowerment (BBBEE) codes of good practice on companies listed on the Johannesburg Stock Exchange (JSE). [Master's dissertation], University of the Witwatersrand, Johannesburg. http://hdl.handle.net/10539/22367

Döring, H., Dos Santos, R.S.P and Pocher, E. 2017. New developmentalism in Brazil? The need for sectoral analysis. *Review for International Political Economy*, 24(2):332-362. https://doi.org/10.1080/09692290.2016.1273841

Doyle, L., Brady, A.-M. and Byrne, G. 2009. An overview of mixed methods research. *Journal of Research in Nursing*, 14(2):175-185. https://doi.org/10.1177/1744987116674257

Dreyer, J.A., Viviers, S. and Mans-Kemp, N. 2021a. Reflecting on compliance with broad-based black economic empowerment codes of good practice: Trends and suggestions. *South African Journal of Business Management*, 52(1):1-11. https://doi.org/10.4102/sajbm.v52i1.1963

Dreyer, J.A., Viviers, S. and Mans-Kemp, N. 2021b. Broad-based black economic empowerment and corporate financial health. *South African Journal of Economic and Management Sciences*, 24(1), article 3652. https://doi.org/10.4102/sajems.v24i1.3652

Du Plessis, A.D. 2016. An assessment of the performance of B−BBEE compliant vs. non-compliant firms listed in the financial and industrial sectors of the JSE.

Dubovec, M. and Gullifer, L. 2019. *Secured transactions law reform in Africa*. Oxford: Hart Publishing.

Dugard, J. 2020. South Africa's independent homelands: An exercise in denationalization. *Journal of International Law and Policy*, 10(1):11-36. https://core.ac.uk/download/pdf/323047501.pdf

Duvoskiy, J. 2018. *The ultimate guide to writing a dissertation in business studies: A step-by-step assistance*. 6th edition. Business Research Methodology.

Echebiri, C., Amundsen, S. and Engen, M. 2020. Linking structural empowerment to employee-driven innovation: The mediating role of psychological empowerment. *Administrative Science Journal*, 10(3), article 42. https://doi.org/10.3390/admsci10030042

Emsley, I. and Mahadea, D. 1996. *The Malaysian experience of affirmative action: Lessons for South Africa*. *Development Southern Africa*, 13(4):659-662. https://doi.org/10.1080/03768359608439922

Emuze, F. and Adlam, R. 2013. Implementation of broad-based black economic empowerment in construction: A South Africa metropolitan area study. *Journal for the Physical and Development Science*, 20(1):126-154. https://www.ajol.info/index.php/actas/article/view/94085/83490

eNCA. 2019. Whites still earning three more than blacks: Stats SA. 15 November 2019. https://www.enca.com/news/whites-still-earning-three-times-more-than-blacks-stats-sa [Accessed 19 October 2020].

Engineering News. 2021 (May 3). A greater partnership between corporates and the government is needed to design the right funding for small businesses. 03 May.

https://www.engineeringnews.co.za/article/a-greater-partnership-between-corporates-and-the-government-is-needed-to-design-the-right-funding-for-small-businesses-2021-05-03 [Accessed 17 January 2023].

English, J. 2016 (November 5). Inequality and poverty in Namibia: A gaping wealth gap. *The Borgen Project*. Available at https://borgenproject.org/inequality-and-poverty-in-namibia/ [Accessed 11 October 2019].

Ensor, L. 2018 (November 21). Dysfunctional SABS earns disclaimer from auditor-general. *Sunday Times*. Available at https://www.timeslive.co.za/sunday-times/business/2018-11-21-dysfunctional-sabs-earns-disclaimer-from-auditor-general/ [Accessed 01 October 2018].

Enterprise Room. 2017. Aligning BBBEE strategy to core business strategies. Sandton, South Africa. Available at http://www.enterpriseroom.com/corporates/ [Accessed 01 June 2017].

Erduran, S. 2019. *Argumentation in chemistry education: Research, policy and practice*. London: Royal Society of Chemistry.

Fakoti, O. 2014. The causes of failure of new small and medium enterprises in South Africa. *Mediterranean Journal of Social Sciences*, 5(20), article 922. http://dx.doi.org/10.5901/mjss.2014.v5n20p922

Fakoti. O. 2021. Access to finance and performance of small firms in South Africa: The moderating effect of financial literacy. *WSEAS Transactions on Business and Economics*, 18:78-87. https://doi.org/10.37394/23207.2021.18.9

Faundez, J. 2016. Douglass North's theory of institutions: Lessons for law and development. *Hague Journal on the Rule of Law,* 8(2):373-419. http://dx.doi.org/10.2139/ssrn.2493052

Fazluddin, S., Ojijo, V. and Godfrey, L. 2022. *A more competitive South African manufacturing sector through a circular economy.* y. CSIR Report Number: CSIR/MFC/AME/IR/2022/0013/B. Pretoria: Council for Scientific Industrial Research (CSIR). https://www.circulareconomy.co.za/wp-content/uploads/2022/04/Manufacturing_Report-CE-Opportunities.pdf

Fele, V. 2022 (August 8). New approach to ESD needed for localization success. *Creamer Media's Engineering News*. Available at https://www.engineeringnews.co.za/article/new-approach-to-esd-needed-for-localisation-success-2022-08-08 [Accessed 17 October 2022].

Ferguson, C. 2016. *Angola's complicated competition*. The Energy Year. Available at http://www.theoilandgasyear.com/articles/angolas-complicated-competition/ [Accessed 11 October 2019].

Fetola. 2015. The business incubator blueprint for South Africa. http://www.fetola.co.za/wp-content/uploads/2015/03/Blueprint-Incubator-Table-of-Contents-and-Executive-Summary.pdf [Accessed 11 October 2019]

Finn, A., Leibbrandt, M. and Oosthuizen, M. 2014. *Poverty, inequality, and prices in post-apartheid South Africa.* WIDER Working Paper 2014/127. Helsinki: UNU-WIDER. https://doi.org/10.35188/UNU-WIDER/

Fisher, R. 2016 (September 3). Transformation is neither easy nor comfortable. *Independent Online*. Available at https://www.iol.co.za/news/transformation-is-neither-easy-nor-comfortable-2064192 [Accessed 11 January 2018].

Flick, U. 2018. *Managing quality in qualitative research*. Newbury Park, CA: SAGE. https://dx.doi.org/10.4135/9781849209441

Forbes, J. 2018. Responses of selected enterprises to the amended broad-based black economic empowerment legislation in Cape Town, South Africa. [Master's dissertation], Cape Peninsula University of Technology, Bellville, Cape Town.

Fourie, F. 2018. *The South African informal sector: Creating jobs, reducing poverty*. Pretoria: HSRC Press.

Fourie, F.C.V.N. and Skinner, C. 2018. *The South African informal sector: Creating jobs, reducing poverty*. Pretoria: HSRC Press.

Francis, D. and Valodia, I. 2021. Black Economic Empowerment: A review of the literature. SCIS Working Paper Number 21. Black Economic Empowerment Project, University of the Witwatersrand. https://www.wits.ac.za/media/wits-

university/faculties-and-schools/commerce-law-and-management/research-entities/scis/documents/BEE%20A%20Review%20of%20the%20Literature_%202021.pdf [Accessed 14 March 2023]

Frankfort-Nachmias, C., Leon-Guerrero, A. and Davis, G. 2019. *Social statistics for a diverse society*. Newbury Park, CA: SAGE.

Frediani, A.A. 2010. Sen's capability approach as a framework to the practice of development. *Development in Practice*, 20(2):173-187. https://doi.org/10.1080/09614520903564181

Frediani, A.A. 2008. Planning for freedoms: The contribution of Sen´s capability approach to development practice. UCL Discovery. Available at https://core.ac.uk/download/pdf/1883009.pdf [Accessed 22 March 2023].

Frohlicher, P. and Pothering, J. 2013. *The enterprise development report*. Impact Amplifier and NYU Center for Global Affairs. Available at https://www.impactamplifier.co.za/insights-reports/the-enterprise-development-report [Accessed 27 October 2019].

Gaal, H.O. and Afrah, N.A. 2017. Lack of infrastructure: The impact on economic development as a case of Benadir region and Hir-shabelle, Somalia. *Journal of Developing Country Studies* 7(1):49-55. https://core.ac.uk/download/pdf/234683129.pdf

Gabriel, D. 2013. Inductive and deductive approaches to research. https://deborahgabriel.com/2013/03/17/inductive-and-deductive-approaches-to-research/ [Accessed on 16 May 2021].

Galloway, S. 2018. *Doing things differently*. Namibia Trade Directory. Available at http://namibiatradedirectory.com/doing-things-differently [Accessed 14 October 2019].

Gbadegesin, J., Pienaar, M. and Marais, L. 2020. Housing, planning and urban health: Historical and current perspectives from South Africa*. Bulleting of Geography. Socio-economic Series,* 48(48):23-34. https://doi.org/10.2478/bog-2020-0011

Geitlinger, S.P. 2016. Entrepreneurship in South Africa: A comparative study between the Global Entrepreneurship Monitor, the Global Entrepreneurship Index and opinions of industry experts in the entrepreneurship field. [Master's dissertation], Gordon Institute of Business Science, University of Pretoria.

Gephart Jr., R.P. 2004. Qualitative research and the Academy of Management Journal [Editorial]. *Academy of Management Journal*, 47(4):454-462. https://psycnet.apa.org/doi/10.5465/AMJ.2004.14438580

Gerber, G. 2016 (April 6). BEE matters: Transformation policy failing those in need. *Business Day*. Available at https://www.businesslive.co.za/bd/opinion/2016-04-06-bee-matters-transformation-policy-failing-those-in-need/ [Accessed 12 January 2018].

Gibson, C.H. 1991. A concept analysis of empowerment. *Journal of Advanced Nursing,* 16(3):354-361. https://doi.org/10.1111/j.1365-2648.1991.tb01660.x

Giliomee, H. 1995. Democratization in South Africa. *Political Science Quarterly,* 110(1):83-104. https://doi.org/10.2307/2152052

Ginsburg, D. 1996. The democratisation of South Africa: Transition theory tested. *Transformation* Journal, 29:74-102. Available at http://transformationjournal.org.za/wp-content/uploads/2017/03/trans029006.pdf [Accessed 02 July 2018].

Global Business School Network. 2013. *Education, employment & entrepreneurship*. https://gbsn.org/wp-content/uploads/2016/05/conference_exec_report_final.pdf [Accessed 16 April 2022].

Goerne, A. 2010. *The capability approach in social policy analysis – Yet another concept?* REC-WP Working Papers of the Reconciliation of Work and Welfare in Europe No.03-2010. https://dx.doi.org/10.2139/ssrn.1616210

Góes, C. and Karpowicz, I. 2017. *Inequality in Brazil: A regional perspective*. International Monetary Fund Working Paper No. 17/225. Washington, D.C.: IMF. https://www.imf.org/-/media/Files/Publications/WP/2017/wp17225.ashx

Goga, S. and Avenyo, E.K. 2021. *Industrial policy, the manufacturing sector and black empowerment in South Africa*. Black Economic Empowerment Project. SCIS Working Paper, Number 25. University of Johannesburg, South Africa. https://www.wits.ac.za/media/wits-university/faculties-and-schools/commerce-law-and-management/research-entities/scis/documents/Industrial%20policy%20manufacturing%20sector%20and%20black%20empowerment.pdf

GoLegal. 2016. What is the new B−BBEE scorecard and how does it work? Available at https://www.golegal.co.za/new-B−BBEE-scorecard-how-work/ [Accessed 12 June 2018].

Golub, S. and Prasad, V. 2016. *Promoting economic diversification and international competitiveness in Angola*. Report for the United Nations Conference on Trade and Development (UNCTAD). https://www.swarthmore.edu/sites/default/files/assets/documents/user_profiles/sgolub1/AngolaStudyTrade2016.rev2_.pdf

Goose, D.E. 2012. Broad-based black economic empowerment as a competitive advantage in procurement in the construction industry in Kwazulu-Natal. [Master's dissertation], Durban University of Technology.

Govender, I.G. 2021. *Higher education, community engagement and entrepreneurship in southern Africa.* Newcastle upon Tyne, England: Cambridge Scholars Publishing. https://www.cambridgescholars.com/resources/pdfs/978-1-5275-6493-0-sample.pdf

Government of the Republic of Namibia. 2015. *The New Equitable Economic Empowerment Framework.* http://namibiaatwork.gov.na/images/Julia/final.pdf

Government of Zimbabwe. 2008. *Indigenising the economy*. Policy Paper. Harare: Government Printers. https://www.ecb.org.na/images/docs/Investor_Portal/NEEEF.pdf

Government of Zimbabwe. 2011. *The indigenisation and economic empowerment: Aims and objectives*. Harare: Printflow.

Gradin, C., Leibbrandt, M. and Tarp, F. (Eds.) 2021. *Inequality in the developing world: Wider studies in development economics*. Oxford: Oxford University Press.

Graham, M. 2018 (March 7). Small business has a critical role to play in the economy – but entrepreneurs need better skills. *BizCommunity News*. Available at https://www.bizcommunity.com/Article/196/634/174517.html [Accessed 29 December 2022]

Grant, C. and Osanloo, A. 2014. Understanding, selecting, and integrating a theoretical framework in dissertation research: Developing a blueprint for your house. *Administrative Issues Journal Education Practice and Research*, 4(2):12-26.

Gries, T. and Naudé, W. 2010. *Entrepreneurship and human development: A capability approach*. Working Paper No. 2010/68. United Nations University. Available at https://www.wider.unu.edu/sites/default/files/wp2010-68.pdf [20 March 2023]

Groundwater-Smith, S., Dockett, S. and Bottrell, D. 2014. *Participatory research with children and young people*. Newbury Park, CA: SAGE.

Gullan, R.L., Power, T.J. and Leff, S.S. 2013. The role of empowerment in a school-based community service program with inner-city, minority youth. *Journal of Adolescent Research*, 28(6):664-689. https://doi.org/10.1177%2F0743558413477200

Gumede, V. 2017. *Political economy of post-apartheid South Africa*. Dakar, Senegal: Council for the Development of Social Science Research in Africa (CODESRIA). https://doi.org/10.2307/j.ctvh8r1rm

Gurusamy, S. 2016. *Empowerment of marginalised challenges and solutions*. New Delhi: MJP Publishers.

Gweshengwe, B. and Hassan, N.H. 2020. Defining the characteristics of poverty and their implications for poverty analysis. *Cogent Social Sciences,* 6(1), article 1768669. https://doi.org/10.1080/23311886.2020.1768669

Gwynne-Evans, N. 2020. *The ESDE programme & enterprise and supplier development (ESD).* Available at https://edse.org.za/wp-content/uploads/2020/11/EU-Investor-Month-ESD-EDSE_3-11-20-FINAL-1-Read-Only-1.pdf [Accessed 17 October 2022].

Habiyaremye, A. and Wladimir, R. 2018. How do foreign firms' corruption practices affect innovation performance in host countries? Industry-level evidence from transition economies. *Innovation*, 20(1):18-41. https://doi.org/10.1080/14479338.2017.1367626

Hafizulla, J. and Rahim, S. 2017. "Broad-based black economic empowerment and enterprise and supplier development framework". Codes and Scorecard Workshop. Available at https://slidetodoc.com/broadbased-black-economic-empowerment-and-enterprise-and-supplier/ [Accessed 30 December 2022].

Hall, R.F. 2013. Mixed methods: In search of a paradigm. In: Le, T. and Le, Q. (Eds.), *Conducting research in a changing and challenging world*. Nova Science.

Hallebone, E. and Priest, J. 2009. *Business and management research: Paradigms and practices*. New York: Palgrave Macmillan.

Hanson, S. 2008 (July 17). *Angola's political and economic development.* Council on Foreign Relations. Available at https://www.cfr.org/backgrounder/angolas-political-and-economic-development [Accessed 11 October 2019].

Haradhan, K.M. 2017. Aspects of mathematical economics, social choice and game theory. [Doctoral thesis], University of Chittagong, Bangladesh. Available at https://www.researchgate.net/publication/321964409_Research_Methodology [Accessed 09 August 2022].

Harilal, V. and Nyakana, S. 2019. Factors inhibiting large enterprises from establishing sustainable linkages with black-owned tourism SMMEs in South Africa. *African Journal of Hospitality, Tourism and Leisure,* 8(3):1-14. https://www.ajhtl.com/uploads/7/1/6/3/7163688/article_7_vol_8_3__2019.pdf

Hausmann, R. 2017 (June). Is South Africa about to make a historic mistake? *CDE Insight*. Johannesburg: Centre for Development and Enterprise.

https://cde.org.za/wp-content/uploads/2018/06/CDE-Insight-Professor-Ricardo-Hausmann-Is-South-Africa-about-to-make-a-historic-mistake.pdf

Heale, R. and Twycross, A. 2015. Validity and reliability in quantitative studies. *Evidence Based Nursing*, 18(3):66-67. http://dx.doi.org/10.1136/eb-2015-102129

Hedrick-Wong. Y. 2017 (April 5). 2017: *The year Latin America bounces back?* World Economic Forum. Available at https://www.weforum.org/agenda/2017/04/how-to-achieve-inclusive-growth-across-latin-america [Accessed 12 April 2020].

Hennink, M., Hutter, I. and Bailey, A. 2020. *Qualitative research methods*. Newbury Park, CA: SAGE.

Hess, C. and Ostrom, E. 2005. A framework for analysing the knowledge commons: A chapter from Understanding Knowledge as a Commons: from Theory to Practice. SURFACE. Syracuse University. Available at https://surface.syr.edu/cgi/viewcontent.cgi?article=1020&context=sul [Accessed 12 January 2018].

Hesse-Biber. S. 2016. Qualitative or mixed methods research inquiry approaches: Some loose guidelines for publishing sex roles. *Sex Roles*, 74(1-2):6-9. https://doi.org/10.1007/s11199-015-0568-8

Hewitt, L.M.M. and Janse van Rensburg, L.J. 2020. The role of business incubators in creating sustainable small and medium enterprises. *Southern African Journal of Entrepreneurship and Small Business Management*, 12(1), article 295. https://doi.org/10.4102/sajesbm.v12i1.295

Hicks, J. 2015. Women's economic empowerment: Employment equity and gender transformation in the workplace. Cape Town: Commission for Gender and Equity.

Hilal, A.H. and Alabri, S.S. 2013. Using NVivo for data analysis in qualitative research. *International Interdisciplinary Journal of Education,* 2(2):181-186. http://www.iijoe.org/v2/IIJOE_06_02_02_2013.pdf

Hill, C.E. (Ed.) 2012. *Consensual qualitative research: A practical resource for investigating social science phenomena*. Washington, D.C: American Psychological Association.

