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KWAZULU-NATAL**

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SUSTAINABLE JOB CREATION THROUGH PUBLIC PROCUREMENT: A CASE STUDY OF THE KWA-
ZULU NATAL CONSTRUCTION INDUSTRY SMES

By

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Abstract

This is a case study seeking to determine why South African Small and Medium Enterprises (SMEs) in the construction industry fail to create sustainable jobs in spite of their participation in the Preferential Procurement Policy Framework Act (PPPFA). Based on the latest figures released by Statistics South Africa, unemployment has become a consistently serious problem in South Africa. The background of the study highlights the efforts of the South African Government of Democracy immediately after the assumption of power in 1994. The Government's efforts in sustainability through job creation accentuated the need for SME development via their participation in the PPPFA.

The study adopts a mixed method case study design of qualitative and quantitative research methods. Both quantitative and qualitative data were collected at the same time, analysed separately and the results merged in the summary and discussions of the study findings. The area of the study is the Province of Kwa-Zulu Natal with all the construction industry SMEs participating in the PPPFA. The database of SMEs participating in the PPPFA was obtained from the Kwa-Zulu Natal Provincial Department of Transport. For data collection, a questionnaire containing closed ended questions developed on a Likert scale, and, open-ended questions was designed. A response rate was 98.6% from a sample of 420 SMEs. The quantitative data were analysed through the SPSS and qualitative data through the N-Vivo software programme. Findings of the study revealed that although the PPPFA is contributing positively to the socioeconomic development of the country to a certain extent, the job creation goal seems very feeble. The strong contributory factors to this failure are the incoherencies that exist between the PPPFA process management and performance management feedback to the policymakers resulting in poor PPPFA strategic plan improvements. The study therefore recommends job creation must form integral part of the policy. Secondly, Consistent performance management of the PPPFA processes must be fed back to the policymakers in order to address both SMEs challenges and the character flaw of the PPPFA. Resultant will be a clearly defined goals of the PPPFA in capacitating SMEs for job creation.

Keywords: Preferential Procurement Framework Act; sustainable job creation; small to medium size enterprises; Government tender projects, SME development and construction industry

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CHAPTER 1

1. INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

This is a case study seeking to determine the enigmatic question as to what gives rise to the failure of Small and Medium Enterprises (SMEs) in the construction industry in Kwa-Zulu Natal to create sustainable jobs in spite of their participation in the Preferential Procurement Policy Framework Act (PPPFA). By area, Kwa-Zulu Natal is the seventh of the nine provinces of South Africa (SA). The reason for the study choosing the construction industry is that since 1994, the South African Government, like many other developing economies, started to invest in innovative and bold infrastructural projects (Lungisa, 2015). Ansar, Flyvbjerg, Budzier and Lunn (2016), state that because of infrastructural development, the construction industry becomes the springboard of many new entrepreneurs, and this has prevailed within the South African economy since 1994. Also, infrastructural development often gets the lion's share of the State budget (Lungisa, 2015). Taking that as the basis, it follows that infrastructural development benefits become twofold, firstly, the creation of new entrepreneurial opportunities and secondly, the attraction of new jobs (Ansar, Flyvbjerg, Budzier, & Lunn, 2016).

Evidence shows that business growth in any country is resultant from well-developed entrepreneurship skills. Through such skills, business owners become conversant with business

techniques that help shape up their companies in both qualitative and quantitative business objectives (Odia & Odia, 2013).

Yescombe (2011) suggests that in order to engage the audience in the discussion regards public procurement a serious cognizance must be taken of what differentiates it from the private sector procurement. The public procurement is not a profit driven function, as usually is in the private sector, however, Government must have stringent controls over the spending of what the politicians term the taxpayers' money (Yescombe, 2011). The Government socioeconomic policies play vital role in making purchasing decisions. These policies are also under the strict surveillance of the Government regulations whether justifying the maintenance of fair competition in the market or socioeconomic objectives (Yescombe, 2011).

Another remarkable difference is the type of purchases that the two sectors usually make. In the private sector, the procurement of goods and services dominates but, works forms part of the non-inventory procurement procedures. In the public procurement, all three (goods, services and works) are common in the procurement procedures. Suffice to that, a brief description of the goods, services and works follows.

Goods are usually the manufactured items purchased to be used within the entity while services are classified into consulting and non-consulting. Consulting services are usually not equipment intensive but generally technical such as engineering consultants and experts to conduct feasibility studies. Non-consulting services involve to a large extent the hiring, maintenance and repair of equipment (Yescombe, 2011).

Yusuf and Misnan (2019), defines works a broad category of public infrastructure projects that are financed by the Government. Such projects may be initiated for public infrastructural developments that may include schools, roads, hospitals, recreational parks, Government buildings and electric grid. Usually SMEs share in the maintenance and renovations of such infrastructures (Yusuf & Misnan, 2019).

Conducting research on public procurement is very important for continuous improvement through matching the Government policies with the updated and current theories that exist in the field of public procurement (Flynn & Davis, 2014). Theories assist in specifying what theory underpins the procurement processes in a specific Government or how those processes cascade down to the local levels of the State. The theories also assist in designing procurement strategies relevant to the objectives of the Government that may be largely driven by socioeconomic development.