Hiralal, S. 2021 (May 7). What you need to know about enterprise development on the B−BBEE scorecard. Available at https://serr.co.za/what-you-need-to-know-about-enterprise-development-on-the-B−BBEE-scorecard [Accessed 26 July 2022].

Hlebela, N. 2020. Government and manufacturing SMME partnership to create jobs in South Africa. [Master's dissertation], North-West University, Potchefstroom.

Hoffmann, J.P. 2021. *Linear regression models: Applications in R*. Boca Raton, FL: CRC Press.

Hofmeyr, J. 2011. *From inequality to inclusive growth: South Africa's pursuit of shared prosperity in extraordinary times*. Cape Town: Institute for Justice and Reconciliation.

Hogan Lovells. 2017. BBBEE for doing business in South Africa. https://pdf.hoganlovells.com/en/publications/bbbee-for-doing-business-in-south-africa

Hogg, A. 2018. Best of 2018: Cyril take note: Namibia scraps 25% BEE Clause with a Telling Explanation. https://www.biznews.com/africa/2018/12/31/best-2018-cyril-namibia-scraps-bee-clause [Accessed 01 July 2019].

Hoggan, C., Malkki, K. and Finnegan, F. 2016. Developing the theory of perspective transformation: Continuity, intersubjectivity, and emancipatory praxis. *Adult Education Quarterly,* 67(1):48-64. https://doi.org/10.1177/0741713616674076

Hooker, C.M and Gil de Zuniga, H.G. 2017. *Survey methods*. [Online]. http://www.homerogdz.com/documents/Online%20Survey%20Methods.pdf [Accessed 12 October 2021].

Imperial, M.T. and Yandle, T. 2005. Taking institutions seriously: Using the IAD framework to analyse fisheries policy. *Society & Natural Resources,* 18(6):493-509. https://doi.org/10.1080/08941920590947922

Information Resources Management Association. 2017. *Entrepreneurship: Concepts, methodologies, tools and applications*. Pennsylvania, USA: IGI Global.

Institute of Race Relations. 2014 (October 6). BEE helping or hurting? *Politicsweb*. Available at https://www.politicsweb.co.za/news-and-analysis/bee-helping-or-hurting--irr [Accessed 01 July 2021].

Inter-American Commission on Human Rights. 2019. Report on the situation of human rights in Brazil. Chapter 1: The protection of human rights in Brazil's juridical system. Available at http://www.cidh.org/countryrep/brazil-eng/chaper%201.htm [Accessed 28 December 2022].

International Labour Organization. 2011. *A skilled workforce for strong, sustainable and balanced growth: A G20 training strategy*. Geneva: ILO. https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_151966.pdf

International Labour Organization. 2020. *Global employment trends for youth 2020: Technology and the future of jobs*. Geneva: ILO. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf

International Monetary Fund. 2021 (October 21). *Regional economic outlook for Sub-Saharan Africa*: *One Planet, Two Worlds, Three Stories*. Cataloging-in-Publication Data. IMF Library. https://reliefweb.int/attachments/b60c2c34-608c-469f-a5d8-c88341304cbe/text.pdf

Igbal, F. and You, J. 2001. *Democracy, market economics and development. An Asian perspective*. Washington D.C.: World Bank. http://hdl.handle.net/10986/13904

Inyosi Empowerment. 2016. Inyosi enterprise and supplier development. Impact report for the 6 months to 31 December 2016. https://inyosi.co.za/wp-content/uploads/2021/05/Semi-Annual-Impact-Report-December-2016.pdf [Accessed 14 January 2023]

Ismail, A. 2017. *B−BBEE enterprise and supplier development*. Johannesburg: Webber Wentzel. Available at http://acceleratecapetown.co.za/wp/wp-

content/uploads/2017/11/B−BBEE-ESD-Adam-Ismail-Webber-Wentzel-.pdf [Accessed 13 March 2019].

Iwara, I.O. 2020. Towards a model for successful enterprises centred on entrepreneurs exogenous and endogenous attributes: Case of Vhembe district, South Africa. (Doctoral thesis), University of Venda, Thohoyandou, Limpopo. http://hdl.handle.net/11602/1535

James, N. 2016 (June 17). Manufacturing Indaba continues to deliver despite economic climate. *Engineering News*. Available at https://www.engineeringnews.co.za/article/manufacturing-indaba-continues-to-deliver-despite-economic-climate-2016-06-17/rep_id:4136 [Accessed 09 August 2022].

Janisch, P. 2017 (June 28). *NEEEF South African lessons*. Windhoek. https://bbbee.typepad.com/files/paul-janisch---neeef-transformation-south-african-lessons-28-june-2017.pdf [Accessed 12 March 2022].

Janowicz-Lomott, M., Łyskawa, K., Polychronidou, P. and Karasavvoglou, A. (Eds.) 2020. *Economic and financial challenges for Balkan and Eastern European countries.* Proceedings of the 10th International Conference on the Economies of the Balkan and Eastern European Countries in the Changing World (EBEEC) in Warsaw, Poland 2018 Cham, Switzerland: Springer International. Refer to chapter authors.

Japheth, A., Y. 2014. A comprehensive guide to research methodology (Part 1): Tips for sampling and sample techniques. https://nairaproject.com/blog/step-by-step-to-research-methodology.html [Accessed 10 June 2021].

Jason, L.A. and Glenwick, D.S. (Eds.) 2012. Handbook of methodological approaches to community-based research: Qualitative, quantitative and mixed methods. New York: Oxford University Press.

Jeanty, G.C. and Hibel, J. 2011. Mixed methods research of adult family care home residents and informal caregivers. *The Qualitative Report*, 16(3):635-656.

Jenkins, B., Gilbert, R. and Baptista, P. 2014. *Sustaining and scaling the impact of enterprise development programmes: SABMiller's approach to strengthening business ecosystems*. Cambridge: Harvard Kennedy School and Business Fights Poverty. https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/SABMillerEcosystem7.pdf

Joyner, R.L., Rouse, W.A. and Glatthorn, A.A. 2018. Writing the winning thesis or dissertation: A step-by-step guide. Fourth edition. California: Thousand Oaks.

Johnson, R.B. and Onwuegbuzie, A.J. 2004. Mixed methods research: A research paradigm whose time has come. *Educational Researcher*, 33:14-26.

Jordaan, J. 2013. Public financial performance management in South Africa: A conceptual approach. [Doctoral thesis], University of Pretoria, Pretoria.

Jordaan, H. 2020. Access to finance of SMMES from formal lending institutions in the Free State goldfields. [Doctoral thesis], University of the Free State, Bloemfontein.

Joseph, R. 2019. The theory of empowerment: A critical analysis with the theory evaluation scale. *Journal of Human Behaviour in the Social Environment*, 30(2):138-157. https://psycnet.apa.org/doi/10.1080/10911359.2019.1660294

Joubert, J.J., Capazorio, B., Goba, N. and Smillie, S. 2015 (October 28). Screws tighten as EFF vows to shut JSE down. *TimesLive*. Available at https://www.timeslive.co.za/news/south-africa/2015-10-28-screws-tighten-as-eff-vows-to-shut-jse-down/ [Accessed 04 March 2021].

Joustra, G. 2021. The effect of institutional rules on collective action. A comparative analysis using the IAD framework. (Masters dissertation), University of Groningen. Available at https://frw.studenttheses.ub.rug.nl/id/eprint/3627

Joyner, R.L., Rouse, W.A. and Glatthorn, A.A. 2013. *Writing the thesis or dissertation: A step-by-step guide*. 4th edition. SAGE.

Kabir, S.M.S. 2016. Research design. In: Muhammad, S. and Kabir, S. (Eds.), *Basic guidelines for research: An Introductory approach for all disciplines.* Chittagong:

Mohamed Javed Rahim Book Zone Publication, pp. 111-140. https://old.amu.ac.in/emp/studym/100005275.pdf

Kadasah, S.F., Abd Al Gail, F.M., Kolhe, B. and Shinde, S.M. 2022. *Scientific research methodology principles, methods, and techniques*. Kathmandu, Nepal: Buddha Publications.

Kaiffers, C.H. 1984. Citizen empowerment: A developmental perspective. *Prevention in Human Services*, 3(2-3):9-36. https://psycnet.apa.org/doi/10.1300/J293v03n02_03

Kahiurika, N. 2016 (November 10). 25% NEEEF clause rethink. *The Namibian*. Available at https://www.namibian.com.na/157994/archive-read/25pct-Neeef-clause-rethink [Accessed 10 September 2019].

Kaiser, K. 2009. Protecting respondent confidentiality in qualitative research. *Qualitative Health Research*, 19(11):1632-1641. https://doi.org/10.1177/1049732309350879

Kalane, L. 2015. Reasons for failure of SMEs in the Free State. [Master's dissertation], University of the Free State, Bloemfontein.

Kale, G.N. and Jayanth, J. 2019. Introduction to research. In: Bairagi, V. and Munot, M.V. (Eds.), *Research methodology: A practical and scientific approach*. CRC Press.

Kalili, L. 2019. Ownership, rights and access to minerals in Namibia: A contemporary legal perspective. [Master's dissertation], University of Namibia.

Kamga, S.D. (Ed.) 2021. *Illicit financial flows from South Africa: Decolonial perspectives on political economy and corruption*. New York: Routledge.

Kamruzzaman, P. and White, S.C. 2018. Empowerment and community participation. *International Encyclopedia of Anthropology*. Hoboken, New Jersey: John Wiley & Sons. https://doi.org/10.1002/9781118924396.wbiea2062

Kanjere, M.M. 2021. *Transformational leadership as a necessary style for gender parity in South African organisations: A perspective of Covid-19 work environment*. Bloomington, IN: Xlibris Publications.

Kanter, R.M. 1977. *Men and women of the corporation*. New York: Basic Books.

Kanter, R.M. 1993. *Men and women of the corporation* (2nd ed.), New York: Basic Books.

Kanyenze, G., Chitambara, P. and Tyson, J. 2017. *The outlook for the Zimbabwean economy: Supporting economic transformation*. Supporting Economic Transformation. https://set.odi.org/wp-content/uploads/2017/08/SET-Outlook-for-Zimbabwe-Economy_Sep2017.pdf

Kaplan, D. 2019. South Africa's industrial policy. Time for a review and rethink. *Viewpoints*, No. 8, August 2019. Centre for Development and Enterprise, Parktown, Johannesburg, South Africa. https://www.cde.org.za/wp-content/uploads/2019/08/Viewpoints-south-africas-industrial-policy.pdf

Kardamilakis, A. 2018. *Broad-based economic empowerment – Basic principles*. Norton Rose Fullbright South Africa Inc. Available at: https://www.nortonrosefulbright.com/en-za/knowledge/publications/fe87cd48/broad-based-black-economic-empowerment--basic-principles [Accessed 17 October 2022].

Katua, N.T. 2014. The role of SME in employment creation and economic growth in selected countries. *International Journal of Education and Research,* 2(12):461-472. https://www.ijern.com/journal/2014/December-2014/39.pdf

Keeble, D. and Wever, E. (Eds.) 2016. *New firms and regional development in Europe.* Abingdon, Oxfordshire: Routledge.

Keleher, L. 2014. Sen and Nussbaum: Agency and capability expansion. *Ethics and Economics,* 11(2):54-70. https://core.ac.uk/reader/151552280

Kember, D. and Corbett, M. (Eds.) 2018. *Structuring the thesis: Matching method, programme, theories and findings*. Singapore: Springer Nature.

Kesper, A. 2000. *Failing or not aiming to grow? Manufacturing SMMEs and their contribution to employment growth in South Africa.* Trade & Industrial Policy Secretariat (TIPS) Working Paper 15_2000. Johannesburg: University of the

Witwatersrand. https://www.tips.org.za/research-archive/trade-and-industry/item/download/75_8f6dd3a8e624f2b43cabc7e6b9a9a8e4

Kgalema, V., Marock, C. and Allais, S. 2021. *The alignment of black economic empowerment and skills policies in South Africa*. Black Economic Empowerment Project, SCIS Working Paper No. 24. Southern Centre for Inequality Studies, Johannesburg: University of the Witwatersrand. https://www.wits.ac.za/media/wits-university/faculties-and-schools/commerce-law-and-management/research-entities/scis/documents/BBBEE%20economic%20empowerment%20policies%20and%20skills%20policies.pdf

Khalid, M.A. and Yang, L. 2019 (September 11). Income inequality among different ethnic groups: The case of Malaysia. [Blog]. *LSE Business Review*. London, UK: London School of Economics and Political Science. Available at https://blogs.lse.ac.uk/businessreview/2019/09/11/income-inequality-among-different-ethnic-groups-the-case-of-malaysia/ [Accessed 10 October 2019].

Khalfani, A.K., Zuberi, T., Bah, S., Lehohla, P.J. 2006. In: Zuberi, T., Sibanda, A., and Udjo, E. (Eds.), *The demography of South Africa*. M.E Sharpe, New York.

Khondker, H.H. and Schuerkens, U. 2014. Social transformation, development and globalisation. *Sociopedia.isa.* https://doi.org/10.1177/205684601423

Khuluvhe, M. and Negogogo, V. 2021. *Fact sheet: The highest level of education attainment in South Africa*. Pretoria: Department of Higher Education and Training. https://www.dhet.gov.za

Khupe, M. 2022 (January 11). Successful ESD programmes require an implementation partner to unlock tangible value for both corporates and SMMEs. *Creamer Media's Engineering News*. Available at https://www.engineeringnews.co.za/article/successful-esd-programmes-require-an-implementation-partner-to-unlock-tangible-value-for-both-corporates-and-smmes-2022-01-11 [Accessed 14 April 2022]

Kitchenham, A. 2008. The evolution of John Mezirow's transformative learning theory. *Journal of Transformative Education*, 6(2):104-123. https://doi.org/10.1177/1541344608322678

Kivunja, C. and Kuyini, A.B. 2017. Understanding and applying research paradigms in educational contexts. *International Journal on Higher Education*, 6(5):26-41. https://doi.org/10.5430/ijhe.v6n5p26

Kleist, C. 2010. Global ethics: Capabilities approach. *Internet Encyclopedia of Philosophy*. Available at https://iep.utm.edu/ge-capab/ [Accessed 15 March 2021].

Kleynhans, E.P.J. and Kruger, M.C. 2014. Effect of black economic empowerment on profit and competitiveness of firms in South Africa. *Acta Comercii*, 14(1), article 200. https://doi.org/10.4102/ac.v14i1.200

Kling, A. 2015. *The two forms of social order*. Library of Economics and Liberty, July 6. Available at https://www.econlib.org/library/Columns/y2015/Klingtwoforms.html [Accessed 27 August 2019].

Knoetze, H.M. 2006. An analysis of the codes of good practice issued in terms of the Broad-Based Black Economic Empowerment Act 53 of 2003. [Master's dissertation], University of the Free State, Bloemfontein.

Kollmorgen, R. 2010. Transformation theory and socio-economic change in Central and Eastern European countries. Employment and economy in Central and Eastern Europe. Available at https://www.researchgate.net/publication/270275032 [Accessed 13 January 2018].

Kovach, M. 2021. *Indigenous methodologies: Characteristics, conversations, and contexts*. *The Canadian Geographer*, 56(2):292-294. https://doi.org/10.1111/j.1541-0064.2012.00420.x

KPMG Services Pty Ltd. 2017. *Namibia economic snapshot H2*. https://assets.kpmg/content/dam/kpmg/za/pdf/2017/12/Namibia-2017H2.pdf

Krause, M. 2014 (December 8). The role of best examples' in human rights. Open Democracy. Available at https://www.opendemocracy.net/en/role-of-best-examples-in-human-rights/ [Accessed 12 May 2018].

Krensel, A. 2013. Amended Broad-Based Black Economic Empowerment (BBBEE) Act Code of Good Practice: Business and immigration solutions. http://ibn.co.za/wp-content/uploads/2012/10/BBBEE-Amendments-2013-IBNinforms.pdf

Krüger, L.P. 2011. The impact of black economic empowerment (BEE) on South African businesses: Focusing on ten dimensions of business performance. *Southern African Business Review*, 15(3):207-233. https://journals.co.za/doi/pdf/10.10520/EJC92929

Krüger, L.P. 2014. Broad-based black economic empowerment (B−BBEE) in South Africa: A moral and ethical management perspective. *Problems and Perspectives in Management*, 12(4):442-456.

Kumar, R. 201. Research methodology: A step-by-step guide for beginners. 3rd edition. Sage, New Delhi.

Kurawa, S.S. 2012. Social order in sociology: Its reality and elusiveness. *Sociology Mind,* 2(1):34-40. http://dx.doi.org/10.4236/sm.2012.21004

Kurtz, L.R. 2010. *The anti-apartheid struggle in South Africa (1912-1992)*. International Center on Nonviolent Conflict. https://www.nonviolent-conflict.org/wp-content/uploads/2019/03/South-Africa-Anti-Apartheid-Summary.pdf

Kuwali, D. (Ed.) 2022. *The Palgrave handbook of sustainable peace in Africa*. Cham, Switzerland: Palgrave Macmillan.

Labour Net. 2017 (November 23). The importance of B−BBEE to the economy and your business. *Labour Net Blog.* Available at https://www.labournetblog.com/post/2017/10/03/the-importance-of-B−BBEE-to-the-economy-and-your-business [Accessed 04 November 2020].

Laing, E., Van Stel, A. and Storey, D.J. 2021. Formal and informal entrepreneurship: A cross-country policy perspective. *Small Business Economics*, 59:807-826. https://doi.org/10.1007/s11187-021-00548-8

Lamont, C. and Boduszynski, M.P. 2020. *Research methods in politics and international relations*. Newbury Park, CA: SAGE.

Laschinger, H.K.S., Gilbert,S., Smith, L.M. and Leslie K. 2010. Towards a comprehensive theory of nurse/patient empowerment: Applying Kanters empowerment theory to patient care. *Journal of Nursing Management*, 18(1):4-13. https://doi.org/10.1111/j.1365-2834.2009.01046.x

Latham, J. 2005. *Conceptual framework*. Available at https://www.drjohnlatham.com/frameworks/research-methods-framework/conceptual-framework/ [Accessed 02 March 2018].

Latpate, R., Kshirsagar, J., Gupta, V.K. and Chandra, G. 2021. *Advanced sampling methods*. Berlin: Springer Nature.

Lawal, G. 2007. Corruption and development in Africa: Challenges for political and economic change. *Humanity and Social Sciences Journal,* 2(1):1-7. http://iffoadatabase.trustafrica.org/iff/Corruption%20and%20Development%20in%20Africa.pdf

Lawrence, J. and Thornton, G. 2016 (August 17). B−BBEE amended codes mean higher costs for SA business. *FAnews*. Available at https://www.fanews.co.za/article/compliance-regulatory/2/bee-black-empowerment/1093/B−BBEE-amended-codes-mean-higher-costs-for-sa-business-grant-thornton-research/20888 [Accessed 25 October 2022].

Leavy, P. 2017. Research design: Quantitative, qualitative, mixed methods, arts-based approaches. New York: Guilford Press.

Leboea, S.T. 2017. The factors Influencing SME failure in South Africa. [Master's dissertation], University of Cape Town.

Leedy, P.D. and Ormrod, J.E. 2013. *Practical research: Planning and design*. 10th edition. Boston: Pearson.

Letsema. 2019 (April 24). *Barriers that restrict enterprise and supplier development*. Johannesburg. Available at https://letsema.co.za/consulting/economic-development/enterprise-development/barriers-ed/ [Accessed 02 March 2022].

Letsema. 2021. *SMME strengths, weaknesses and large business support*. Available at https://letsema.co.za/consulting/economic-development/smme-strengths-weaknesses-large-business-development/ [Accessed 22 July 2022].

Leubolt, B. 2015. One or two nation projects? Discourse on inequalities and equality-related policies in South Africa and Brazil. *Revista de Sociologia e Política*, 23(55), 35-51. https://doi.org/10.1590/1678-987315235503

Levy, B., Hirsch, A., Naidoo, V. and Nxele, M. 2021. *South Africa: When strong institutions and massive inequalities collide.* Washington, D.C.: Carnegie Endowment for International Peace. https://carnegieendowment.org/files/202103-Levy_etal_SouthAfrica.pdf

Lieberman, O.R. 2018. *Youth declarations for human dignity and human rights: A holistic approach to public policies*. United States of America: Lulu Press.

Liedtke, S. 2020 (February 6). Octodec, Raizcorp launch enterprise and supplier development programme. *Creamer Media's Engineering News*, 6 February. https://www.engineeringnews.co.za/article/octodec-raizcorp-launch-enterprise-and-supplier-development-programme-2020-02-06

Liaqat, M., Awan, R.L., Sharif. S and Bibi, R. 2020. Empowerment: A change in nursing and health care system. *Journal of Clinical Research & Bioethics*, 11(6), article 1000363. https://doi.org/10.35248/2155-9627.20.11.363

Lim, W.M. and Ting, D.H. 2012. E-shopping: An analysis of the technology acceptance model. *Modern Applied Science*, 6:49-62.

Lindsay, D.M. 2015. BEE informed: A diagnosis of black economic empowerment and its role in the political economy of South Africa. [Doctoral thesis], University of the Witwatersrand, Johannesburg.

Linkon, S.L. 2018. *Half-life of deindustrialization: Working-class writing about economic restructuring*. Ann Arbor, MI: University of Michigan Press. https://doi.org/10.3998/mpub.8432351

Littlewood, D. and Holt, D. 2018. Social entrepreneurship in South Africa: Exploring the influence of environment. *Business and Society,* 57(3):525-561. https://doi.org/10.1177/0007650315613293

Lohr, S.L. 2019. *Sampling: Design and analysis*. 2nd edition. Boca Raton, FL: CRC Press.

Longley, R. 2021 (August 26). What is communism? Definition and examples. ThoughtCo. Available at https://www.thoughtco.com/what-is-communism-1779968 [Accessed 01 October 2021].

Lopez, V. and Whitehead, D. 2013. Sampling data and data collection in qualitative research. In: Schneider, Z., Whitehead, D., LoBiondo-Wood. G. and Haber. J. (Eds.), Nursing & midwifery research: Methods and appraisal for evidence-based practice. 4th edition. Elsevier - Mosby, Marrickville, Sydney.

Lord, J. and Hutchison, P. 1993. The process of empowerment: Implications for theory and practice. *Canadian Journal of Community Mental Health,* 12(1):5-22. https://www.johnlord.net/web_documents/process_of_empowerment.pdf

Lovasic, L. 2018. SMME funding – A mismatch between supply and demand. Simanye. Available at https://simanye.co.za/2018/10/17/funding-for-smmes-a-mismatch-between-supply-and-demand/ [Accessed 29 March 2019].

Lowman, S. 2015 (October 28). Solidarity: EFF's distorted ownership facts incite racial tension. *BizNews*. Available at https://www.biznews.com/sa-investing/2015/10/28/solidarity-effs-distorted-ownership-facts-incite-racial-tension [Accessed 17 September 2021].

Lozano, J.F., Boni, A., Peris, J. and Hueso, A. 2012. Competencies in higher education: A critical analysis from the capabilities approach. *Journal of Philosophy of Education,* 46(1):132-147. https://doi.org/10.1111/j.1467-9752.2011.00839.x

Lust, B. & Blume, M. 2016. *Research methods in language acquisition: Principles, procedures and practices*. Language and the Human Lifespan Series. Berlin: Walter de Gruyter. https://doi.org/10.1515/9783110415339

Machinya, J. 2014. The role of the indigenisation policy in community development: A case of the Zvishavane Community Share Ownership Trust, Zvishavande District Zimbabwe. [Master's dissertation], University of the Witwatersrand, Johannesburg.

Mafoyane, S. 2018. Enterprise supplier development – ESD - Must result in real impact. Available at https://www.businessessentials.co.za/2018/05/31/enterprise-supplier-development/ [Accessed 26 July 2022].

Magaisa, A.T. 2015 (October 21). The trouble with Zimbabwe's indigenisation policy. *Nehanda Radio* Available at https://nehandaradio.com/2015/10/21/the-trouble-with-zimbabwes-indigenisation-policy/ [Accessed 20 March 2020].

Magocha, B. 2018. The persistence of inequality in Zimbabwe. Available at http://zimcodd.org/persistence-inequality-zimbabwe-0 [Accessed 10 October 2019].

Mandla, B. 2006. BEE and Malaysia's NEP: A comparative study. (Master's dissertation). University of Stellenbosch. http://hdl.handle.net/10019.1/2412

McIntosh, A. and Hunter, M 2017. In: McIntosh, A. and Hunter, M. (Eds.), New perspective on human security. London: Routledge.

Mahadea, D. and Kaseeram, I. 2018. Impact of unemployment and income on entrepreneurship in post-apartheid South Africa: 1994-2015. *Southern African Journal of Entrepreneurship and Small Business Management,* 10(1), article 115. https://doi.org/10.4102/sajesbm.v10i1.115

Mahlangu, N. 2016. Perceptions of small, medium and micro enterprises in Johannesburg, Gauteng on the impact of Preferential Procurement Policy Framework Act (Act No. 5 of 2000) as a supplier diversity tool. [Master's dissertation], University of the Witwatersrand, Johannesburg.

Makgetla, N. 2021. *The impacts and outcomes of B−BBEE: A preliminary assessment*. Trade & Industrial Policy Strategies (TIPS). Working Paper. Available at https://www.tips.org.za/research-archive/trade-and-industry/economic-regulation/item/3965-the-impacts-and-outcomes-of-bbbee-a-preliminary-assessment [Accessed 12 June 2021]

Makgoba, M. 2022. Constructing black economic empowerment (BEE) as a radically transformative policy in South Africa: Government v corporate discourse. *Critical African Studies*, 14(1):1-19.

Makwiramiti, A.M. 2011 (February 24). In the name of economic empowerment: A case for South Africa and Zimbabwe*. Polity.* https://www.polity.org.za/article/in-the-name-of-economic-empowerment-a-case-for-south-africa-and-zimbabwe-2011-02-24 Available at [Accessed 02 April 2019].

Maluleke, A. 2014. Challenges faced by SEDA in providing training and mentoring support services to SMMEs. [Master's dissertation], University of the Witwatersrand, Johannesburg.

Manala, M.J. 2010. 'A better life for all': A reality or a pipe-dream? A black theology intervention in conditions of poor service delivery in the democratic South Africa. *Scriptura: Journal for Contextual Hermeneutics in South Africa,* 105(1):519-531. https://hdl.handle.net/10520/EJC100558

Marais, H. 2011. *South Africa pushed to the limit: The political economy of change. South Africa*. Claremont: University of Cape Town Press.

Martino, L., Luengo, D. and Míguez, J. 2018. *Independent random sampling methods*. Berlin: Springer.

Masutha, M. and Rogerson, C.M. 2014. Small enterprise development in South Africa: The role of business incubators. *Bulletin of Geography. Socio-economic Series*, (26):141-155. https://doi.org/10.1515/bog-2014-0050

Masvinge, F. 2021 (September 28). Ensure your business complies with employment equity legislation. *Transcend*. Available at https://insights.transcend.co.za/ensure-your-business-complies-with-employment-equity-legislation [Accessed 15 October 2022].

Maswanganyi, M.P. 2010. *Rule of law in South Africa*. [Master's dissertation], University of Limpopo, South Africa.

Matambalya, F.S.T. (Ed.) 2015. *African industrial development and European Union co-operation: Prospects for a reengineered partnership.* Routledge Studies in Development Economics. New York: Routledge.

Matekenya, W. and Moyo, C. 2022. Innovation as a driver of SMME performance in South Africa: A quantile. *African Journal of Economic and Management Studies*, 13(3):452-467. https://doi.org/10.1108/AJEMS-06-2021-0306

Mateus, A.D., Allen-Ile, C. and Iwu, C.G. 2014. Skills shortage in South Africa: Interrogating the repertoire of discussions. *Mediterranean Journal of Social Sciences*, 5(6):63-63. http://dx.doi.org/10.5901/mjss.2014.v5n6p63

Mathebula, J. 2015. SA's enterprise and supplier development challenges and what needs to be done going forward. Available at http://www.smesouthafrica.co.za/88889/SAs-enterprise-and-supplier-development-challenges-and-what-needs-to-be-done-going-forward/ [Accessed 30 September 2017].

Maweni, N. 2019 (March 14). B−BBEE is more relevant now than ever. *City Press*. Available at https://www.news24.com/citypress/business/bbbee-is-more-relevant-now-than-ever-before-20190314 [Accessed 12 July 2021].

May, M. 2014. Small business in South Africa: What the Department of Small Business Development can do to stimulate growth. Occasional paper 35. Cape Town: Southern African Catholic Bishop's Conference. Available at http://www.cplo.org.za/wp-content/uploads/2013/04/OP-35-Small-Business-in-South-Africa-Sept-2014_email.pdf [Accessed 01 March 2020].

McCamel, R.T. 2018. The impact of manufacturing and its sub-sector on GDP and employment in South Africa: A time-series analysis. [Master's dissertation], North-West University, Potchefstroom.

McGinnis, M.D. 2017. *Connecting commons and the IAD framework*. College of Arts and Sciences, Indiana University. Available at

https://mcginnis.pages.iu.edu/Connecting%20Commons%20and%20IAD%20revised%20Nov%2028.pdf [Accessed 23 March 2013]

Mchombu, K.J. and Mchombu, C.M. 2014. *The role of information and knowledge in poverty eradication in Africa: A case study of Namibia*. IFLA 2014 Lyon Conference, France. https://library.ifla.org/id/eprint/996/1/189-mchombu-en.pdf

Mclntyre-Mills, J. Romm, N.R.A. and Corcoran-Nantes, Y. (Eds.) 2019. *Democracy and governance for resourcing the commons: Theory and practice on rural−urban balance*. Cham: Springer International Publishing.

McMahon, R.G.P. 2007. Ownership structure, business growth and financial performance amongst SMEs: From Australia's business longitudinal survey. *Journal of Small Business and Enterprise Development*, 14(3):458-477. https://doi.org/10.1108/14626000710773547

Mears, R. and Theron, D.J. 2006. The development and management of SMMEs by NEPAD. *Acta Commercii*, 6(1):20-27. https://hdl.handle.net/10520/EJC16988

Mehta, U.B. 2016. A historical analysis of the relationship between B−BBEE score and share return in South Africa. [Master's dissertation], University of Pretoria.

Melber, H. 2018. *The political economy of Namibia*. Rift Valley Institute, UNICEF Esaro Country Paper. http://dx.doi.org/10.13140/RG.2.2.12865.86884

Menon, S.T. 1999. Psychological empowerment: definition, measurement, and validation. *Canadian Journal of Behavioural Science,* 31(3):161-164. https://psycnet.apa.org/doi/10.1037/h0087084

Menzies, D. and Erwin, R. 2017. *Inaugural South African SMME access to finance report.* Finfind. https://www.accesstofinancereport.co.za/pdf/SA-SMME-Access-to-Finance-Report-2017-FINAL-VERSION-FOR-RELEASE-on-10-July-2018.pdf

Meyer, M. 2007. The relationship between black economic empowerment and entrepreneurship in South Africa. [Master's dissertation], University of Pretoria.

Mezirow, J. 1997. Transformative learning: Practice theory to practice. *Journal of New Directions for Adult Continuing Education*, 1997(74):5-12. https://doi.org/10.1002/ace.7401

Mezirow, J. and Taylor, E.W. (Eds.) 2009. *Transformative learning in practice: Insights from community, workplace, and higher education*. San Francisco, CA: Jossey-Bass.

Mhlanga, T. 2018 (March 15). State owned entities must implement B−BBEE. *Mail & Guardian*, 15 March. Available at https://mg.co.za/article/2018-03-15-state-owned-entities-must-implement-B−BBEE/ [Accessed 12 May 2020].

Middleton, F. 2020. Reliability vs validity: What's the difference? https://www.scribbr.com/methodology/reliability-vs-validity [Accessed 12 March 2021].

Miemiec, Y. 2019 (October 8). *The impact of enterprise development in South Africa.* University of Stellenbosch Business School. Available at: https://usb-ed.com/blog/the-impact-of-enterprise-development-in-south-africa/ [Accessed 30 December 2022]

Mihlar, F. 2011. *Ethnic and religious discrimination big challenge for Malaysia's minorities*. [Press Release, 25 May]. Minority Rights Group International. Available at https://minorityrights.org/2011/05/25/ethnic-and-religious-discrimination-big-challenge-for-malaysias-minorities/ [Accessed 09 October 2019]

Miles, M.B., Huberman, A.M. and Saldana, J. 2018. *Qualitative data analysis: A methods sourcebook*. Newbury Park, CA: SAGE.

Mitchell-Walthour, G.L. 2018 (May 29). Lessons from Brazil for U.S. black and brown politics as the United States becomes a minority-majority society. *Scholars Strategy Network*. Scholars Strategy Network. Available at https://scholars.org/brief/lessons-brazil-us-black-and-brown-politics-united-states-becomes-minority-majority-society [Accessed 08 October 2019].

Mofokeng, N.E.M., Giampiccoli, A. and Jugmohan, S.N. 2018. Black economic empowerment led transformation within the South African accommodation

industry: The case of Clarens. *African Journal of Hospitality, Tourism and Leisure*, 7(11):1-16. https://www.ajhtl.com/uploads/7/1/6/3/7163688/article_33_vol_7__1__2018.pdf

Mohale, B. 2021. *Behold the turtle: Thoughts on ethically principled leadership*. Johannesburg: Jonathan Ball.

Mohlabi-Tlaka, N., De Jager, L. and Engelbrecht, A. 2017. Policy, practice, purpose: The text-based approach in contemporary South Africa. EFAL Classrooms. *Journal of Language Learning*, 33(2):22-35.

Mokgobinyane, M.V. 2017. Relationship between black economic empowerment (BEE) scores, revenue growth and profitability in JSE-listed companies. [Master's dissertation], University of South Africa, Pretoria.

Mokhtar, K.S., Ai Reen, C. and Singh, P.S.J. 2013. The new economic policy (1970-1990) in Malaysia: The economic and political perspectives. *GSTF Journal on Media & Communication*, 1(1):13. http://dl6.globalstf.org/index.php/jlss/article/view/520/537

Molo, S. 2018. Government finance institute provision: Impact of enterprise development on SMMEs growth and local economic development in Gauteng. [Master's dissertation], University of the Witwatersrand, Johannesburg.

Mondi, L. 2017. Black business and the state in South Africa. Economic Society of South Africa. Available at https://2017.essa.org.za/fullpaper/essa_3340.pdf [Accessed 22 March 2023].

Monje-Amor, A., Xanthopoulou, D., Calvo,N. and Vázquez, J.P.A. 2021. Structural empowerment, psychological empowerment and work engagement: A cross-country study. *European Management Journal*, 39(2021):779-789. https://doi.org/10.1016/j.emj.2021.01.005

Moodley, R. and Arcangeli, J. 2022 (August 19). Marginalised groups in strategic sectors can boost the economy. *South African Government News Agency*. Available at https://www.sanews.gov.za/south-africa/marginalised-groups-strategic-sectors-can-boost-economy [Accessed 15 October 2022].

Moore Stephens. [n.d.] 2018 *B−BBEE Guide*. MOORE South Africa. Available at http://southafrica.moorestephens.com/MediaLibsAndFiles/media/southafricaweb.moorestephens.com/Guides-2018/MS-B-BEEE-Code-of-Good-Practice-Guide.pdf [Accessed 03 July 2021].

Moos, M. and Sambo, W. 2018. An exploratory study of challenges faced by small automotive businesses in townships: The case of Garankuwa, South Africa. *Journal of Contemporary Management*, 15, 467-494. http://hdl.handle.net/2263/68523

Morais, L. and Saad-Filho, A. 2012. Neo-developmentalism and the challenges of economic policy-making under Dilma Rousseff. *Critical Sociology*, 38(6):789-798. https://doi.org/10.1177/0896920512441635

Morris, C. 2018. The impact of black economic empowerment on business risk: Evidence from the South African industrial sector. *African Journal of Business and Education Research*, 13(2):99-120. https://hdl.handle.net/10520/EJC-10dd03c14f

Morse, J.M. & Niehaus, L. 2016. *Mixed methods design: Principles and procedures*. New York: Routledge.

Mosala, S.J., Venter, J.C.M. and Bain, E.G. 2017. South Africa's economic transformation since 1994: What influence has the National Democratic Revolution (NDR) had? *Review of Black Political Economy,* 44(3-4):327-430. https://doi.org/10.1007/s12114-017-9260-2

Mosimane, T. 2018. *Looking at implementing and managing enterprise supplier development*. Rivonia, Johannesburg: Change Agility. Available at http://changeagility.co.za/looking-implementing-managing-enterprise-supplier-development-esd-implementing-esd-top-bottom-getting-business-buy-proactively-facilitating-managing-change-o/ [Accessed 09 January 2019].