When objectives and goals focus on achieving socioeconomic intents, sourcing of the funds is defined within the policy strategies. The significance of this is that social sustainability policies are not influenced by bottom line figures (Okkonena & Lehtonen, 2016). So in summary, public procurement emerges from theory, then policy document followed by strategic management and lastly process controls as well as performance management (Flynn & Davis, 2014).

1.2 The background of the study

Since its commencement as the ruling power in 1994, the South African Democratic Government has been faced with many socioeconomic choices and practices that are at odds with each other. Among these choices, the controversial dilemma lies between choosing the economic principles that would foster business growth versus the principles of social development. Business growth needs a robust economic policy that insists on efficiencies and well-developed production factors while the economic policies largely driven by principles of social development requires a huge focus on training and other development activities usually regarded as spending resources on non-economic activities (Tshishonga & De Vries, 2019). These would redress the social disparities between the previously disadvantaged populace and those favoured by the apartheid system. In the socioeconomic sphere, these choices included re-establishing the country amongst world markets as a global economy. Tshishonga and De Vries (2011) state that globalisation has a very positive impact in maintaining lower goods' prices and the ancillary benefit to that is job creation through investors' establishment of new businesses in different countries. Furthermore, globalisation calls for the countries to ensure they implement attractive and uncompromising investor friendly policies (Tshishonga & De Vries, 2019). However, others have always argued against the policy of globalisation. Meenu (2013), states that globalisation leads to the reduction on a number of jobs as local employees tend to be replaced by foreigners. Most multinational companies tend to trust Managers from their countries of origin so as to ensure their interests are carried out religiously. Unless strictly regulated by the country's economic development policies, local products become insignificant when sourcing raw materials (MEENU, 2013). In Romania, during 1992-2011, the dependence on foreign skills deepened the income inequality as local skills were regarded with disfavour (Neagu, 2014). Idris (2012), also states that SMEs cannot enhance any sustainability in a globalised environment unless they build themselves into a united and tenacious small business community that persistently challenge decisions that inevitably cause hardships to their businesses. Globalisation increases the need to improve on efficiencies

and innovations that can only be achieved with high technology which sometimes come at a price unaffordable by the SMEs (Idris, 2012).

On the other hand, South Africa was faced with the responsibility to engage the State in the gear to accomplish and accommodate the high expectations of its populace regarding a smooth and successful transition towards a more democratic system (Mathibe & van Zyl, 2011). Some of the populace's expectations over the last 20-years have included economic empowerment and employment generation. However, the fulfilment of employment creation cannot be realised without entrepreneurship stimulation (Tshishonga & De Vries, 2011).

The study background suggests a very strong underlying presumption that the South African populace expected sea changes in social dimensions from the new Government of National Unity, in spite of the burden which the state bears in its efforts to reintegrate the country in the world markets. Re-establishing the country's foothold in the international trade precedes all other efforts for any Government striving for job creation (Mathibe & van Zyl, 2011). The South African Government of the new dispensation continuously made remarkable strides in addressing the issue. As an example, the first initiative to redress the socioeconomic disparities in the country was the Reconstruction and Development Programme (RDP) which is still taken by many researchers as the stem from which all the other socioeconomic policies subsequently proliferated (Sebake, 2017; C. van der Westhuizen, 2015). The promotion of entrepreneurship through SMEs development and establishment of cooperatives was deemed to be a great philosophy in contributing to the economic growth which would result in sustainable job creation to curb the levels of unemployment in the country (Mathibe & van Zyl, 2011).

1.2.1 SMEs as SA Government response to global economic challenges

Many developing countries have different set of priorities in their socioeconomic development strategies. The common denominator for these strategies is always the need to grow the wealth that does not emanate from a single factor but through systematic applications of policy actions towards different categories of people, approaches to the countries' natural resource management, enthusiasm in entrepreneurship development and economic development policies (Naude, 2010)

Mello and Dutz (2012), state that some developing countries lack Research and Development (R&D) expertise, consequentially this issue becomes a priority in those particular countries.

R&D on the other hand depends largely on technology as an enabler in speeding up the exchange of information. Historically, many countries were disadvantaged by joining industrial revolution at a very late stage, however, today it has become clear that the underdeveloped nations of the future will be those lagging behind in technology (Addo, 2001; Mello & Dutz, 2012).

Apart from international challenges, most of the developing countries are faced with the problem of rapid urbanization with an exodus of people from the rural areas to the urban areas. Rapid urbanization contributes heavily to the issue of corruption and security in most of the African countries. This has called for socio economic policies that do not only focus in the urban areas but also necessary for the equitable distribution of wealth in the rural areas (Olzden & Enwere, 2012)

There are many socioeconomic development models available from academic studies, applied and succeeded in other countries or researched and uniquely crafted for that specific country. However, each country take serious cognizance of the choices they make from these models as the model of choice by individual country depends and must be malleable to the conditions that prevail in that specific country (Haddad, 2018). Often, the model of choice may lead to a war of words in the media domains and become a political football as it is in the case of South Africa. The underlying quiz is to embrace a socioeconomic development policy adaptable to the existing or intended social, political, economic and other internal influences as South Africa has long been characterised by societal divisions. Such phenomenon is however not unique to South Africa as many other developing countries have experienced it during the political transition from one Government system to a completely new (Haddad, 2018).