Mouton, J. 2001. *How to succeed in your master's and doctoral studies: A South African guide and resource book*. Pretoria: Van Schaik.

Mowafi, M. and Khawaja, M. 2005. Poverty. *Journal of Epidemiology and Community Health*, 59(4):59-260. https://doi.org/10.1136%2Fjech.2004.022822

Mpeta, B., Fourie, J. and Inwood, K. 2018. Black living standards in South Africa before democracy: New evidence from height. *South African Journal of Science*. 114(1/2):1-8. http://dx.doi.org/10.17159/sajs.2018/20170052

Mudau, D. 2022. The influence of Broad-Based Black Economic Empowerment policies on organisational effectiveness: A case of South African companies. (Doctoral thesis). Durban University of Technology. https://doi.org/10.51415/10321/4232

Mudenda, P.M. 2013. Business transformation in Durban: Perceptions of black entrepreneurs in the context of black economic empowerment. [Master's dissertation], University of KwaZulu-Natal.

Mudyiwa, T. 2018. *Enterprise supplier development vs strategic supplier management*. Rosebank, Johannesburg: Letsema. Available at http://www.businessessentials.co.za/2018/06/25/strategic-supplier-management/ [Accessed 09 January 2019].

Mugo, A.N., Kahuthia, J. and Kinyua, G. 2019. Effects of infrastructure on growth of small and medium enterprises in Kenya: A case of clothing and textile businesses in Nairobi Central Business District. *International Academic Journal of Human Resources and Business Administration*, 3(6):133-149. https://www.iajournals.org/articles/iajhrba_v3_i6_133_149.pdf

Musabayana, G.T. and Mutambara, E. 2022. The implementation of Broad-Based Black Economic Empowerment ((B−BBEE) policy in South Africa. *Australasian Accounting, Business and Finance Journal*, 16(1):73-84. http://dx.doi.org/10.14453/aabfj.v16i1.5

Mutasa, C. 2015. *A brief history of land in Zimbabwe 1890-today, focus on land in Africa*. World Resource Institute, Washington DC.

Muthusamy, M. 2022. The influence of business incubator mentorship strategies on building sustainable, successful and ethical small businesses. [Doctoral thesis], University of South Africa, Pretoria.

Myres, K., Johnstone, R. and Pogrund, G. 2022. *South African SMMEs and their ethical ecosystem*. Available at Gordon Institute of Business Science,

University of Pretoria. https://www.gibs.co.za/about-us/faculty/documents/whitepapers/myers_sa%20smmes%20and%20their%20ethical%20eosystem.pdf

Namibia Agricultural Union. 2018. Weekly News: 13 April 2018. *Weekly News,* 20 April. Available at http://www.agrinamibia.com.na/weekly-news-13-april-2018/ [Accessed 22 July 2021].

Namibia Chamber of Commerce and Industry.2016. *Consolidated comments on the new equitable economic empowerment framework and the NEEEF Draft Bill*. https://cms.my.na/assets/documents/p1ako1nvlc129o10fm1544b95v2f1.pdf [Accessed 01 March 2019].

Nangolo, E.K. 2017. An analysis on creating a balance between economic transformation and investment in Namibia's mining industry. [Master's dissertation], University of Cape Town.

Nardi, P.M. 2016. *Doing survey research: A guide to quantitative methods*. 3rd edition. New York: Routledge.

National Development Agency and Human Sciences Research Council. 2013. *Civil society participation in income generating activities in South Africa*. https://www.nda.org.za/assets/resources/CF824421-4FA0-41EE-AB69-4DB10CD0384A/Research_report_Income_Generation_study_report.pdf

National Union of Metalworkers of South Africa. 2008. Poverty and Unemployment Bedevil South Africa. https://numsa.org.za/2008/07/poverty-and-unemployment-bedevil-south-africa/ [Accessed 15 January 2023].

Nattrass, N. and Seekings, J. 2001. "Two Nations?" Race and economic inequality in South Africa today. *Dædalus,* 130(1):45-70. https://www.jstor.org/stable/20027679

Nawrin, R. 2016. Impact of psychological empowerment on employees' work and organization engagement: A study in the manufacturing sectors, Bangladesh. *Mediterranean Journal of Social Sciences*, 7(5):389-395. https://doi.org/10.5901/mjss.2016.v7n5p389

Naz, F. 2016. Understanding human well-being: How could Sen's capability approach contribute? *Forum for Social Economics* 49(3):316-331. https://doi.org/10.1080/07360932.2016.1222947

Ndlovu, M. 2021 (September 16). South Africa needs more black corporate guerrillas. *Mail & Guardian*. Available at https://mg.co.za/opinion/2021-09-16-south-africa-needs-more-black-corporate-guerillas/ [Accessed 17 October 2021].

Ndlovu, T. 2014. The role of micro-enterprise on economic growth and development: A Case of small medium and micro-enterprises (SMMEs) in Botswana. ECO 411 Term Paper 2014. Gaborone: University of Botswana. Available at https://www.academia.edu/8614083/THE_ROLE_OF_MICRO-ENTERPRISES_ON_ECONOMIC_GROWTH_A_CASE_OF_SMMEs_IN_BOTSWANA [Accessed 12 July 2021].

Ndovela, M. and Chinyamurindi, W.T. 2021. Entrepreneurial careers: Factors influencing entrepreneurial intentions using a sample of undergraduate exit students. *South African Journal of Higher Education*, 35(3):146-152. https://doi.org/10.20853/35-3-3676

Neeta, B. 2021. *Handbook of research on strategies and interventions to mitigate COVID-19 impact on SMMEs*. Pennsylvania, USA: IGI Global.

New Generation Mindset. 2017. Enterprise and supplier development explained. Available at https://www.ngmindset.co.za/enterprise-and-supplier-development-explained/ [Accessed 22 October 2018].

Newman, K.S. and De Lannoy, A. 2014. *After freedom. The rise of the post-apartheid generation in democratic South Africa*. Boston, MA: Beacon Press.

Ngcobo, S. and Sukdeo, R. 2015. Challenges facing SMMEs during their first two years of operation in South Africa. *Corporate Ownership Control*, 12(3):505-512. https://www.virtusinterpress.org/IMG/pdf/cocv12i3c5p2.pdf

Ngqeza, K. and Dhanpat, N. 2021. Investigating the effects of employee empowerment on turnover intention in a mining organisation. *SA Journal of Human Resource Management*, 19, article 1564. https://doi.org/10.4102/sajhrm.v19i0.1564

Ngulube, P. 2021. Handbook of research on mixed methods in information science. Pennsylvania, USA: IGI Global.

Nhemachena, A., Warikandwa, T.V. and Amoo, S.K. 2018. *Social and legal theory in the age of decoloniality: (Re)envisioning Pan-African jurisprudence in the 21st century.* Cameroon: Langaa Research and Publishing Common Initiative Group. https://doi.org/10.2307/j.ctvh9vwf3

Nieuwenhuizen, C. 2019. The effect of regulations and legislation on small, micro and medium enterprises in South Africa. *Development Southern Africa*, 36(5):666-677. https://doi.org/10.1080/0376835X.2019.1581053

Niiniluoto, I. 2018. *Truth-seeking by abduction*. Berlin: Springer.

Nkanjeni,U. 2022. SA sees 1% decline in unemployment but remains highest in the world — 5 key things you need to know. *Times LIVE*. 30 November. https://www.timeslive.co.za/news/south-africa/2022-11-30-sa-sees-1-decline-in-unemployment-but-remains-highest-in-the-world-5-key-things-you-need-to-know/ [Accessed 15 January 2023].

Noble, H. and Smith, J. 2015. Research made simple: Issues of validity and reliability in qualitative research. *Evidence Based Nursing*, 18(2):34-35. http://dx.doi.org/10.1136/eb-2015-102054

North, D.C., Wallis, J.J. and Weingast, B.R. 2006. *A conceptual framework for interpreting recorded human history*. NBER Working Paper Series. Working Paper 12795. https://doi.org/10.3386/w12795

North, D.C., Wallis, J.J. and Weingast, B.R. 2009. *Violence and social orders: A conceptual framework for interpreting recorded human history.* New York: Cambridge University Press.

North, D.C., Wallis, J.J., Webb, S.B. and Weingast, B.R. 2007. *Limited access orders in the developing world: A new approach to the problems of development.* Policy Research Working Paper 4359. The World Bank. http://econweb.umd.edu/~wallis/MyPapers/Limted_Access_Orders_in_the_Developing_WorldWPS4359.pdf

Ntibagirirwa, S. 2012. Philosophical premises for African economic development: Sen's capability approach. [Doctoral thesis], University of Pretoria.

Ntsaluba, G. 2020 (September 13). Racism still alive | Black South Africans in 15.2% of senior positions. *City Press*. Available at https://www.news24.com/citypress/news/racism-still-alive-black-south-africans-in-152-of-senior-positions-20200913-2 [Accessed 12 April 2023].

Nussbaum, M.C. 2000. *Women and human development: The capabilities approach.* New York: Cambridge University Press.

Nussbaum, M.C. 2011. *Creating capabilities: The human development approach.* London: Belknap Press of Harvard University Press.

Nussbaum, M.C. and Glover, J. (Eds.) 1995. *Women, culture, and development: A study of human capabilities*. Oxford, UK: Oxford University Press.

Nyakabawo, W. 2017. *South Africa's local content policies: Challenges and lessons to consider.* Trade & Industrial Policy Strategies. Policy Brief: 4.

Nyathi, T. 2016. An analysis of the implementation of the indigenisation economic empowerment policy in Zimbabwe. [Master's dissertation], University of Fort Hare, Alice, South Africa.

Nyatsumba, K. 2017 (October 23). South Africa's escalating engineering crisis. *Independent Online*. Available at https://www.iol.co.za/business-report/companies/south-africas-escalating-engineering-crisis-11670238 [Accessed 08 August 2022].

Odendaal, N. 2015. Black industrialists to drive S Africa's industrialisation – Zuma. *Polity.* Available at https://www.polity.org.za/article/black-industrialists-to-drive-s-africas-industrialisation-zuma-2015-03-25 [Accessed 08 August 2022].

Olele, P. 2019. Diamonds are shining and so is Botswana's economy. *Nairametrics*. Available at https://nairametrics.com/2019/12/13/diamonds-are-shining-and-so-is-botswanas-economy/ [Accessed 12 October 2020].

Oliver, E. and Oliver, W.H. 2017. The colonisation of South Africa: A unique case. *HTS Theological Studies*, 73(3):1-8. http://dx.doi.org/10.4102/hts.v73i3.4498

Olson, B.D. and Jason, L.A. 2015. Participatory mixed methods research. In: Hesse-Biber, S. and Johnson, R.B. (Eds.), *The Oxford handbook of multimethod and mixed methods research inquiry.* Oxford University Press.

Omona, J. 2013. Sampling in qualitative research: Improving the quality of research outcomes in higher education. *Makerere Journal of Higher Education*, 4:169-185.

Onwuegbuzie, A.J., & Collins, K.M. 2007. A typology of mixed methods sampling designs in social science research. *The Qualitative Report*, 12(2):281-316.

Orelowitz, D. 2021 (March 29). Do more than just tick a B−BBEE box – Make training a top business priority. *The People Factor Magazine.* SA Board for People Practices. Available at https://peoplefactor.co.za/do-more-than-just-tick-a-B−BBEE-box-make-training-a-top-business-priority/ [Accessed 10 April 2021].

Organization for Economic Cooperation and Development. 2017. Enhancing the contributions of SMEs in a global and digitalised economy. *Meeting the OECD Council at Ministerial Level*, 7-8 June, Paris. https://www.oecd.org/industry/C-MIN-2017-8-EN.pdf

Ostrom, E. 2005. *Understanding institutional diversity*. Princeton, NJ: Princeton University Press.

Ostrom, E. 2010. Institutional analysis and development: Elements of the framework in historical perspective. In: Crothers, C. (Ed.):*Historical developments and theoretical approaches in sociology, Vol. II* (pp. 261-288). http://www.eolss.net/Sample-Chapters/C04/E6-99A-34.pdf

Ostrom, E. 2011. Background on the institutional analysis and development framework. *Policy Studies Journal*, 39(1):7-27. https://doi.org/10.1111/j.1541-0072.2010.00394.x

Otto, H.-O., Egdell, V., Bonvin,J. and Atzmüller, R. (Eds.) 2017. *Empowering young people in disempowering times: Fighting inequality through capability oriented policy.* Cheltenham UK: Edward Elgar Publishing.

Oussi, Y. 2020. Understanding inductive reasoning and deductive reasoning. https://www.researchgate.net/publication/342396307_Understanding_Inductive_reasoning_and_deductive_reasoning [Accessed 20 June 2021].

Ovadia, J.S. 2013. The reinvention of elite accumulation in the Angolan oil sector: Emergent capitalism in a rentier economy. *Cadernos de Estudos Africanos*, 25(8):33-63. https://doi.org/10.4000/cea.839

Oyewole, B. 2018. Overview of local content regulatory frameworks in selected ECCAS countries. In: *United Nations Conference on Trade and Development (UNCTAD)*, Geneva, May 2018. https://unctad.org/system/files/official-document/ditccominf2018d4_en.pdf

Panina, D. and Lane, K. 2017. Developing future global business leaders through international experiences: An assessment of study-abroad outcomes. In: Management Association Information Resources (USA) (Eds.), *Entrepreneurship: Concepts, methodologies, tools and applications*. IGI Global.

Pansiri, J. and Yalala, A.T. 2017. The evolution of entrepreneurship and small-to-medium business development in Botswana. *Botswana Journal of Business*, 10(1):53-80. https://journals.ub.bw/index.php/bjb/article/view/953/553

Pardede, P. 2018. Identifying and formulating the research problem. Research in ELT, Module 1. Universitas Kristen Indonesia.

Parker, D. 2020 (May 29). Sector's GDP contribution not what it should be. *Creamer Media's Engineering News*. Available at https://www.engineeringnews.co.za/article/manufacturings-gdp-contribution-not-what-it-should-be-2020-05-29 [Accessed 30 June 2021].

Parliamentary Monitoring Group. 2017 (August 2). Industrial Policy Action Plan (IPAP) 2017/18 to 2019/20 briefing. Available at https://pmg.org.za/committee-meeting/24754/

Patel, S. 2015 (July 15). The research paradigm – methodology, epistemology and ontology – Explained in simple language. Available at http://salmapatel.co.uk/academia/the-research-paradigm-methodology-

epistemology-and-ontology-explained-in-simple-language/ [Accessed 16 May 2018].

Patel, S. and Moloko,T. 2022 (August 18). B-BBEE Commission releases 2021 National Status and Trends Report. *Bizcomunity*. Available at https://www.bizcommunity.com/Article/196/820/230676.html [Accessed 21 April 2023].

Patel, M. and Patel, N. 2019. Exploring research methodology: Review article. *International Journal of Research and Review*, 6(1):48-55. https://www.ijrrjournal.com/IJRR_Vol.6_Issue.3_March2019/IJRR0011.pdf

Perkins, D.D. 2010. Empowerment. In: Couto, R.A. (Ed.), *Political and civil leadership: A reference handbook*. Newbury Park, CA: SAGE. https://dx.doi.org/10.4135/9781412979337

Perkins, D.D. and Zimmerman, M.A. 1995. Empowerment theory, research and application. *American Journal of Community Psychology,* 23(5):569-579. https://doi.org/10.1007/BF02506982

Peter, B.S. and Akinyede, O.M. 2017. Assessing the influence of environmental factors on entrepreneurship development in Nigeria. *Journal of Global Economics, Management and Business Research,* 8(3):140-148. https://www.ikprress.org/index.php/JGEMBR/article/view/3315

Peters, R. and Naicker, V. 2013. Small medium micro enterprise business goals and government support: A South African case study. *South African Journal of Business Management*, 44(4):13-12. https://doi.org/10.4102/sajbm.v44i4.165

Phillips, A. 1999. Bantu education. The review. *A Journal of Undergraduate Student Research*, 2(6):22-27. https://fisherpub.sjf.edu/ur/vol2/iss1/6

Phiri, T. 2019. Small businesses don't need handouts, they need corporate support to survive. *IOL* – Opinion, 13 November 2019. BEE News, 14 November. Te BEEChamber. Available at https://www.bee.co.za/post/2019/11/14/small-businesses-dont-need-handouts-they-need-corporate-support-to-surviv [Accessed 18 May 2020].

Pickard, A.J. 2007. *Research* methods in *information*. London: UK Facet Publ.

Pickel, A. 2002. Transformation theory: Scientific or political? *Communist and Post-Communist Studies,* 35(1):105-114. https://doi.org/10.1016/S0967-067X(01)00027-7

Pike, A., Puchert, J. and Chinyamurindi, W.T. 2018. Analysing the future of broad-based economic empowerment through the lens of small and medium enterprises. *Acta Commercii,* 18(1), article 566. https://doi.org/10.4102/ac.v18i1.566

Pillay, D., Khadiagala, G.M., Southall, R., Mosoetsa, S. and Kariuki, S. (Eds.). 2018. *New South Africa review 6: The crisis of inequality*. New York: New York University Press.

Pillay, S. 2014. Development corruption in South Africa: Governance matters. New York: Palgrave Macmillan.

Pillay, V. 2016 (May 31). Recent changes to the BEE landscape. GoLegal. Available at https://www.golegal.co.za/changes-bbbee-act/?nowprocket=1 [Accessed 22 May 2021].

Pillay, R. 2018. The influence of B−BBEE on access to funding for SMMEs in South Africa. [Master's dissertation], University of Pretoria.

Pinielo, I. 2016. Academic calls for entrepreneurship development. *Mmegionline.* Available at https://www.mmegi.bw/business/academic-calls-for-entrepreneurship-development/news [Accessed 05 October 2019].

Piron, L.-H. and Curran, Z. 2005. *Developing the empirical evidence for DFID's strategy on exclusion. Public policy responses to exclusion: Evidence from Brazil, South Africa and India*. London: Overseas Development Institute. https://cdn.odi.org/media/documents/2303.pdf

Plagerson, S. and Mthembu, S. 2019. *Poverty, inequality and social exclusion in South Africa: A systematic assessment of key policies, strategies and flagship programmes*. Johannesburg: Centre for Social Development in Africa (CSDA), University of Johannesburg. https://www.uj.ac.za/wp-

content/uploads/2021/10/nda-poverty-inequality-and-social-exclusion--12-2-2020.pdf

Polski, M. and Ostrom, E. 1999. An institutional framework for policy analysis and design. https://ostromworkshop.indiana.edu/pdf/teaching/iad-for-policy-applications.pdf

Polus, A. 2020. Political aspects of reproduction of inequalities in the Republic of South Africa. *Historia i Polityka*, 32(39):9-26. http://dx.doi.org/10.12775/HiP.2020.011

Ponce, R.S., Cancio, J.A.P. and Sánchez, J.E. 2018. The capabilities approach and values of sustainability: Towards an inclusive pedagogy. *Journal of Innovation & Knowledge*, 3(2):76-81. https://doi.org/10.1016/j.jik.2017.12.008

Ponte, S., Roberts, S. and Van Sittert, L. 2007. "Black Economic Empowerment" (BEE): Business and the state in South Africa. *Development and Change*, 38(5):933-955. https://doi.org/10.1111/j.1467-7660.2007.00440.x

Pooe, R.I.D. 2016. The latest "big thing" for South Africa: Enterprise and supplier development - proposing an implementation framework. *Journal of Transport and Supply Chain Management*, 10(1), article 234. http://www.dx.doi.org/10.4102/jtscm.v10i1.234

Potgieter, E. 2016. *Social mobility in an unequal society: Exploring access and advantage in South Africa.* South African Reconciliation Barometer 2015, Briefing Paper 4. Cape Town: Institute for Justice and Reconciliation. http://ijr.org.za/home/wp-content/uploads/2012/07/IJR-SARB-4-2016-TEXT-final-web.pdf

Portocarero, R. 2021. The effect of the Black Economic Empowerment Act of South Africa Amended Codes of Good Practice 2013. (Master's dissertation, Erasmus University, Rotterdam). https://thesis.eur.nl/pub/60801/The-Effect-of-The-Black-Economic-Empowerment-Act-in-South-Africa.pdf

Porter, K.K. 2019. *Implementing supplier diversity: Driver of entrepreneurship*. Camden, London: Palgrave McMillan.

Pretorius, A. 2018. Know the score. *Impumelelo top empowerment,* 18th ed. https://www.pahc.org.za/wp-content/uploads/2018/11/Know_The_Score_Revised_B−BBEE_Codes.pdf

Pritadrajati, D. 2021 (August 23). Why do we need to revive the manufacturing sector? *The Jakarta Post*. Available at https://www.thejakartapost.com/academia/2021/08/23/why-do-we-need-to-revive-the-manufacturing-sector.html [Accessed 30 December 2022].

Programme on Women's Economic Social and Cultural Rights. 2015. *Human rights for all. International Covenant on Economic, Social and Cultural Rights*. New Delhi, India: PWESCR. http://www.pwescr.org/PWESCR_Handbook_on_ESCR.pdf

PwC South Africa. 2022. *Smart manufacturing 2022.* Available at https://www.pwc.co.za/en/publications/smart-manufacturing.html [Accessed 04 August 2022].

Quah, S. 2017. *International encyclopedia of public health.* 2nd edition. Lake Charles, LA: American Press.

Quatember, A. 2015. *Pseudo-populations: A basic concept in statistical survey*. Berlin: Springer.

Qubeka, X. 2019 (February 13). Creating sustainable supply chains. *IOL Business Report*. Available at https://www.iol.co.za/business-report/companies/creating-sustainable-supply-chains-19273094 [Accessed 11 March 2019].

Quintal, G. 2017 (January 16). *SA's rich-poor gap is far worse than feared*. *Business Day*. Available at https://www.businesslive.co.za/bd/national/2017-01-16-sas-rich-poor-gap-is-far-worse-than-feared-says-oxfam-inequality-report/ [Accessed 30 December 2022].

Rabie, M. 2013. *Global economic and cultural transformation: The making of history.* New York: NY: Palgrave Macmillan.

Ramagaga, P.M. 2015. Factors affecting corporate South Africa's strategies to support SMMEs. [Master's dissertation], University of Pretoria.

Ramli, S.I., Kamarunzaman, N.Z. and Ramli, I.M. 2013. Malaysia's new economic policy: Issues and debate. *American Journal of Economics*, 3(2):108-112. https://doi.org/10.5923/j.economics.20130302.08

Rampersad, R. and Juggernath, S. 2012. Communicating transformation, black economic empowerment, and social interventions amongst South African business. *Corporate Ownership Control*, 9(3):472-480. https://doi.org/10.22495/cocv9i3c4art5

Randburg Chamber of Commerce and Industry. 2017. *Business approach to black economic transformation for inclusive growth*. Background text for internal member consultation, 30 May 2017. https://rcci.co.za/wp-content/uploads/2017/06/Background-Black-Economic-Transformation-Position-Paper-30-05-2017.pdf [Accessed 14 June 2019].

Rappaport, J. 1981. In praise of paradox: A social policy of empowerment over prevention. *American Journal of Community Psychology,* 9(1):1-25. https://psycnet.apa.org/doi/10.1007/BF00896357

Rassel, G., Berner, M., Taliaferro, J.D. & O'Sullivan, E. 2017. *Research methods for public administrators*. 6th edition. New York: Routledge.

Ravallion, M. 2019 (March 11). Ethnic inequality and poverty in Malaysia since 1969. *Economics & Poverty*. Available at https://economicsandpoverty.com/2019/03/11/ethnic-inequality-and-poverty-in-malaysia-since-1969/ [Accessed 10 October 2019].

Rea, A. 2021. What is corporate structure? – Definition, types & examples. Video and lesson transcript. Available at https://study.com/academy/lesson/what-is-corporate-structure-definition-types-examples.html [Accessed 20 April 2022].

Reddy, T. 2015. *South Africa, settler colonialism and the failures of liberal democracy*. London: Zeb Books.

Rees, P. 2016 (February 16). Complying with the amended B−BBEE Codes in 2016. *FANews*. Available at https://www.fanews.co.za/article/compliance-regulatory/2/bee-black-empowerment/1093/complying-with-the-amended-B−BBEE-codes-in-2016/19776 [Accessed 17 October 2022].

Renzi, L. 2012. The impact of multinational corporations on the South African economy. [Master's dissertation], University of Pretoria.

Republic of Botswana. 2012. *Government Paper No. 1 of 2012*. *Appendix A. The Citizen Economic Empowerment Policy (CEE Policy).* https://bbbee.typepad.com/files/microsoft-word---citizen-economic-empowerment-policy---revised-on-24052012-_final_.pdf [Accessed 17 April 2019].

Republic of Namibia. 2015. National Equitable Economic Empowerment Bill. https://www.lac.org.na/laws/NEEEF%20Bill%20V1%20110216.pdf [Accessed 12 March 2019].

Republic of Namibia. 2020. *7th periodic report (2015-2019) on the African Charter on Human and People's Rights and second report under the Protocol to the African Charter on Human and People's Rights on The Rights of Women in Africa*. https://www.achpr.org/public/Document/file/English/Republic%20of%20Namibia%207th%20Period%20Report(2015-2019)_Eng.pdf

Richards, A. and Nicholls, J. 2021. *Generational impact: International perspective on impact accounting*. Bingely, UK: Emerald Publishing.

Ricz, J. 2014. Developmental state in Brazil: Past, present and future. *Federalismi.it*, 20:1-20. http://real.mtak.hu/18391/1/Ricz%20J._Developmental...Federalismi.it.pdf

Riley, G. 2018 (March 21). Brazil – Economic growth and development. *Tutor2u Study notes.* Available at https://www.tutor2u.net/economics/reference/brazil-economic-growth-and-development [Accessed 7 October 2019].

Rioux, C., Stickley, Z.,L., Odejimi,O.A. and Little, T.D. 2020. Item parcels as indicators. In: Van de Schoot, R. and Miocevic, M. (Eds.), Small sample size: A guide for applied researchers and practitioners. Routledge.

Roberts, C.M. 2010. *The dissertation journey: A practical and comprehensive guide to planning, writing and defending your dissertation*. 2nd edition. Thousand Oaks, CA: Corwin Press.

Robeyns, I. 2005. The capability approach: A theoretical survey. *Journal on Human Development,* 6(1):93-117. https://doi.org/10.1080/146498805200034266

Robinson, S.B. and Leonard, K.F. 2019. *Designing quality survey questions*. Thousand Oaks, CA: SAGE.

Roodt, M. 2018. *Economic empowerment for the disadvantaged. A better way to empower South Africa's poor*. Johannesburg: South African Institute of Race Relations. https://irr.org.za/reports/occasional-reports/files/economic-empowerment-for-the-disadvantaged.pdf

Rose, H., McKinley, J. and Baffoe-Djan, J.B. 2019. *Data collection research methods in applied linguistics*. London: Bloomsbury.

RSM South Africa. 2019 (May 22). *Enterprise and supplier development for B−BBEE*. Available at https://www.rsm.global/southafrica/news/enterprise-and-supplier-development-B−BBEE [Accessed 10 February 2020].

Rungani, E.C. and Potgieter, M. 2018. The impact of financial support on the success of small, medium and micro enterprises in the Eastern Cape province. *Acta Commercii,* 18(1), article 591. http://dx.doi.org/10.4102/ac.v18i1.591

Ryan, B., Scapens, R.W. and Theobald, M. 2002. *Research methods and methodology in finance and accounting*. 2nd edition. London: Thomson Learning.

Ryan, T. 2017. The factors influencing SME failure in South Africa. [Master's dissertation], University of Cape Town.

SAB&T BEE Services. 2016. What is enterprise and supplier development in South Africa? http://www.sabtbee.co.za/what-is-enterprise-suppli er-development-in-south-africa/ [Accessed 5 May 2019].

Saba, A. 2018 (August 1). Has BEE been a dismal failure? *Mail & Guardian*. Available at https://mg.co.za/article/2018-08-31-00-has-bee-been-a-dismal-failure/ [Accessed 5 July 2020].

Sadan, E. 1997. *Empowerment and community planning: Theory and practice of people-focused social solutions*. Tel Aviv: Hakibbutz Hameuchad Publishers.

SAHO (South African History Online). 2011a. Botswana. Available at (https://www.sahistory.org.za/place/botswana [Accessed 04 October 2019].

SAHO (South African History Online). 2011b. Namibia. Available at https://www.sahistory.org.za/place/namibia [Accessed 11 October 2011].

SAHO (South African History Online). 2011c. Zimbabwe. Available at https://www.sahistory.org.za/place/zimbabwe [Accessed 10 October 2019].

SAHO (South African History Online). 2013. The Natives Land Act of 1913. Available at https://www.sahistory.org.za/article/natives-land-act-1913 [Accessed 09 January 2018].

SAHO (South African History Online). 2014. Drawing up new boundaries in South Africa 1994. Available at https://www.sahistory.org.za/article/drawing-new-boundaries-south-africa-1994 [Accessed 08 March 2019].

SAHO (South African History Online). 2016. Natives (Abolition of Passes and Co-ordination of Documents) Act, Act No 67 of 1952. [Updated 2019] https://www.sahistory.org.za/archive/natives-abolition-passes-and-co-ordination-documents-act-act-no-67-1952

SAHO (South African History Online). 2019. South African parliament repeals the Separate Amenities Act of 1953. https://www.sahistory.org.za/dated-event/south-african-parliament-repeals-separate-amenities-act-1953 Available at [Accessed 01 October 2021].

SAHO (South African History Online). 2020. First Anglo Boer War. Available at https://www.sahistory.org.za/article/first-anglo-boer-war [Accessed 01 October 2021].

SAHRC (South African Human Rights Commission). 2014. Annual Report. https://www.sahrc.org.za/home/21/files/2013_14%20SAHRC%20ANNUAL%20REPORT%20AS%20AT%2031%20MARCH%202014.pdf [Accessed 13 June 2022].

SAHRC (South African Human Rights Commission). 2018. Kate Wilkinson: Stats about poverty-stricken SA whites are not true.

https://www.sahrc.org.za/index.php/sahrc-media/news/item/1442-kate-wilkinson-stats-about-poverty-stricken-sa-whites-are-not-true Available at [Accessed 10 April 2022].

Saigaran, N.G., Karupiah, P. and Gopal, P.S. 2015. The capability approach: Comparing Amartya Sen and Martha Nussbaum. *USM International Conference on Social Science,* 27-28 August 2015, Gelugor, Penang, Universiti Sains Malaysia.

Sailvia, P. 2020. *Select a sample: Little quick fix*. Newbury Park, CA: SAGE.

SANAS (South African National Accreditation System). 2017. *SANAS Annual Report 2016/17*. http://www.thedtic.gov.za/wp-content/uploads/SANAS_AR2018.pdf

Sanchez, D. 2006. Socio-economic transformation in South Africa: Black Economic Empowerment and small, medium and micro enterprises. (Paper presented at a public lecture on *Socio-economic transformation after apartheid: Black economic empowerment and affirmative action in South African and Namibia*, Nordic African Institute, Uppsalla). Denmark: Danish Institute of International Studies. http://hdl.handle.net/20.500.11910/8330

Sanchez, D. 2011. The economic empowerment of African descendants: Lessons from South Africa's Black Economic Empowerment Strategy. Paper presented at the conference: *Equity, Justice, Development: People of African Descent in Latin America in Comparative Perspective, Cartagena, March*. http://hdl.handle.net/20.500.11910/3806

Sanlam. 2020. *Home grown*. Sanlam Group Enterprise and Supplier Development Programme Portfolio. https://www.platinumblack.co.za/assets/pdf/SANLAM%20ESD%20CATALOGUE%20APRIL2020%20final[1].pdf [Accessed 09 June 2021].

Saunders, M., Lewis, P. and Thornhill, A. 2012. *Research methods for business students.* 6th edition. Essex, UK: Pearson Education.

Saungweme, L. 2022. Compliance with the B-BBEE mandatory reporting & disclosure of South African listed companies: An exploratory and investigative study. Master's dissertation. Stellenbosch University.

https://scholar.sun.ac.za/server/api/core/bitstreams/0f05ebd4-d67e-4abb-b658-f796ac8e4592/content

Savage, M. 1986. The imposition of pass laws on the African population in South Africa 1916-1984. *African Affairs,* 85(339):181-205. https://www.jstor.org/stable/723012

Schiavenza, M. 2013. China's dominance in manufacturing—in one chart. https://www.theatlantic.com/china/archive/2013/08/chinas-dominance-in-manufacturing-in-one-chart/278366/ [Accessed 12 March 2022].

Schirmer, S. and Visser, R. 2021. *What role can small and micro businesses play in achieving inclusive growth?* Johannesburg: Centre for Development and Enterprise. https://www.cde.org.za/wp-content/uploads/2022/08/Small-Business-report-2021.pdf

Schmidt, B.C. 2020. *Hegemony: A conceptual and theoretical analysis and its application to the debate on American hegemony.* In: Dutkiewicz, P., Casier, T. and Scholte, J.A. (Eds.), Hegemony and world order: Reimaging power in global politics. https://doi.org/10.4324/9781003037231

Schoeman, N.F. 2006. The co-operative as an appropriate form of enterprise for black economic empowerment. [Master's dissertation], University of the Free State, Bloemfontein.

Schoonvelde, M., Brosius, A., Schumacher, G. and Bakker, B.N. 2019. Liberals lecture, conservatives communicate: Analyzing complexity and ideology in 381,609 political speeches. *PloS one*, 14(2), e0208450. https://doi.org/10.1371/journal.pone.0208450

Schussler, M. 2020. South Africa's unemployment rate since 1996. https://www.moneyweb.co.za/moneyweb-opinion/sa-unemployment-is-far-worse-than-a-bloodbath/ [Accessed 4 October 2021].

Schutt, R.K. 2018. *Understanding the social world: Research methods for the 21st century*. Newbury Park, CA: SAGE.

Newbert, S.L. (Ed.) 2015. *Small business in a global economy, Volume 1: Creating and managing successful organizations*. Westport, CT: Praeger.

Sebati, N. 2014. What is EDS? Enterprise supplier development. Available at https://www.enterprisesupplierdevelopment.co.za/what-is-esd/ [Accessed 28 December 2022].

SEDA (Small Enterprise Development Agency). 2012. *Research on the performance of the manufacturing sector*. Um Jwali Market Research. Available at http://www.seda.org.za/publications/publications/research%20on%20the%20performance%20of%20the%20manufacturing%20sector.docx [Accessed 20 March 2019].

SEDA (Small Enterprise Development Agency). 2016. *The small, medium and micro enterprises sector of South Africa*. Research note no. 1. http://www.seda.org.za/Publications/Publications/The%20Small,%20Medium%20and%20Micro%20Enterprise%20Sector%20of%20South%20Africa%20Commissioned%20by%20Seda.pdf [Accessed 18 June 2022].

SEDA (Small Enterprise Development Agency). 2021.Annual Report 2020/21. http://www.seda.org.za/Publications/Annual%20Reports/Seda_Annual%20Report_2021%20interactive.pdf [Accessed 18 June 2022].

Seed Academy. 2016. *Monitoring and evaluation, a critical element for the successful implementation of enterprise and supplier development.* https://www.seedengine.co.za/wp-content/uploads/2016/09/ME-Critical-for-Successful-Implementation-of-ESD.pdf

Sen, A. 1979. *Equality for what? The Tanner lecture on human values*. Stanford, CA: Stanford University. Available at https://www.ophi.org.uk/wp-content/uploads/Sen-1979_Equality-of-What.pdf [Accessed 04 March 2021].

Sen, A. 1995. *Inequality reexamined.* Cambridge, MA: Harvard University Press. https://doi.org/10.1093/0198289286.001.0001

Sen, A. 1993. Capability and well-being. In: Nussbaum, M. and Sen, A. (Eds.), *The Quality of life*. Oxford: Clarendon Press, pp. 30-53. https://doi.org/10.1093/0198287976.003.0003

Sen, A. 1999a. *Capabilities and commodities.* New Delhi: Oxford University Press.

Sen, A. 1999b. *Development as freedom*. New York: Knopf. 1999 only cited on p. 47 – which is the correct one?

Sen, A. 2005. Human rights and capabilities. *Journal of Human Development,* 6(2):151-66. https://doi.org/10.1080/14649880500120491

Seo, S. 2008. A study on democratic transition in South Africa: Democracy through compromise and institutional choice. [Doctoral thesis], University of South Africa, Pretoria.

Sefalafala, T. 2020. Crypto-plutocratic privilege: Elite formation at the local state, BEE, Corruption and State capture. In: Cawe, A. and Mabasa, K. (Eds.). MISTRA (Mapungubwe Institute for Strategic Reflection) *Beyond tenderpreneurship: Rethinking black business and economic empowerment*. Johannesburg: Mapungubwe Institute for Strategic Reflection.

SERR Synergy (Strategy Execution Results Rewards). 2017. Let's talk about B−BBEE and its critical objectives. Available at: https://serr.co.za/lets-talk-about-B−BBEE-and-its-critical-objectives [Accessed 14 March 2023].