Most of the developing countries like South Africa become the spotlight of measurements such as indices on their potential to become industrialised, the modernisation of the cities, prosperity through sustainable and meaningful job creation, improvement in the living standard among the citizen of the country and the equitable sharing of resources (Aremu & Adeyemi, 2011). It is for this reason that SMEs have quickly become the futuristic establishments of the developing economies(O'Neill et al., 2017). Most Governments of the developing countries are working hard commingling the SME sector into the socioeconomic development policy making (Aremu & Adeyemi, 2011). Job creation takes the topmost priority of such policies.

In similar socioeconomic debates, South Africa also pursued similar goals by developing different models for the enhancement of SME growth. The SME development strategy entailed:

- achieving the goals of industrialisation of the country through local production and export of goods and services
- poverty reduction through entrepreneurship skills development, that is encouraging local entrepreneurship that would eventually replace large volume of imported products and services that eradicate the local economy
- reconstruction of income, where all citizens of the country are paid equally for the jobs that they do
- formulating employment creation strategies, and that is the fundamental need as the numbers are not favourable
- economically capacitating the previously disadvantaged group of people through inclusive socioeconomic strategies that would boost the standard of life for all living in South Africa and
- the replacement of oligopolistic market with one with higher level of competition, where the price of goods and services is largely determined by the economic principles of supply and demand (D. K. Mutalemwa, 2015).

1.2.1.1 Growing and developing the economy for greater industrialisation

Mendes, Bertella and Texeira (2014), state that industrialisation is a long and tough road paved in order to achieve a discernible replacement of imports with local products. It is tough due to the ever-increasing disjunction between the agents that represent the national economic groups and those acting on behalf of the international economies, especially those economic policies formulated by the colonialists (Mendes, Bertella, & Teixeira, 2014). The national agents' establishment was mainly to maintain the economic status quo of the displaced colonialists. The commissioning of the national agents was not only an economic driven strategy but also to push the political mandates by the political parties or the Governments to abolish the economic policies pinned down in colonialism. Seteolou (2017), states that economic strategies are always inseparable from the relative Government political objectives. The impact of such phenomenon on the economy of the developing country is that economic policies are randomly formulated leading to so many irrational changes along the economic development route (Seteolu, 2017). The national agents always take opportunities of such failures and craft re-infiltration strategies for the

colonialists. Often the strategy's strong pins is that the same colonialists return but lately fronting their businesses with the prominent domestic labels (Mendes et al., 2014). The political bureaucracy is also not easy to deal with as the Government officials sometimes develop greediness that breeds corruption. The policy that starts as a solution to promote industrialization of the country ends up elevating the magnitude of the country's external debt (Seteolu, 2017).

The international economic agents strongly believe in metropolitan bureaucracy as opposed to local industrialization. Their argument is that imports open international markets for the country. This can be achieved through the country's exports of natural resources or primary products to be manufactured internationally and be imported as finished products (Mendes et al., 2014). There are many supporters of such agenda and propaganda to economically discourage initiatives of the BRICS (Brazil, Russia, India, China and South Africa) countries. Adewale (2017), states that import substitution must be viewed and be formulated within the framework that will bring about the economic growth that will elevate the level of business activities and subsequently forge ahead the citizens' standard of living. There is an incomparable need that the developing economies of the BRICS (Brazil, Russia, India, China and South Africa) group consider import substitution industrialisation (Adewale, 2017). The question then remains unanswered as to how the replacement of industrialisation with imports may improve job creation by SMEs in the developing countries.

1.2.1.2 Lightening the burden of poverty through entrepreneurship skills development

Although the burden of poverty still remains the great agony among some of the BRICS group of countries, it is notable that in order to improve the quality of life for most citizens of these countries, some respective Governments have worked tirelessly on putting together economic policies and programmes that have remarkably reduced such a burden. One of the common policies among these countries is entrepreneurship skills development. Naminse and Jincai (2018), state that the unrivalled growth in the Chinese economy that averaged 10% per year was concomitant to the entrepreneurship skills development programmes. These programmes were able to uplift far above seven hundred million people out of poverty. There had been other successful programmes developed by the Chinese Central Government in effort to alleviate poverty before but they were not strong enough to yield such phenomenal results s entrepreneurship development programmes (Naminse, Zhuang, & Zhu, 2018). There are other emergent economies that worth noting of their

economic policy front, for instance the MINT (Mexico, Indonesia, Nigeria and Turkey) economies. These economies have tremendously improved their infrastructures with an aim to move its citizens above the poverty line and their economic prospects are encouraging (Durotoye, 2014). Hussain, Bhuiyan and Rosni (2014), highlight that, with the Government support programmes aimed at developing small and medium enterprises, individual entrepreneurship skills development and other related programmes, the developing economies can be able to enhance employment creation and consequently reduce the level of poverty (M. D. Hussain, A. B. Bhuiyan, & R. Bakar, 2014).

1.2.1.3 Income reconstruction

The previously colonized countries normally experience extended incoherent economic status of its citizens which is a common condition resulting from social exclusion of certain groups of people. In South Africa, the marginalization of certain group of people included disparities in accessing most basic needs such as health, land, houses and income especially, the wages and salaries (Meiring, Kannemeyer, & Potgieter, 2018a). Exclusion in health facilities had serious consequences among which the high levels of morbidity and mortality rate in the marginalized groups (Meiring et al., 2018a). The roots of these disparities are quite strong due to the inherited discrimination policies of decades of apartheid governance of the country. Apart from redressing the income disparity created by the apartheid policies, the South African Government of new dispensation faces other challenges of intuitive distrust among the different races in the country (Hofmeyr & Govender, 2016a). All these underlying mechanisms of income inequality must be reversed, however, wealth distribution is not an easy trend to reverse as there is no theoretical tool designed specifically for the control of the trend once created (Hofmeyr & Govender, 2016a).

Mandipaka (2014), also reiterate what the other researchers have confirmed that the racially and gender based income and other inequalities must be abolished and apply macroeconomic policies with the effective tools to control wealth distribution (Mandipaka, 2014; Meiring et al., 2018a).

1.2.1.4 Crafting of employment creation strategies

The Government of South Africa embarked on job creation strategies since 1995. One of its efforts was the vigorous development of small businesses in and around the country inclusive of the cooperatives in the rural areas (Mandipaka, 2014). The South African Government has been trying

to meet the job creation challenges. There are so many initiatives that have been applied and some have come and gone. To mention a few that will be discussed in details in the ensuing chapters, there was Growth, Employment and Redistribution (Tregear & Jenkins) and SME development programmes (Mahadea & Simson, 2010a). These initiatives have been dovetailed together to strengthen the Government's commitment to redressing the economic wounds of the past.

1.2.1.5 Economically capacitating the previously disadvantaged population groups

The toughest task for any Government is to eliminate racial inequalities satisfactorily whether in developing countries or well-established economies. Complicated and difficult as it sounds, the Governments always make efforts to approach this conundrum from different perspectives and continuously review strategies to update its policies (Oliver & Shapiro, 2013). In South Africa, the Government is making remarkable strides in its effort to close the income gap between the previously disadvantaged group of people and those previously favoured by the Government of Apartheid system. In spite of all those efforts, political sphere is still buzzing with the mantra that not enough focus has been given to the issues of inequality (Oliver & Shapiro, 2013). Surely, the South African Government's efforts may not be significant equally to the counter forces due to the global economic crises but there are positive and visible results in and around the country (Mahadea & Simson, 2010a). Some of the inclusive economic development strategies relevant to redressing the inequality elements. Although this study focus is not on inequality, it is worthwhile to give background leading to the current reflections on the socioeconomic inconsistencies of the country.

1.2.1.6 Phasing out the oligopolistic economic structure

The South African government has realised the importance of the economy with one that allows a higher degree of market competition (Ntsika, 1999: 11).

In 2014, South Africa celebrated twenty years of democracy but there were no jubilations in the most crucial sphere of economic development. There was still no inclusive economic growth especially in the market environment, which is still dominated by few big businesses (Banda, Robb, Roberts, & Vilakazi, 2015a). The market was and still is characterised by challenges to SMEs due to barriers to entering most of the markets. The big players use prices to oust those

small players managing to squeeze into the market environment. This results in high mortality rate of the SMEs (Banda et al., 2015a). This presents a big challenge to the Government as the economy is bereaved of many advantages of markets that are easily accessible and the dynamics concomitant with competition, examples being improved production processes and product quality as well as competitive pricing (Banda et al., 2015a).

Simatele (2015), states that the market environment in other sectors like the banking sector is highly concentrated C₄ ratio of more than 80% suggesting a very low level of competition. The government authorities' major concerns include but not limited to low efficiencies in the financial institutions, reduced quality and service innovation, deliberately elevated transaction fees as well as the manipulated access to finance by certain sectors of the businesses. The result of manipulated access to finance is an enormous retarding factor to SME growth. This has consequently affected the SMEs that mostly depend on external financial institution for boosting their financial capabilities as required by the tender application process. It is for these reasons that the Government authorities take serious cognizance of anticompetitive activities hence the strategies aimed at the complete elimination of oligopoly in favour of more competitive market environment (Simatele, 2015). The construction industry has a high level of concentration in the topmost grades of the CIDB. Very few companies dominate the big tender awards by the South African public procurement.

Suggestions have been made to Governments in the Southern African countries to look into ascertaining effective policies that will not hamper the free market system but improve the SME sector's participation in their respective markets (Abor & Quartey, 2010). The South African Government has also started making moves in protecting SMEs especially in the construction sector as seen in many projects specifically earmarked for the emerging contractors.

The above six pillars clearly indicate how the Government is determined to grow the economy inclusive of business sectors. It must be noted though that irrespective of the level of commitment from the Government and policymakers of the country, the inclusive growth is unachievable without the participation of the big businesses. The focus of this study is on job creation through SMEs growth and development hence the involvement of SMEs in economic policies since 1995 is of crucial importance thereof. The study will ensure literature review of relevant policies is conducted to ensure the alignment with the recommendations made on the results.