SERR Synergy (Strategy Execution Results Rewards). 2018. Enterprise, supplier and socio-economic development programme. https://www.serr.co.za/wp-content/uploads/2018/05/SERR_EDI-Programme_lowRes.pdf [Accessed 9 January 2019].

SERR Synergy (Strategy Execution Results Rewards). 2021. *What you need to know about enterprise development on the B−BBEE scorecard*. Available at: https://serr.co.za/what-you-need-to-know-about-enterprise-development-on-the-B−BBEE-scorecard [Accessed 17 October 2022].

Shai, L., Molefinyana, C. and Quinot, G. 2019. Public procurement in the context of broad-based black economic empowerment (BBBEE) in South Africa – Lessons learned for sustainable public procurement. *Sustainability*, 11(24):7164. https://doi.org/10.3390/su11247164

Shan, Y. 2022. Philosophical foundations of mixed methods research. *Philosophy Compass*, 17(1). https://doi.org/10.1111/phc3.12804

Shannon-Baker, P. 2016. Making paradigms meaningful in mixed methods research. *Journal of Mixed Methods Research*, 10(4):319-334.

Shava, E. 2016. Black economic empowerment in South Africa: Challenges and prospects*. Journal of Economics and Behavioural Studies,* 8(6):161-170. http://dx.doi.org/10.22610/jebs.v8i6(J).1490

Sheard, N. 2022. *Its impact on the South African construction and built environment firms.* Rider Levett Bucknall. Available at https://www.rlb.com/asia/insight/perspective-2022-vol-1/broad-based-black-economic-empowerment-in-south-africa/ [Accessed 20 October 2022].

Shivambu. N.F. 2014. South Africa's negotiated transition from apartheid to an inclusive political system: What capitalist interests reigned supreme? [Master's dissertation], University of the Witwatersrand, Johannesburg.

Sibeta, S. 2013. Managing policy on broad-based black economic empowerment in the Provincial Government of Kwazulu-Natal, South Africa. [Doctoral thesis], University of KwaZulu-Natal.

Sibiya, D.Z. and Barnard, B. 2019. Institutionalizing entrepreneurship: The case of B−BBEE based enterprise and supplier development in South Africa. The IUP Journal of Business Strategy, XVII(1):7-45. Available at [Accessed 5 May 2021]. https://ssrn.com/abstract=3798180

Silvia, P. 2020. *Select a sample: Little quick fix*. London: SAGE Publications.

Simpson, R.A. 2005. Government intervention in the Malaysian economy, 1970-1990; Lessons for South Africa. [Master's dissertation], University of the Western Cape, Cape Town.

Sincero, S. M. 2012. *Advantages and disadvantages of surveys.*

Sithole, P.E. 2014. Barriers in supplier development encountered by SMEs as suppliers in the South African railway industry. [Master's dissertation], University of Pretoria.

Skamagki, G., King, A., Carpenter, C and Wåhlin, C. 2022. The concept of integration in mixed methods research: A step-by-step guide using an example study in physiotherapy, *Physiotherapy Theory and Practice.* https://doi.org/10.1080/09593985.2022.2120375

Skinner, J., Edwards, A., Smith, A.T.C. 2020. *Qualitative research in sports management*. New York: Routledge.

Small Business Project. 2014. *Examining the challenges facing small business in South Africa*. Issue Paper 1 2014. Available at www.sbp.org.za. [Accessed 11 March 2019].

SME South Africa. 2016 (January 20). *Enterprise supplier development in 2016 - What SMEs and corporates can expect*. Randburg, Johannesburg: SME South Africa. Available at https://smesouthafrica.co.za/16344/What-SMEs-and-corporates-can-expect-in-ESD-in-2016/ [Accessed 28 December 2022]

SME South Africa. 2018a. *Enterprise supplier development (ESD) guide*. Randburg, Johannesburg: SME South Africa. Available at https://smesouthafrica.co.za/ultimate-esd-guide/ [Accessed 22 April 2022].

SME South Africa. 2018b. *The major reasons SMES are getting rejected for funding*. Available at https://smesouthafrica.co.za/funding-rejected-sme-landscape-report/ [Accessed 30 October 2022].

SME South Africa. 2021 (September 19). *Everything you need to know about enterprise and supplier development in South Africa*. Randburg, Johannesburg: SME South Africa. Available at https://smesouthafrica.co.za/sme-guides/everything-you-need-to-know-about-enterprise-and-supplier-development/ [Accessed 02 March 2022].

Smith, P.G., Morrow, R.H. and Ross, D.A. 2015. *Field trials of health interventions: A toolbox*. 3rd ed. Oxford: Oxford University Press. https://doi.org/10.1093/med/9780198732860.001.0001

Snodgrass, D.R. 1996. *Education in East Asian development: Some issues and cases.* Development Discussion Paper No. 547. Cambridge, MA: Harvard Institute for

International Development, Harvard University. Available at https://www.hks.harvard.edu/centers/cid [Accessed 09 March 2019].

Snyder, J. 2010. Review: The state and violence. A discussion of violence and social orders: A conceptual framework for interpreting recorded human history. *Perspectives on Politics*, 8(1):287-296. https://www.jstor.org/stable/25698537

Soiferman, L.K. 2010. Compare and Contracts Inductive and Deductive. https://files.eric.ed.gov/fulltext/ED542066.pdf [Accessed 20 March 2019].

Sorensen, E. 2002. Democracy and empowerment. *Public Administration*, 75(3):553-567. http://dx.doi.org/10.1111/1467-9299.00074

South Africa. 1996. *The Constitution of the Republic of South Africa.* Cape Town: Government Gazette.

South Africa. 2003. *Broad-Based Black Economic Empowerment (B−BBEE) Act 53 of 2003*. Cape Town: Government Gazette. https://www.gov.za/sites/default/files/gcis_document/201409/a53-030.pdf

South Africa. DPME (Department of Planning, Monitoring and Evaluation). 2014. *20 Years review.* Pretoria: Government Printer. Available at https://www.dpme.gov.za/publications/20%20Years%20Review/Pages/default.aspx [Accessed on 27 September 2018].

South Africa. DPME (Department of Planning, Monitoring and Evaluation). 2016. *Research on the limited success of entrepreneurial activity by locals in townships and rural areas.* https://www.nationalplanningcommission.org.za/assets/Documents/Research%20on%20the%20Limited%20Success%20of%20Entrepreneurial%20Activity%20by%20Locals%20in%20Townships%20and%20Rural%20Areas_%20October%202017.pdf

South Africa. DPME (Department of Planning, Monitoring and Evaluation). 2020a. *Research on the delay and non-payment by government on small, micro and medium enterprises*. https://www.dpme.gov.za/publications/Reports%20and%20Other%20Information%20Products/70008-

20200630%20Research%20on%20Late%20Payment%20of%20SMMEs%20V03.pdf [Accessed 12 June 2022].

South Africa. DPME (Department of Planning, Monitoring and Evaluation). 2020b. Annual Report 2019/20. https://www.dpme.gov.za/publications/Strategic%20Plan%20and%20Annual%20Reports/DPME_Annual_Report_2019_2020.pdf [Accessed 12 June 2022]

South Africa. DSBD (Department of Small Business Development). 2018. *Functioning of the market access unit for SMMEs and cooperatives*. Pretoria: Government Printer. https://slideplayer.com/slide/14436222/SouthAfrica

South Africa. DSBD (Department of Small Business Development). 2019. *Revised Schedule 1 of the national definition of small enterprise in South Africa*. Government Gazette no. 42304, 15 March. https://www.gov.za/sites/default/files/gcis_document/201903/423041gon399.pdf

South Africa. BSDB (Department of Small Business Development). 2022. *National Integrated Small Enterprise Development Masterplan*. Available at: https://static.pmg.org.za/DSBD.pdf [Accessed 12 April 2023].

South Africa. DSBD (Department of Small Business Development). 2022. *National Integrated Small Enterprise Development (NISED) masterplan*. Government Gazette, May 10. https://static.pmg.org.za/DSBD.pdf

South Africa. Department of Social Development. 2021. *Revised White Paper on Families in South Africa*. Government Gazette, No. 44799.

South Africa. DTI (Department of Trade and Industry). 2003. *Broad-Based Black Economic Empowerment National Strategy of 2003.* Pretoria: Government Printer. http://www.thedtic.gov.za/wp-content/uploads/bee-strategy.pdf

South Africa. DTI (Department of Trade and Industry). 2007. *Broad-Based Black Economic Empowerment Codes of Good Practice.* Pretoria: Government Printer. http://www.thedtic.gov.za/financial-and-non-financial-support/B−BBEE/broad-based-black-economic-empowerment/ Available at [Accessed 01 February 2017].

South Africa. DTI (Department of Trade and Industry). 2013. *The National Broad-Based Black Economic Empowerment Summit. A decade of Economic Empowerment (2003-2013)*. Summit Report, 3-4 October 2013. Available at http://www.thedtic.gov.za/financial-and-non-financial-support/B−BBEE/broad-based-black-economic-empowerment [Accessed 04 March 2017].

South Africa. DTI (Department of Trade and Industry). 2014. Industrial Policy Action Plan. http://www.thedtic.gov.za/wp-content/uploads/IPAP2014.pdf [Accessed 10 October 2022].

South Africa. DTI (Department of Trade and Industry). 2015a. *Amended Broad-Based Black Economic Empowerment Codes of Good Practice*. Available at http://www.thedtic.gov.za/financial-and-non-financial-support/B−BBEE/B−BBEE-codes-B−BBEE-acts-strategies-policies/ Accessed 02 March 2017].

South Africa. DTI (Department of Trade and Industry). 2015b. *Black industrialist policy.* Pretoria: Government Printer. Available at http://www.thedtic.gov.za/wp-content/uploads/BI_guidelines-1.pdf [Accessed 03 March 2020].

South Africa. DTI (Department of Trade and Competition). 2016. *Codes of Good Practice on Broad-Based Black Empowerment*. Government Gazette, 17 March 2016.

South Africa. DTI (Department of Trade and Industry). 2017a*. B−BBEE procurement, transformation and verification*. Available at http://www.thedtic.gov.za/financial-and-non-financial-support/B−BBEE/B−BBEE-procurement-transformation-verification/ [Accessed 29 March 2019].

South Africa. DTI (Department of Trade, Industry and Competition). 2017b. *Industrial policy action plan 2017/18 – 2019/20*. Economic sectors, employment and infrastructure development cluster. Presentation to the Portfolio Committee on Trade and Industry. http://www.thedtic.gov.za/wp-content/uploads/publication-IPAP1.pdf

South Africa. DTI (Department of Trade and Industry). 2018a. *Chartered Accountancy Profession Sector Code*. https://www.abp.org.za/wp-content/uploads/2019/04/Chartered-Accountancy-Charter-Sector-Code.pdf

South Africa. DTIC (Department of Trade and Industry). 2019. Portfolio Committee on Trade and Industry the dti 2018/19 Annual and 2019/20 First Quarter Reports. Available at http://www.thedtic.gov.za/wp-content/uploads/thedti_AR-2018-19_1stQ2019.pdf.[Accessed 20 October 2022].

South Africa. DTIC (Department of Trade, Industry and Competition). 2021. *Black industrialist report*. Available at http://www.thedtic.gov.za/wp-content/uploads/Black-Industrialist-Report2021.pdf [Accessed 20 October 2022].

South Africa. National Planning Commission. 2012. *National Development Plan 2030*: *Our future – make it work*. https://www.gov.za/sites/default/files/gcis_document/201409/ndp-2030-our-future-make-it-workr.pdf

South Africa. National Treasury. 2017a. *Budget review.* 22 February. Pretoria. https://www.treasury.gov.za/documents/national%20budget/2017/review/Prelims.pdf

South Africa. National Treasury. 2017b. Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations. Cape Town: Government Gazette No. 40553. https://www.gov.za/sites/default/files/gcis_document/201701/40553rg10684gon32.pdf

South Africa. National Treasury. 2018. Small business development. *Estimates of national expenditure*. https://www.treasury.gov.za/documents/national%20budget/2018/ene/Vote%2031%20Small%20Business%20Development.pdf

South Africa. National Treasury. 2019. *Economic transformation, inclusive growth, and competitiveness: Towards an economic strategy for South Africa*.

https://www.treasury.gov.za/comm_media/press/2019/towards%20an%20economic%20strategy%20for%20sa.pdf

South African Government. 2014. *Accelerating growth and development: The contribution of an integrated manufacturing strategy*. https://www.gov.za/sites/default/files/gcis_document/201409/ims0.pdf

South African Government. 2018a. *Codes of Good Practice on Broad Based Black Economic Empowerment*. Government Gazette No. 41546. Cape Town: Government Gazette.

South African Government. 2018b. *President Cyril Ramaphosa: 2018 State of the Nation Address, February 2018*. Cape Town. Available at https://www.parliament.gov.za/project-event-details/24 [Accessed 18 March 2020].

South African Government News Agency. 2016 (June 1). Fronting still a major challenge, says BEE Commission. *SAnews*. Government Communication and Information System. Available at https://www.sanews.gov.za/business/fronting-still-major-challenge-says-bee-commission [Accessed 27 December 2022].

South African Institute of Race Relations. 2012. Submissions on Broad-Based Black Economic Empowerment Act: BEE should be scrapped, not reformed. Available at [Accessed 16 August 2017].

South African Market Insights. 2021. South Africa's manufacturing industry. Available at https://irr.org.za/reports/submissions-on-proposed-legislation/policy-submission-bee-should-be-scrapped-not-reformed-4th-december-2012 [Accessed 07 March 2022].

Southern Centre for Inequality Studies. 2021. *Aligning B−BBEE to sector strategies, structural transformation and growth*. Johannesburg: SCIS.

Statista. 2022. *Botswana: Unemployment rate from 2002 to 2021*. Available at https://www.statista.com/statistics/407807/unemployment-rate-in-botswana/ [Accessed 01 October 2022].

Stats SA (Statistics South Africa). 2017a. *Mid-year population estimates*. Statistical Release P0302. Pretoria: Stats SA. http://www.statssa.gov.za/publications/P0302/P03022017.pdf

Stats SA (Statistics South Africa). 2017b. *Poverty on the rise in South Africa*. Pretoria: Stats SA. Available at https://www.statssa.gov.za/?p=10334 [Accessed 08 January 2018].

Stats SA (Statistics South Africa). 2018. *Youth unemployment still high in Q1: 2018.* Pretoria: Stats SA. Available at https://www.statssa.gov.za/?p=11129 [Accessed 8 June 2018].

Stats SA (Statistics South Africa). 2020. *Mbalo brief*. Pretoria: Stats SA. http://www.statssa.gov.za/wp-content/uploads/2020/07/Mbalo-Brief-June-2020-web-version.pdf

Stats SA (Statistics South Africa). 2021. *Quarterly labour force survey (QLFS) – Q1: 2021*. Pretoria: Stats SA.https://www.statssa.gov.za/publications/P0211/Media%20release%20QLFS%20Q1%202021.pdf

Stats SA (Statistics South Africa). 2022a. *Improving lives through data ecosystems*. Census 2022. Available at https://www.statssa.gov.za/?p=15810 [Accessed 13 October 2022].

Stats SA (Statistics South Africa). 2022b. *Manufacturing: Production and sales*. Statistical Release P3041.3 Pretoria: Stats SA.

Stewart, F. 2013a. *Approaches towards inequality and inequity. Concepts, measures and policies*. Office of Research Discussion, Paper No. 2013-01. New York: UNICEF. https://www.unicef-irc.org/publications/pdf/stewart%20inequality_inequity_layout_fin.pdf

Stewart, F. 2013b. Capabilities and human development: Beyond the individual - the critical role of social institutions and social competencies. Occasional Paper 2013/03. New York: United Nations Development Programme.

Stewart, F. 2013c. Nussbaum on the capability approach. *Journal of Human Development and Capabilities,* 14(1):156-160. https://doi.org/10.1080/19452829.2013.762175

Stiglitz, J. 2018. *From manufacturing-led export growth to a twenty-first-century inclusive growth strategy.* Working Paper No. 2018/176. Helsinki, Finland: United Nations University World Institute for Development Economics Research.

Stockemer, D. 2018. Quantitative methods for the social sciences: A practical introduction with examples in SPSS and Stata. Berlin: Springer.

Stuchtey, B. 2011. *Colonialism and imperialism, 1450-1950*. In: European History Online (EGO). Available at https://d-nb.info/1031400591/34 [Accessed 1 April 2020].

Sue, V.M. and Ritter, L.A. 2012. *Conducting online survey*. Sage Publications.

Sun International. 2014. *Procurement: Enterprise and supplier development programme. Catalyst for growth*. Sun International Procurement. https://www.suninternational.com/content/dam/suninternational/Corporate/suppliers/documents/sun-international-esd.pdf [Accessed 12 April 2019].

Sunday Standard. 2019 (July 29). Botswana presidency modelled on pre-colonial and colonial autocracy. Available at https://www.sundaystandard.info/botswana-presidency-modelled-on-pre-colonial-and-colonial-autocracy/ [Accessed 04 October 2019].

Sustrina, M. 2009. Research methodology in doctoral research: Understanding the meaning of conducting qualitative research. Working Paper. In: Ross, A (Ed.), *Proceedings of the Association of Researchers in Construction Management (ARCOM) Doctoral Workshop*, Liverpool, UK, 12 May 2009.

Szirmai, A. 2013. Manufacturing and economic development. In Szirmai, S., Naudé, W. and Alcorta, L. (Eds.):*Pathways to industrialization in the twenty-first century: New challenges and emerging paradigms*. Oxford: Oxford University Press, pp. 53-75. https://doi.org/10.1093/acprof:oso/9780199667857.003.0002

Taherdoost, H. 2016. Sampling methods in research methodology: How to choose a sampling technique for research. *International Journal of Academic Research in Management*, 5(2):18-27.

Taherdoost, H. 2016. Validity and reliability of the research instrument; How to test the validation of a questionnaire/survey in a research. *International Journal of Academic Research in Management*, 5:28-36.

Tan, W.C.K. 2017. *Research methods: A practical guide for student and researchers*. Singapore: World Scientific Publishing.

Tariq, S. and Woodman, J. 2013. Using mixed methods in health research. *Journal of the Royal Society of Medicine Short Reports*, 4(6).

Tashakkori, R., Johnson, B. and Teddlie, C. 2020. Foundation of mixed methods research: Integrating quantitative and qualitative approaches in the social and behavioral sciences. Newbury Park, CA: SAGE.