1.2.2 Unemployment scenario in South Africa

The official unemployment rate in 1994 was recorded by Statistics South Africa as approximately 20%. However, in the 2013 quarterly labour force survey, the unemployment rate was reported as 24.7% (M. du Toit, de Witte, Rothmann, & van den Broeck, 2018). This rate has deteriorated to 25.5% in the second quarter of 2015 and the unemployment rate is currently hovering at 26.7% (M. du Toit et al., 2018). This rate represents about 6 million people of South Africa, that is, if not including the groups that have given up in job seeking. These figures demonstrate that the Government's trajectory in the reduction of unemployment has not been propitious. Notwithstanding all the negative criticism from the public and political organisations, the South African Government is still persistent in its attempts to achieve ways and means that can help solve the unemployment problems.

Unemployment concerns have become a global threat to economic sustainability. In 2003, world's unemployment figures already indicated that on average 41% of unemployed males and females are between the ages of 15 and 24 years (Penfold, 2012). Unemployment has been featured in the centre of many policy debates in the country's political arena. Two factions have been created between those blaming the old Government of Apartheid and those blaming the new Government of National Unity for the failure to create meaningful jobs (Rossouw & Ferreira, 2016). The integral part of the debates is the youth unemployment that may possibly lead to the reduction of work experience and skills transfer. Lack of work experienced coupled with the absence of skills transfer will have devastating effects on the future productivity and quality of the products or services provided by the country.

In the political sphere most of the blame for the rise in unemployment levels is directed to the Government. This has been observed particularly when the youth demanded the Government to establish youth subsistence fund that will subsidise school leavers until they can be able to source employment. The question that always pop up is what happens to the public programmes that are supposed to be creating jobs in the country. The Government investment in the infrastructure costs the country multibillions of SA Rands and the expectation is that such programmes yield more job opportunities especially in the construction sector. In summary, unemployment can no longer be taken lightly and the Government programmes designed and funded to address the issue must be seen yielding the expected results. At the same time the private sector must also play its role through partnering with the small businesses in order to boost them for job creation.

1.2.3 Defining sustainable jobs

Many authors refer to and define sustainability in more environmental terms as the endurance of systems and processes. The fundamental organising principle for sustainability is development, which includes the four interconnected domains namely, the environment, economics, politics and culture (Paul, 2008).

Springett (2013) states that if the same sustainability is applied to job creation, it can be defined as jobs that are enduring in that they are environmentally friendly, can change the economic status of the person, create political stability through career development and accommodate culture (Springett, 2013). It is worth noting though that not all jobs can be culture accommodative, however, the key factor is the employers' awareness of the implications of different cultures on business.

1.2.4 Government's job creation efforts

The persistent rise of the unemployment rate has proved that the obvious solutions as stated in the National Development Plan have still not yet produced any desired effects. The most puzzling situation is that there are no new jobs created, even in the countries where economic growth has been realised (Meyer, 2014). As stated above, there are many policies and other Government initiatives that have been put in place in an effort to contain the pandemic of unemployment.

1.2.4.1 Affirmative Action

One of the remarkable Government efforts to balance employment of different groups of people in a more equitable ratio was the promulgation of the Employment Equity Act No 55 of 1995 which contained the guidelines for Affirmative Action Programmes.

Stulberg and Chen (2014), describe the Affirmative Action programme as a set of guidelines that was originally put in place to ensure that the Government Departments in the United States of America (USA) refrain from prejudicial distinctions based on ethnicity, religious beliefs, colour or nationality when employing people. Ever since the Affirmative Action was signed into law by President John F. Kennedy in 1961, other countries started adopting it to eradicate discriminative laws and practices which prohibited certain groups of people from participating equally in the economy of different countries (Stulberg & Chen, 2014).

In India and Nepal for example, Affirmative Action was referred to as Reservation, while in the United Kingdom it was known as the Positive Action. Canada and South Africa opted to call it Employment Equity in promotion of the employment of the previously disadvantaged groups of people (UWITIJE, 2017).

In South Africa, the aim of Affirmative Action is to promote equal employment opportunities including the previously disadvantaged groups of people or the designated groups, as long as people meet the required criteria in terms of qualifications and other job requirements. Regrettably, the policies of Affirmative Action have been widely criticised by different interest groups in South Africa (Adejumo & Archibong, 2013).

1.2.4.2 The SMEs development

In the efforts to fulfil the population's expectancy of employment creation, the South African Government initiated an active promotion of growth and development of the (SMEs) sector. The success of SMEs development is entirely dependent on a holistic approach to socioeconomic policies. Hence since 1995, the South African Government has been groping for suitable policies to dovetail both its social and economic principles in support of the new dispensation's dilemmas (Mathibe & van Zyl, 2011). There are many economic policies that have been developed and made available by the Government, of which most have a common goal to lower the unemployment rate. The State has always made an endeavour to choose policies that are adaptable to the conditions that prevail in South Africa. Therefore, most of the socioeconomic development policies have been developed to adapt to the existing or intended social, political, economic and other environmental influences as delineated by the Government of South Africa (I. M. Ambe & J. A. Badenhorst-Weiss, 2012).