Taylor, J. 2013 (October 10). Sasol, DTI launch chemistry business incubator. *Creamer Media's Engineering News*, 10 October. Available at https://www.engineeringnews.co.za/article/sasol-dti-launch-chemcity-business-incubator-2013-10-10/rep_id:4136 [Accessed 1 June 2017].

Taylor, I. 2016. Dependency redux: Why Africa is not rising. *Review of African Political Economy*, 43(147):8-25.

Terre Blanche, M.J., Durrheim, K. and Painter, D. 2009. *Research in practice: Applied methods for the social sciences.* 2nd edition. University of Cape Town: UCT Press.

The Economist Corporate Network. 2017. *The 2017 African business outlook survey. The long view: Reflections on commercial performance and prospects*. Johannesburg: Economist Corporate Network Africa. Available at: http://ftp01.economist.com.hk/ECN_papers/2017AfBOS

Thomas, D. 2020. Is transformation in South Africa dead? *African Business*, 1 September. Available at https://african.business/2020/09/economy/black-

economic-power-matters-is-south-african-transformation-dead/ [Accessed 17 September 2021].

Thomas, K.W. and Velthouse B.A. 1990. Cognitive elements of empowerment: An "interpretive" model of intrinsic task motivation. *Academy of Management Review*, 15, 666-681. https://doi.org/10.2307/258687

Thompson, L. 2000. *A history of South Africa*. 3rd edition. New Haven, CT: Yale University Press. https://www.sahistory.org.za/sites/default/files/archive-files3/leonard_monteath_thompson_a_history_of_south_afrbook4me.org_.pdf

Thomas, L, 2017. Ownership of JSE-listed companies. Research report for National Treasury, South Africa. https://www.treasury.gov.za/comm_media/press/2017/2017100301%20ownership%20monitor%20-%20sept%202017.pdf [Accessed 30 April 2023].

Thompson, M.J. (Ed.) 2017. *The Palgrave handbook of critical theory.* New York: Palgrave Macmillan.

Thouvenot, S. 2013. South Africa: State participation, indigenisation and economic empowerment in Africa. Available at https://www.mondaq.com/southafrica/CorporateCommercial-Law/239266/State-Participation-Indigenisation-And-Economic-Empowerment-In-Africa [Accessed 10 April 2020].

Thulo, L. 2019 (February 25). *Enterprise and supplier development - What success looks like.* Randburg, Johannesburg: SME South Africa. Available at https://smesouthafrica.co.za/enterprise-and-supplier-development-what-it-looks-like-when-done-right/ [Accessed 19 November 2019].

Tille, Y. 2020. *Sampling and estimation from finite populations.* West Sussex, UK: John Wiley & Sons.

Titus, X. 2018. The design and execution of mentorship programmes for black-owned small enterprises in the Northern Cape. [Master's dissertation], University of the Free State.

Tlhage, O. 2018 (April 12). 25% NEEEF ownership pillar falls away. *Namibian Sun.* Available at https://www.namibiansun.com/news/25-neeef-ownership-pillar-falls-away2018-04-1 [Accessed 17 September 2021].

Toepoel, V. 2015. *Doing survey online*. Newbury Park, CA: SAGE.

Tonheim, M. and Matose, F. 2013. *South Africa: Social mobility for a few?* Oslo, Norway: Norwegian Peacebuilding Resource Centre. https://www.files.ethz.ch/isn/172098/c4bf541cc6e80e801a3efa4f5dab4bc4.pdf

Tourougui, T. 2017 (June 5). *Building state capability for policy implementation*. Washington D.C.: World Bank. Available at https://www.worldbank.org/en/events/2017/06/05/state-capacity-for-policy-implementation [Accessed 4 September 2019].

Trading Economics. 2022. South Africa unemployment rate. https://tradingeconomics.com/south-africa/unemployment-rate [Accessed 15 January 2023].

Trade & Industrial Policy Strategies. 2016. *TIPS report for Business Unity in South Africa (BUSA): Towards a single definition of small business*. https://busa.org.za/wp-content/uploads/2018/03/Public-2-Towards-a-Single-Definition-of-Small-Business-12-2016.pdf

Trade and Industrial Policy Strategies (TIPS). 2017. Manufacturing subsectors. Furniture and manufacturing activities not elsewhere classified. https://www.tips.org.za/images/Manufacturing_subsectors_-_Furniture_and_manufacturing_activities_not_elsewhere_classified_2017.pdf [Accessed 18 June 2020]

Trading Economics. 2019. Botswana population. Available at https://tradingeconomics.com/botswana/population [Accessed 4 October 2019].

Trialogue. 2021. Webinar: How Big Business Can Support Small Business through these Trying times. https://www.trialogueknowledgehub.co.za/index.php/55-topics/enterprise-development/news-and-opinions-

enterprisedevelopment/2360-webinar-how-big-business-can-support-small-business-through-trying-times [Accessed 18 January 2023].

Tshuma, M.M. 2022. *Accelerating private sector job creation and poverty reduction in South Africa's townships*. Southern Africa-Towards Inclusive Economic Development, Working Paper No. 211. https://sa-tied.wider.unu.edu/sites/default/files/wp2022-87-accelerating-private-sector-job-creation-and-poverty-reduction-in-south-africas-townships_0.pdf

Turok, B., Chang, H.-J. and Feraz, J.C. 2011. *Development in a divided country.* Sunnyside, Johannesburg: Jacana Media.

Turton, N. and Herrington, M. 2013. *Global Entrepreneurship Monitor 2012 South Africa.* GEM. https://www.gemconsortium.org/report/gem-south-africa-2012-report

Turyakira, P.K. 2018. Ethical practices of small and medium-sized enterprises in developing countries: Literature analysis. *South African Journal of Economic and Management Sciences*, 21(1), article 1756. https://doi.org/10.4102/sajems.v21i1.1756

Tustin, D. 2015. The physiognomy of SMMEs in South Africa and consequential national strategy reinforcement. *The Retail Marketing Review,* 11(1):77-91. https://hdl.handle.net/10520/EJC177068

United Nations. 2013. Economic transformation for Africa's development. Available at https://www.un.org/en/development/desa/news/financing/africa-economic-transformation.html [Accessed 2 March 2018].

United Nations. 2014. Social inclusion programmes and inclusive growth in developing countries. https://unctad.org/system/files/official-document/ciem7d2_en.pdf [Accessed 16 March 2019].

United Nations. 2015 (July 15). *Universal Declaration of Human Rights*. https://www.un.org/en/udhrbook/pdf/udhr_booklet_en_web.pdf

United Nations. 2020a. *The pandemic crisis will worsen inequality. World economic situations and prospects: May 2020 Briefing, No. 137.* Available at

https://www.tralac.org/documents/resources/covid-19/3708-world-economic-situation-and-prospects-monthly-briefing-may-2020-united-nations/file.html [Accessed 23 March 2021].

United Nations. 2020b. *World social report 2020. Inequality in a rapidly changing world.* New York: Department of Economic and Social Affairs, United Nations. https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2020/02/World-Social-Report2020-FullReport.pdf

UNDP (United Nations Development Programme). 2014. *Small business is big business: A UNDP perspective on SMME development in South Africa*. Pretoria: UNDP South Africa. https://www.undp.org/sites/g/files/zskgke326/files/migration/za/SMALL-BUSINESS-IS-BIG-BUSINESS-A-UNDP-Perspective-on-SMME-Development-in-South-Africa.pdf

UNDP (United Nations Development Programme). 2015. What is human development? Available at https://hdr.undp.org/en/content/what-human-development [Accessed 14 April 2022].

United Nations Industrial Development Organisation. 2021. *Industrial Development Report 2022: The future of industrialization in a post-pandemic world.* https://www.unido.org/sites/default/files/files/2021-11/IDR%202022%20-%20EBOOK.pdf

Urban−Econ Development Economists. 2019. *Women- and youth owned SMMEs: The status, needs, challenges and opportunities in South Africa*. Brooklyn, Pretoria: Urban−Econ.

Van de Schoot, R. and Miočević, M. (Eds.) 2020. Small sample size solutions: A guide for applied researchers and practitioners. New York: Routledge. https://doi.org/10.4324/9780429273872

Vabaza, S. 2022 (May 24). Red tape is strangling small businesses. *Mail & Guardian*. Available at https://mg.co.za/top-six/2022-05-24-red-tape-is-strangling-small-businesses/ [Accessed 30 October 2022].

Vilakazi, T. and Ponte, S. 2022. Black Economic Empowerment and quota allocations in South Africa's industrial fisheries. *Journal of Development and Change*, 53(5):1059-1086. https://doi.org/10.1111/dech.12724

Valliant, R., Dever, J.A. and Kreuter, F. 2018. *Practical tools for designing and weighting survey samples*. Berlin: Springer.

Van der Heijden, T. 2008. *An overview of preferential procurement in South Africa*. (Statistics for Social and Behavioral Sciences Series). Pretoria: Human Research Science Council.

Van der Merwe, C.M. and Ferreira, P. 2014. The association between the seven elements of black economic empowerment score and market performance. *South African Journal of Economic and Management Science*, 14(25):544-556. https://hdl.handle.net/10520/EJC162637

Van de Rheede, J. 2022. Black economic empowerment in South Africa: Is Transformation of the management structures of enterprises as essential as it should be? *Journal of Law, Democracy and Development*, 26(1):84-105. https://hdl.handle.net/10520/ejc-lddev_v26_n1_a4

Van Rooyen, W. 2014. The difference between supplier and enterprise development. SA-Tenders. Available at http://www.sa-tenders.co.za/content/hints-tips-and-news/difference-between-supplier-and-enterprise-development [Accessed 29 December 2022].

Van Heerden, A. 2017. The capability approach as a foundation for craft self-help enterprises in South Africa. *South African Journal of Art History*, 32:212-223. Available at https://repository.up.ac.za/handle/2263/66087 [Accessed 20 March 2023].

Van Niekerk, A.P. 2019. The perception of broad-based black economic empowerment (BBBEE) in small medium enterprises. [Master's dissertation],: North-West University, Potchefstroom.

Van Wyk, H.M. 2010. The impact of B−BBEE on small and medium-sized businesses in the Sedibeng region. [Master's dissertation], North-West University, Potchefstroom.

Verma, J.P. and Verma, P. 2020. *Determining sample size and power in research studies: A manual for researchers*. Berlin: Springer.

Verwey, I. 2011. *Enterprise development unpacked: A tool for prosperity.* Development Planning Division Working Paper Series No. 18. Midrand: Development Bank of South Africa. https://www.dbsa.org/sites/default/files/media/documents/2021-03/DPD%20No18.%20Enterprise%20development%20unpacked-%20A%20tool%20for%20prosperity.pdf [Accessed 18 June 2020].

Vieira, I. 2017. Inequality based on race and gender still problem in Brazil. *Agência Brasil*, 29 August. Available at https://agenciabrasil.ebc.com.br/en/direitos-humanos/noticia/2017-08/inequality-based-race-and-gender-still-problem-brazil [Accessed 8 October 2019].

Vilakazi, M.B.F. 2021. Investigating the progression of South Africa's developmental state through the Black Industrialist Programme. (Doctoral thesis), University of Kwazulu-Natal.

Vuba, S. 2019 (April 12). The missed opportunity: SMMEs in the South African economy. *Mail & Guardian*. Available at https://mg.co.za/article/2019-04-12-00-the-missed-opportunity-smmes-in-the-south-african-economy/ [Accessed 24 April 2022].

Wachira, M.M/ 2019. Broad- Based Black Economic Empowerment (B−BBEE) and CEO racial representation in South Africa. *Research Gate*. https://doi.org/10.13140/RG.2.2.14423.52645

Wagemaler, H. 2020. Introduction to reliability and validity of international large-scale assessment. In: Wagemaler, H. (Ed.), *Reliability and validity of international large-scale assessment. Understanding IEA's comparative studies of student achievement.*

Walker, M. and Unterhalter, E. 2007. The capability approach: Its potential for work and education. In: Walker, M. and Unterhalter, E. (Eds.), *Amartya Sen's capability approach and social justice in education*. New York: Palgrave Macmillan.

Walton, D. 2014. *Abductive reasoning*. Tuscaloosa, AL: University of Alabama Press.

Wang, X. 2015. *Empowerment on Chinese police force's role in social service*. Berlin: Springer.

Watkins, D.C. 2022. *Secondary data in mixed methods research*. (Mixed Methods Research Series). Newbury Park, CA: SAGE.

Watkins, D. and Gioia, D. 2015. *Mixed methods research.* Oxford: Oxford University Press.

Webb, J. 2017 (April 27). What is supplier development? Three levers to get the most from the supply base. *Forbes*. Available at https://www.forbes.com/sites/jwebb/2017/04/27/what-is-supplier-development-three-levers-to-get-the-most-from-the-supply-base/?sh=6494d2141251 [Accessed 15 October 2022].

Weidenstedt, L. 2016. *Empowerment gone bad: Communicative consequences of power transfers.* London: SAGE. https://doi.org/10.1177/2378023116672869

Weidenstedt, L. 2017. A sociology of empowerment: The relevance of communicative contexts for workplace change. [Doctoral thesis], Stockholm University, Sweden.

Weiss, J. and Tribe, M. (Eds.) 2016. *Routledge handbook of industry and development*. New York: Routledge.

Wells, T.R. 2013. Reasoning about development: Essays on Amartya Sen's capability approach. [Doctoral thesis], Erasmus University Rotterdam, Netherlands:.

Werkmans Attorneys. 2018. *B−BBEE Act and Codes explained*. https://www.werksmans.com/wp-content/uploads/2018/11/BBBEE-Codes-Explained.pdf

Werth, V. 2018. *Broad Based Black Economic Empowerment Act, 53 of 2013*. WerthSchröder Inc. Available at https://www.werthschroeder.com/broad-based-black-economic-empowerment-amendment-act-53-of-2013/ [Accessed 17 October 2022].

Wesseling, H.L. 2004. *The European colonial empires: 1815-1919.* New York: Taylor and Francis.

Western Cape Government. 2014. *Preferential procurement and broad-based black economic empowerment*. Available at https://www.westerncape.gov.za/general-publication/preferential-procurement-and-broad-based-black-economic-empowerment [Accessed 15 March 2017]

Wheeldon, J. and Ahlberg, M. 2014. *Visualizing social science research: Maps, methods, & meaning*. Newbury Park, CA: SAGE.

Wiid, J.A. and Cant, M.C. 2021. The future growth potential of township SMMEs: An African perspective. *Journal of Contemporary Management*, 18(1):508-530. https://hdl.handle.net/10520/ejc-jcman-v18-n1-a22

Wijnberg, C. 2018 (18 May). Beyond the scorecard: What is holding SA back? *News24*. Available at https://www.news24.com/Fin24/beyond-the-scorecard-what-is-holding-sa-back-20180511 [Accessed 17 October 2022].

Willis, J. 2007. Foundations of Qualitative Research: Interpretive and Critical Approaches. Thousand Oaks, CA: SAGE Publications, Inc.

Woolley, R. 2014. Transcend. Sustainable development does not limit economic growth, it supports it. [Blog]. Available at http://www.transcend.co.za/resource-centre/blog/transcend/sustainable_transformation_does_not_limit_economic_growth_it_supports_it.html [Accessed 02 March 2018].

Worden, N. 2012. *The making of modern South Africa: Conquest, apartheid, democracy.* West Sussex, UK: John Wiley and Sons.

World Bank. 2002. The World Bank Annual Report 2002: Volume 1. Main report. Washington, DC.: World Bank. https://openknowledge.worldbank.org/handle/10986/13931 [Accessed 18 March 2019].

World Bank. 2012. The World Bank Annual Report 2012: Volume 1. Main Report. World Bank Annual Report;. Washington, DC; World Bank.

https://openknowledge.worldbank.org/handle/10986/11844 [Accessed 18 March 2019].

World Bank. 2018a. *Overcoming poverty and inequality in South Africa: An assessment of drivers, constraints and opportunities*. Washington, D.C.: World Bank. https://www.dpme.gov.za/publications/Reports%20and%20Other%20Information%20Products/World%20Bank%20Report%202018.pdf

World Bank. 2018b. *South African economic update: Jobs and inequality.* 11th edition. Washington, D.C.: World Bank. https://documents1.worldbank.org/curated/en/368961522944196494/pdf/125011-REPLACEMENT-PUBLIC-SAEU-APRIL-2018-Edition-11.pdf

World Bank. 2019a. *The World Bank in Angola*. Washington, D.C.: World Bank. https://www.worldbank.org/en/country/angola/overview

World Bank. 2019b. *The World Bank in Botswana*. Washington, D.C.: World Bank. https://www.worldbank.org/en/country/botswana/overview

World Bank. 2019c. *The World Bank in Malaysia*. Washington, D.C.: World Bank. https://www.worldbank.org/en/country/malaysia/overview

World Bank. 2019d. *The World Bank in Namibia*. Washington, D.C.: World Bank. https://www.worldbank.org/en/country/namibia/overview

Worldometer. 2019a. Angola population. Available at https://www.worldometers.info/world-population/angola-population/ [Accessed 11 October 2019].

Worldometer. 2019b. Malaysia population. Available at https://www.worldometers.info/world-population/malaysia-population/ [Accessed 9 October 2019].

Worldometer. 2019c. Namibia population. Available at https://www.worldometers.info/world-population/namibia-population/ [Accessed 11 October 2019].

Worldometer. 2019d. Zimbabwe population. Available at https://www.worldometers.info/world-population/zimbabwe-population [Accessed 10 October 2019].

World Population Review. 2021. Gini Coefficient by country 2021. Available at https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country [Accessed 17 September 2021].

Wright, E.O. 2006. *Socialism as social empowerment*. Working draft. Available at https://www.researchgate.net/publication/260402517_Socialism_as_Social_Empowerment [Accessed 15 September 2021].

Zimmerman, M.A. 1995. Psychological empowerment: Issues and illustrations. *American Journal of Community Psychology*, 23(5):581-600. https://doi.org/10.1007/bf02506983

Zimmerman, M. 2000. Empowerment theory. Psychological, organizational and community levels of analysis. In: Rappaport, J. and Seidman, E. (Eds.), *Handbook of community psychology*. New York: Kluwer Academic/Plen, pp. 43-63.

Zimmerman, M.A. and Rappaport, J. 1988. Citizen participation, perceived control, and psychological empowerment. *American Journal of Community Psychology,* 16(5):725-750. https://doi.org/10.1007/bf00930023

Zips, W. and Zips-Mairitsch, M. (Eds.). 2020. *Bewildering boarders: The economy of conservation in Africa*. Münster: LIT Verlag.

Zohrabi, M. 2013. Mixed Method research: instruments, validity, reliability and reporting findings. *Theory and Practice in Language Studies*, 3:254-262.