Most of the developing countries like South Africa become the focus of measurements such as indices of their potential to become industrialised, the modernization of the cities, prosperity through sustainable and meaningful job creation, the improvement in living standards among the citizens of the country, and the equitable sharing of resources (Ayanda and Laraba, 2011). It is for this reason that SMEs have quickly become perceived as the future establishments of the developing economies. Therefore, most Governments of the developing countries are working hard to integrate the SME sector into policy making (Ayanda & Laraba, 2011).

The National Small Business Act of 1996 and the Preferential Public Procurement Policy Act of 2000 are the two most important of such policies. Their existence had a very big impact on the

growth and development of the SMEs which culminated in the establishment of an SMEs Department in the National Government of South Africa in 2014 (Muriithi, 2017). Furthermore, the Reconstruction and Development Programme (RDP), as the foundation policy for economic development contributed comprehensively after the State's realisation that promoting and developing small businesses and cooperatives needed a specific focused, systematic and integrated approach (Gopaul & Manley, 2015).

The Department of Small Business Development was established to promote that focus, especially on the economic and legislative stimulants for entrepreneurship, and to produce a discernible effect on radical economic transformation. The realisation of this mandate will impact on the inertia of the current situation to increased job creation, poverty alleviation, reduced inequality and speed up the process of all other socio-economic growth initiatives. The initial department's total budget was R3.5 billion over the Medium Term Financial Expenditure period (P. J. Zuma, 2015).

Below are some of the socioeconomic policies that were regarded and believed to be contributory causes in the growth and development of the SMEs sector.

- Reconstruction and Development Programme (RDP) in 1994
- National Small Business Act (NSBA) of 1996
- Growth, Employment and Redistribution (Tregear & Jenkins) plan in 1996
- Preferential Public Procurement Policy Framework (PPPPF) Act of 2000
- Accelerated Shared Growth Initiative for South Africa (ASGISA) in 2006
- New Growth Path (NGP) in 2010
- National Development Plan (NDP) in 2012
- The advent of the Small Business Development Department (Amra, Hlatshwayo, & McMillan, 2013)

A discussion of these policies in the next chapter is important so that the study can be guided on the track through which the Government has been following in effort to reduce poverty and in its effort to create a conducive business environment for sustainable job creation through the involvement of the SMEs.

1.3 Defining SMEs

A definition of SMEs has never been standardised throughout the world. Different countries use different definitions, and this can be attributed to the fact that SMEs develop naturally as per

different needs in different societies in those respective countries (S. T. Leboea, 2017). To illuminate this, the following are the highlights of SME definitions used by some of the developing economies. In other countries micro businesses are not regarded as part of the small businesses sector, and therefore they use the acronym SME which stands for small and medium enterprises (Berisha & Shiroka-Pula, 2015). Following are a few of the definitions used in some of the developing countries around the world. **See Table 1.1** for the summary of these definitions.

1.3.1 Brazil

In Brazil, the SMEs are categorised as SMMEs according to their value (annual turnover plus fixed assets) and the number of people employed by the company (Papalardo, Meirelles, Sacomano, & de Aranha Machado, 2014).

1.3.2 China

Under the SME promotion law of China in 2003, SMMEs are defined by their total number of people employed, business turnover and their total assets (Xie, Zeng, Peng, & Tam, 2013). Small enterprises must meet one or more of these conditions whereas medium enterprises must meet all three conditions otherwise such businesses do not benefit from Government subsidies that are set aside for the business development in that particular category (Xie et al., 2013).

1.3.3 Malaysia

Malaysia also defines SMMEs according to their total number of employees and sales turnover. However, these numbers differ according to the two types of SME sectors i.e. manufacturing and services (N. A. Rahman, Yaacob, & Radzi, 2016).

1.4.3.4 Russia

Although Russia is part of the European Union which has a regional definition of the SMEs, they still use their National definition based on the number of employees, the turnover and the balance sheet (Kouznetsov, Dass, & Schmidt, 2014). The national definition is shown in

1.3.5 India

In India SMMEs are defined by their number of people employed, turnover and balance sheet, however the numbers differ from every business sector (Potluri & Vajjhala, 2018).

1.3.6 The South African definition

The South African National Small Business Amendment Act 26 of 2003 defines businesses according to five different categories, however, there is a definition commonly used by CIDB for grading purposes.

COUNTRY	BUSINESS CATEGORY	TURNOVER	NO. OF EMPLOYEES
BRAZIL	Small	Up to BRL 2.4m	From 10-49
	Medium	Up to BRL 16m	From 50-99
CHINA	Small	Up to ¥30m	Up to 300
	Medium	Up to ¥300m	Up to 2000
MALAYSI A	Small	UP to RM15m	Up to 75
	1.1 Medium	From RM15 to RM25m	From 75 to 200
RUSSIA	Small	Up to ₹9.6m	Up to 100
	Medium	From ₹9.6m to 24m	From 100 to 250
JAPAN	Small	Up to ¥6m	Up to 99
	Medium	From ¥6m to R26m	From 100 to 499
SOUTH AFRICA	Small		Up to 99
	Medium		From 100 to 499

Table 1.1: Summary of SME definition from different selected countries

Berisha and Shiroka (2015), state that it is not always easy to arrive at a conclusion about a perfectly rational definition of the SMEs by only considering quantitative explanations. This is because one business sector may not be labour intensive but high on turnover. This therefore emphasises the importance of observing them in action (Berisha & Shiroka-Pula, 2015). An

example is the owner manager who makes all decisions inclusive of sales, operations, finance and so forth.