Zubedy, A. 2012 (June 21). The NEP – The good and the bad. *Malaysia Today*. Available at https://www.malaysia-today.net/2012/06/21/the-nep-the-good-and-the-bad/ [Accessed 12 October 2020]

APPENDIX 1
RESEARCH CONSENT LETTERS

RESEARCH CONSENT LETTER FOR THE GOVERNMENT

February 2021

Dear Sir/Madam,

RE: AN ASSESSMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMPLIANCE IN ENTERPRISE AND SUPPLIER DEVELOPMENT THROUGH THE CAPABILITY APPROACH

I am a PhD candidate at the University of Free State in Bloemfontein, and I am conducting research at my individual capacity as a doctoral candidate. The aim of the study is to analyse Broad-Based Black Economic Empowerment (B−BBEE) compliance on Enterprise and Supplier Development (ESD) using the Capabilities Approach. The Capability Approach by Amartya Sen (1979) emerged as the leading alternative to standard economic frameworks regarding poverty, inequality, and human development generally. This framework is concerned with the human capability and freedom and reiterates the relationship between commodity, capability, function and utility. It emphasizes that economic growth and the expansion of goods and services are necessary for human development. Therefore, the Capability Approach will evaluate the effectiveness of interventions designed to improve B−BBEE practice. The research will explore the perspectives of all the key stakeholders in ESD, government, corporates and small, medium and micro enterprises (SMMEs). Furthermore, the research will look into compliance aspects, of which to some are easier and to some are onerous. The research will provide insight on issues of B−BBEE compliance and perceptions of Corporates and SMMEs in the implementation of ESD.

The research will focus on the manufacturing industry, sectors: **Manufacture of electrical machinery and apparatus n.e.c., Manufacture of basic metals, fabricated metal products, machinery and equipment and of office, accounting and computing machinery, and Manufacture of transport equipment.**

I identified your department as a key participant for this study and wish to invite you to participate. My plan is to conduct semi-structured interviews with personnel responsible for B−BBEE, particularly Enterprise and Supplier Development. Due to the outbreak of the Corona Virus in 2020, the interviews will be conducted virtually and/or telephonically. It is estimated to last not more than 60 minutes.

Ethical clearance has been granted by the University of Frees State. (Ethical clearance number: HSD2020/1974/251). Data collected will only be accessible to the researcher, the supervisors and Ethics Committee who will maintain confidentiality as per ethical research guidelines. Company details and personal information will not be disclosed.

I truly believe that you will be able to assist.

Thank you

Ndovhatshinyani Mandavha
PhD. Candidate
(Student Number: 2009086733)
Mobile Contact: 0825315662
Email: 2009086733@ufs4life.ac.za

Prof. Neneh Brownhilder
Promotor
Email: NenehBN@ufs.ac.za

Dr. Deidré van Rooyen
Co-promotor
Email: griesd@ufs.ac.za

RESEARCH CONSENT LETTER FOR THE CORPORATES

February 2021

Dear Sir/Madam,

RE: AN ASSESSMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMPLIANCE IN ENTERPRISE AND SUPPLIER DEVELOPMENT THROUGH THE CAPABILITY APPROACH

I am a PhD candidate at the University of Free State in Bloemfontein, and I am conducting research at my individual capacity as a doctoral candidate. The aim of the study is to analyse Broad-Based Black Economic Empowerment (B−BBEE) compliance on Enterprise and Supplier Development (ESD) using the Capabilities Approach. The Capability Approach by Amartya Sen (1979) emerged as the leading alternative to standard economic frameworks regarding poverty, inequality, and human development generally. This framework is concerned with the human capability and freedom and reiterates the relationship between commodity, capability, function and utility. It emphasizes that economic growth and the expansion of goods and services are necessary for human development. Therefore, the Capability Approach will evaluate the effectiveness of interventions designed to improve B−BBEE practice. The research will explore the perspectives of all the key stakeholders in ESD, government, corporates and small, medium and micro enterprises (SMME)s. Furthermore, the research will look into compliance aspects, of which to some are easier and to some are onerous. The research will provide insight on issues of B−BBEE compliance and perceptions of Corporates and SMMEs in the implementation of ESD.

The research will focus on the manufacturing industry, sectors: **Manufacture of electrical machinery and apparatus n.e.c., Manufacture of basic metals, fabricated metal products, machinery and equipment and of office, accounting and computing machinery, and Manufacture of transport equipment.**

I identified your organisation as a key participant for this study and wish to invite you to participate. My plan is to conduct semi-structured interviews with personnel responsible for B−BBEE, particularly Enterprise and Supplier Development. Due to the outbreak of the Corona Virus in 2020, the interviews will be conducted virtually and/or telephonically. It is estimated to last not more than 60 minutes. Also, I request for permission to contact SMMEs that are in the supplier database and/or are part of the EDS programme of the Company. The reason for this is for the researcher to conduct a survey order to gather information on the perceptions of SMMEs as ESD beneficiaries.

Ethical clearance has been granted by the University of Frees State. (Ethical clearance number: HSD2020/1974/251). Data collected will only be accessible to the researcher, the supervisors and Ethics Committee who will maintain confidentiality as per ethical research guidelines. Company details and personal information will not be disclosed.

I truly believe that you will be able to assist.

Thank you

_____

Ndovhatshinyani Mandavha

PhD. Candidate

(Student Number: 2009086733)

Mobile Contact: 0825315662

Email: 2009086733@ufs4life.ac.za

Prof. Neneh Brownhilder

Promotor

Email: NenehBN@ufs.ac.za

Dr. Deidré van Rooyen

Co-promotor

griesd@ufs.ac.za

APPENDIX 2
QUESTIONNAIRES

QUALITATIVE INTERVIEW SCHEDULE FOR GOVERNMENT

AN ASSESSMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMPLIANCE IN ENTERPRISE AND SUPPLIER DEVELOPMENT THROUGH THE CAPABILITY APPROACH

SECTION A: POLICY OBJECTIVES

1. What is the main objective of B−BBEE and what led to the amendment of the 2007 B−BBEE Codes of Good Practice to the issuing of the 2013 Codes?
2. What are the challenges facing Enterprise and Supplier Development and how is the department mitigating the challenges? Kindly elaborate

SECTION B: IMPLEMENTATION AND COMPLIANCE

1. What has been the reaction of Corporates on the amended B−BBEE Codes, particularly Enterprise and Supplier Development?
2. Is there a framework that guides both Corporates and SMMEs in the implementation of Enterprise and Supplier Development?
3. How does the department support SMMEs, specifically in the manufacturing sector?
4. In your opinion, is the current B−BBEE policy co-ordination succeeding in the implementation of the policy? And what are the obstacles?

SECTION C: MONITORING

1. How does the department monitor the implementation and compliance of Enterprise and Supplier Development? Does monitoring apply for both Corporates and SMMEs?
2. Do you foresee SMMEs overcoming constraints such lack of financial resources, skills, limited capacity, and market exposure as a result of Enterprise and Supplier Development intervention? Kindly elaborate

SECTION D: BEST PRACTICE

1. Other countries, for instance, Malaysia implemented the New Economic Policy (NEP) has an empowerment policy. Does the department check and benchmark what other countries are doing in terms of economic empowerment and transformation? kindly elaborate
2. What can still be done to assist B−BBEE implementation, and specifically Enterprise and Supplier Development? kindly elaborate

SECTION E: CAPABILITIES, EMPOWERMENT AND TRANSFORMATION

1. Is the government a sole role player in setting the B−BBEE regulations that business must comply to? If yes, Kindly elaborate. If no, who are the other role players?
2. Corporates are not given the freedom to choose if they want to comply because non-compliance disqualifies them from doing business with the government, organs of state as well as complying companies. Can this be the compliance obligation? Kindly elaborate
3. Is B−BBEE actually transforming the business landscape in South Africa to accommodate SMMEs? Please elaborate
4. Is the information on B−BBEE adequately and readily available to the various stakeholders? If yes, kindly elaborate on how this is facilitated.
5. Is the department able to carry out its role without pressure from other organisations?

QUESTIONNAIRE FOR CORPORATES

QUALITATIVE INTERVIEW SCHEDULE

ASSESSMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMPLIANCE IN ENTERPRISE AND SUPPLIER DEVELOPMENT THROUGH THE CAPABILITY APPROACH

DEMOGRAPHY

1. Designation
2. Years of experience in the company

SECTION A: B−BBEE IMPLEMENTATION

1. What is your understanding of B−BBEE ? What is the B−BBEE status of the company?
2. Does the company have a B−BBEE strategy? Kindly describe how the strategy is being implemented?

SECTION B: PERCEPTIONS OF CORPORATES ON THE IMPLEMENTATION OF ENTERPRISE AND SUPPLIER DEVELOPMENT

1. Do you think there is value in implementing Enterprise and Supplier Development? Kindly elaborate.
2. What are the main risks of entering into a partnership with SMMEs?
3. What type of support and assistance do you provide to SMMEs?

SECTION C: CHALLENGES FACING CORPORATES ON THE IMPLEMENTATION OF ENTERPRISE AND SUPPLIER DEVELOPMENT

1. Does the company participate in B−BBEE's Enterprise and Supplier Development? If no, kindly elaborate.
2. What are the compliance challenges with regards to Enterprise and Supplier development?
3. How many SMMEs are beneficiaries of the company's Enterprise and Supplier Development programme?

SECTION D: CAPABILITY, EMPOWERMENT AND TRANSFORMATION

1. What criteria do you use to select Enterprise and Supplier Development beneficiaries?
2. Do you have the freedom to select the kind of support you can authentically provide, or everything is determined by the B−BBEE scorecard? Kindly elaborate.
3. In your opinion, is there anything the government is doing to assist corporate to ensure that Enterprise and Supplier Development is properly implemented? Briefly explain.
4. What can be done by large corporates to assist SMMEs further?
5. Has the company been more successful in business because of complying with B−BBEE, particularly Enterprise and Supplier Development? Please elaborate.
6. Do you think SMMEs are doing their best to position themselves for empowerment? Kindly elaborate.
7. Does the company fear the future due to B−BBEE, specifically Enterprise and Supplier Development?
8. Do you think support from large corporates can effect change on SMMEs beyond the Enterprise and Supplier Development programme?

QUESTIONNAIRE FOR SMMES

QUANTITATIVE QUESTIONNAIRE

AN ASSESSMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMPLIANCE IN ENTERPRISE AND SUPPLIER DEVELOPMENT THROUGH THE CAPABILITY APPROACH

Kindly fill in answers to all the questions

Please mark answers

Kindly elaborate on the in-depth questions

SECTION A: DEMOGRAPHY

Race	African		
	White		
	Indian		
	Coloured		
	Other		

Age	18-35	
	36-65	
	Above 65	

Gender	Male	
	Female	
	Prefer not to answer	

Education	No schooling	
	Primary competed	
	Some secondary	
	Completed secondary	
	Tertiary qualification	

SECTION B: BUSINESS INFORMATION

1. I am the business

Owner	
Manager	

2. Please describe the main business activity. For example, fixing electrical machinery, supply metal products; etc.

3. How long has the business been existing?

Less than a year	
1 year	
2 years	
3 years	
4 years	
5 years	
Above 5 years	

4. How many employees does the business have?

Only myself	
1 – 5	
10-20	
20-50	
50-100	
Above 100	

5. What is the main reason for starting the business?

There was an opportunity	
The need to be self employed	
The desire to utilise own skills	
If other, kindly specify	

6. What is the annual turnover (How much money the business makes over 1 year) of the business?

Less than R150 000	
Between R200 000 and R 900 000	
Between R 1 million and R4 million	
Above R 5 million	

7. The business is registered for

Income Tax	
Value Added Tax (VAT)	
All of the above	
None of the above	

8. Who does book keeping for the business?

My self	
An employee of the business	
The service is outsourced	
There is no book keeping	

9. How do you plan and budget?

Planning and budgeting is done every month	
Planning and budgeting is done when there is a need	
No planning and budgeting is needed	

SECTION C: BUSINESS RESOURCES

1. Where is the business operating?

At my home	
Business offices /workshop	

2. Where did you get funding to start the business?

Used own money	
Loan from a bank	
Funding from small business development agencies	
Donations	
Other, kindly specify	

3. Kindly select the administration equipment available in the business?

Cash book	
Telephone	
Fax	
E-mail	

Computer	
Internet	
Scanner	
Copier/printer	

4. What additional skills do you need to successfully operate the business?

Financial Management	
Technical skills	
Business Administration	
Marketing and Communication	
Others, please specify	

SECTION D: BUSINESS CHALLENGES

1. Do you find it easy to secure a loan from borrowing institutions?

Yes	
No	

2. The borrowing institutions refuse to approve loans because

I struggle to pay back loans	
The business does not generate enough money	
The business does not meet the loan requirements	
The business does not have a good credit record	
The business does not have collateral	
Borrowing institutions does not give loans to SMMEs	
Other, kindly specify	

3. Have you attended any business management training?

Yes	
No	

4. Do you have a mentor?

Yes	
No	

5. The business operations are dependent on

Own money for survival	
Funding from agencies	
Business generates enough money to operate	

6. Are you able to meet your orders on time?

Yes	
No	
Yes, but sometimes there are delays	

7. Do you manufacture products that are quality approved by the South African Bureau of Standards (SABS)?

Yes	
No	
The products do not need to be SABS approved	

8. How do you market your products/Services? Kindly mark all that is relevant

Company website	
Print Media	
Social Media	
Word of Mouth	
No marketing	
Other, kindly specify	

9. What are the main challenges of doing business with corporates? Kindly mark all that is relevant

Inability to deliver on time	
Inability to meet client specifications	
Unable to supply large orders due to lack of funds	
Underpricing	
If others, kindly elaborate on other challenges you encountered	

SECTION E: PERCEPTIONS:

1. Are you familiar with Broad-Based Black Economic Empowerment (B−BBEE E)?

Yes	
No	
A little bit	

2. My understanding is that B−BBEE is meant to support small business through

Providing business opportunities	
Financial support	
Mentoring	
Providing equipment’s	
I require more information	

3. Are you familiar with the B−BBEE Enterprise and Supplier Development?

Yes	
No	
I have heard about it	
If yes, where did you first hear about Enterprise and Supplier Development? Please kindly elaborate	

4. Are you a supplier to a large corporate?

Yes	
No	

5. Is your business a beneficiary of Enterprise and Supplier Development?

Yes, the business has received financial support from big companies	
Yes, the business has received non-financial support from big companies	
The business has received both financial and non-financial support	
No, the business has not received any support	
If yes, kindly describe how easy was the process for you	
If no, kindly indicate what the challenge is	

6. Is it easy to become a supplier to a large corporate?

Yes, it is easy	
No, it is not easy	

7. Do you have any partnership or joint venture with a large corporate?

Yes	
No	
Still on the planning phase	
In the past, but not currently	

8. Are you currently a preferred supplier or in the database of any supplier?

Yes	
No	
I do not know	
If yes, how often do they do business with you?	

9. Do you have any existing contracts that add value to the business?

Yes	
No	
The contract is under priced	

10. How did you become a beneficiary of Enterprise and Supplier Development?

I was approached by corporate	
I was already doing business with corporate then picked for the programme	
It was through networks	
I applied from an advertisement	
Briefly describe your first attempt to do business with corporate and what was the outcome	

11. What were the barriers you experienced in the process of becoming a beneficiary for Enterprise and Supplier Development?

Red tape (difficult process and rules to follow)	
Lack of professional employees and training	
Low demand for the products	
Regular compliance e.g. labour laws, tax laws	
Failed to meet qualifying criteria	

12. What are your main concerns about Enterprise and Supplier Development? briefly explain

13. What persuaded you to participate in Enterprise and Supplier Development? Briefly explain

14. Have you gained more business opportunities through Enterprise and Supplier Development?

Yes	
No	
Not sure	

15. What are the challenges that can cause the business to close down?

Cash flow	
Business is generally slow	
Lack of customers	
Operations costs are too high	
Theft	
Lack of space	
Skills shortages	

16. Do you have the capacity to produce at short notice without applying for a loan?

Yes	
No	
Sometimes	

17. What kind of support does the business need to in order to grow?

Mentoring	
Financial support	
Incubation	
Exposure to markets	
Big operating space	

18. Do you think large Corporates are providing adequate support?

Yes	
No	
A little support	

SECTION F: COMPLIANCE

1. The business is

Exempted Micro Enterprises (EMEs) (an annual turnover of R10 million or less)	
Qualifying Small Enterprises (QSEs) (an annual turnover of R 10 million or more but less than R50)	

2. Do you obtain a sworn affidavit annually, confirming the total annual revenue and level of black ownership?

Yes	
No	
Sometimes	

3. Do you have the following documents?

Company profile	
B−BBEE Certificate	
Proof of Business Registration	
Tax certificate	

SECTION G: CAPABILITIES, EMPOWERMENT AND TRANSFORMATION

1. Is there a limit in the kind of services or other activities you provide as a result of your personal well-being (like health, physical function, social function)?

Yes	
No	

5. Do you think empowerment can significantly improve innovation capabilities for SMMEs?

Yes	
No	

6. Do you have resources to conduct research on product improvement in order to increase business opportunities?

Yes	
No	
I do not have the capacity to research	

7. Do the business manufacture products that meet the standards in terms of design, quality and function?

Yes	
No	
Most of the time	
Not always	

8. Can you afford to operate the business for 3 months without receiving new orders?

Yes	
No	

9. Do you think many companies are aware of your business and products?

Yes	
No	
Maybe	

10. As a manufacturing SMMEs did you have adequate capital for start-up?

Yes	
No	

11. Do you think Enterprise and Supplier Development will assist the company to grow?

Yes	
No	

12. Are you able to develop networks and gather information from others?

Yes	
No	

13. Do you think if your business grows it will improve the living standards of individuals that work with you? Kindly elaborate.

14. Do you think that Enterprise and Supplier Development will make an impact in your business if you become a beneficiary? Kindly elaborate.

15. Is there a difference in your business before and after being a beneficiary of Enterprise and Supplier Development? Kindly elaborate

16. Are you involved in decision making regarding the kind of support Enterprise and Supplier Development provides for your business? Kindly elaborate

17. Do you have control over the resources like operating space, transport, Information and Communication Technology? Kindly elaborate

18. Are you free to compete for work and/ or contracts with large corporates?

19. Do you think SMMEs can be sustainable after the support from Enterprise and Supplier Development comes to and end? Kindly elaborate.

20. What suggestions do you have for large Corporates on Enterprise and Supplier Development?

21. As a SMME, do you think you have acquired enough skills to offer business advice to other SMMEs within the same field? Briefly explain.