For this study, the definition to be adopted is the local South African version that is quantitative, as discussed above. However, the qualitative descriptions of SMEs are also important in the sense that they identify characteristics by which the SMEs may be referred to when the need arises throughout this study.

1.4 Characteristics of the SMEs

SMEs definitions are aligned with the Government policies and initiatives in place to enhance business activities in this sector. However, SMEs are also characterised by a number of design qualitative features which are attributed to different foundational makeup and the unique reasons for establishing each business (Yon & Evans, 2011). In South Africa most businesses in the SME sector result from individuals losing employment and being there no chance to get another job the person resorts to opening the business. It is also true that some of the SMEs establishments are purely through entrepreneurship drive of certain individuals. Following are some of the commonly cited features:

Management: SMEs management is predominantly the proprietor and displayer of personal entrepreneurship skills, while big companies depend on employed management skills from qualified people.

Personnel: may or may not be skilled through training from formal training institutions or universities, whereas big companies rely on university graduates specialising in specific fields.

Organisation: contacts are highly personalised without formalised and rigid organograms, while big companies have formal communication channels.

Sales: not everybody but most employees can perform sales duties due to their comparative and not defined position, while big companies insist on a strong competitive position.

Buyer's relationship: no formalised and long-term contract relationships, while big companies formalise long term contract relationships.

Production: this is very much dependent on manual labour, whereas big companies apply economies of scale and very intensive on capital.

Research and development: rely on intuition and market trends driven while big companies formalise their research and development to become market leaders.

Finance: self-financing through family funds plays a major role, rather than diversified and anonymous investors through share markets and other capitalisation processes (Yon & Evans, 2011).

1.4.1 The role of SMEs

SMEs and their owners have been receiving a great attention throughout the world for their different business capabilities as the engine of economic growth. The common belief by the South African and other developing economies is that SMEs can be a fertile ground for growth of the invigorating entrepreneurship needed to counteract the world's undesirable economic crisis (Ribeiro-Soriano, 2017). It is a known fact that economic crises are drivers of political instability, hence they take the centre part of all Government stratagems in the economic growth through job creation and reduction of poverty (Ribeiro-Soriano, 2017).

Fiseha and Oyelana (2015) insist that SMEs have the most important role to play in tackling the anguishes of unemployment, penury and social inequality especially in the rural areas of the developing countries such as South Africa. The common social inequalities that influence the rural inhabitants' lifestyle exist because of economic discrimination which is gender based, exclusion of physically challenged individuals, neglect of youth and high level of low skilled workers (Fiseha & Oyelana, 2015).

The world, especially the developing economies, has also come to realise that SMEs, specifically in the construction industry sector play an important role in the economy (Oladinrin, Ogunsemi, & Aje, 2012). Infrastructural developments require small to large scale construction activities. Therefore, construction industry SMEs' participation is of vital importance in order for the accomplishment of such national socio-economic development goals. Construction activities affect nearly every aspect of the economy and that of the industry. In most cases, the developing economies struggle with the provision of basic needs like houses, roads as well as employment (Oladinrin et al., 2012).

There are four of the most important advantages of developing the SMEs in the country, and these include all the emerging businesses from informal, micro to medium enterprises (Berisha & Shiroka-Pula, 2015) .

- SMEs are the growth drivers in the economy;
- SMEs are crucial for a competitive and efficient market;
- SMEs are critical for decreasing poverty; and
- SMEs play a fundamental role in developing countries (Berisha & Shiroka-Pula, 2015).

Likewise, here in South Africa, the development, growth and sustainability of the SMEs is crucial to the economic success of the country. SMEs play an important role in job creation, stabilising and growing the economy, boosting market competition and ensuring development of different skills in people. The Government, in an effort to promote a suitable business environment, has crafted strategies and policies and made available an enormous amount of resources as well as financial support to promote the development and growth of SMEs (Tendai, 2013). Most previous studies have identified the SMEs as the foundation of the building blocks of South African society and beyond. In 2010, about 91% of formal business entities in South Africa were SMMEs and contributed between 52 and 57% to the country's GDP with an average of 61% employment (Cant, 2017).Ye (2014) emphasises that whenever there is a change in the Government system, SMEs play an important role in the process of socio economic development and growth. For an example, the deep troubles in China in centrally planned economies led to the failure of socialism. This prompted the launch of economic reforms that have prospered China into market driven economic development, rapid expansion, diversification and proliferation of private enterprises through the SMEs' policies (Ye, 2014). Stepniak-Kucharska (2016b) states that in Poland in 1990, the centrally planned economy was being replaced with a market economy during the process of socio-economic transformation. This led to a renaissance of Polish small and medium-sized enterprises which started dominating the market, even up to this time (Stepniak-Kucharska, 2016b).

Therefore, the South African urge to promote the SMEs is a consequence of the global practices common to the developing countries during the political transitions. The Government policies of poverty reduction were mostly designed with the focus on the SMEs because they have a greater impact on job creation in comparison with big industries. SMEs are therefore regarded as the building blocks of the country, as they constitute more than 90% of the formal business in South

Africa. The small business entities contribute between 52% and 57% to the country's GDP and provide above 70% of employment (Berisha & Shiroka-Pula, 2015). Because of the flexibility in their formation and nature, SMEs are the best service delivery agents.

1.4.2 Factors retarding SMEs' growth

Like any other businesses, SMEs also face a host of growth and development hindering factors, however, they can still provide excellent customer service due to their flexibility and quick responses to changes and demands of their customers. The key limiting factors may include but are not limited to Government's high taxes and regulations, especially the red tape associated with compliance to registering for Government tenders, as well as low entrepreneurship skills, difficult access to markets and burdensome administrative costs. SMEs across the globe are still confronted with a plethora of hurdles which slow down their growth and development progress despite their significant contribution to economic growth (Ocheni & Gemade, 2015). Besides funding and opportunities to access finance (which is not focus of this study), the SMEs seriously lack management skills resulting from inadequate education and training.

According to the studies conducted previously, the State taxes and regulations red tape and the cost of regulatory compliance impact most negatively on SMEs' growth (Ocheni & Gemade, 2015). The South African construction industry regulatory restrictions are additional intricacies confusing SMEs when competing in public procurement, especially the complexities in the CIDB and National Home Builders Registration Council (MHBRC) (Mbonyane & Ladzani, 2011). The whole process is extremely cumbersome and discourages entrepreneurial small business development, hence some of the small construction SMEs disappear before they can even commence their operations. This increases the level of business mortality rate at a crucial time for economic development in South Africa (Mbonyane & Ladzani, 2011). Challenges facing the SMEs may be grouped according to the different micro, market and macro levels of the business environment.

Micro environment challenges: Micro business challenges often test management capabilities. One of the most challenging situations for SMEs is the increasing pressure for businesses to be ethical in conducting their activities. Coupled with that is a demand for economic effectiveness in every step of running the business so that it remains sustainable and grows (Turyakira, 2018). These factors can impact negatively on the business, and always need formally acquired skills

rather than depending on natural entrepreneurship capabilities. Because of their establishment nature, SMES are more retarded by these factors in their different sectors compared to big players. The micro business environment poses both financial (profitability) and non-financial (innovation and efficiencies) challenges to businesses, and these have a heavy impact on SMEs. Due to their size and turnover scale, SMEs operate on a very thin line between being profitable. Coupled with this is the effective management of the intangible asset which is human resources. South Africa and other developing countries populations are very diverse in citizenship, religions and many other socioeconomic statuses. SMEs do not have the capacity to manage such diverse people with different values, behaviour and perceptions (Khomba, Vermaak, & Gouws, 2011).

In conclusion, frustrations brought about by the micro environment factors can be easily eliminated through effective principles of management. However, the country is currently riddled with so many problems which are somehow interrelated.. For example, the education system determines the type of management skills available in the country, the management skills available are the determinants of economic growth. This in turn determines the number of skilled people retained in the country (Khomba et al., 2011).

Market environment challenges: The market environment has proved to be very tough for SMEs. About 70% of the business mortality rate in this sector prevails due to wrong strategies, positioning products and failure to deliver on service. Pricing manipulation by the big players in the industry has resulted in small players losing market share due to low product demand (Cant & J. A. Wiid, 2013) It is unfortunate that there are no clear initiatives aimed at the protection of SMEs in such a strife torn market environment. Although the Government has tried to give priority to SMEs when sourcing products and services for the public sector, there is very little protection against the dominant players.

Macro environment challenges: Access to finance is the most identified obstacle hindering SMEs' progress in growth and development, because they cannot afford high interest rates set by the banks and other financial institutions. Compliance to the environmental laws is also becoming a burden as it comes at high cost (Cant and Wiid, 2013).

1.5 The Preferential Public Procurement Framework Act

For procurement of its goods, products and services, the South African Government has a prescript of general procurement guidelines. Their opening statement identifies public procurement in South Africa as the panacea for the dearth of jobs in the country. Through this statement the Government commits to a public procurement structure with the ability to empower emerging entrepreneurs to make a significant contribution to the prosperity of the country (Public Procurement Guidelines-2, p2). The Government Treasury Department is the custodian of all the procurement policies and procedures. However, each Government Department is responsible for its Supply Chain Management. In the budget speech (25 February, 2015) with the subsequent budget analysis, the Director General of the National Treasury, Mr. Lungisa Fuzile reaffirmed the predetermined context of the Public Procurement policies of the South African Government. These are to promote and develop small businesses and cooperatives that contribute to the economic growth with the resultant sustainable job creation (Dubihlela, 2013).

Because unemployment was already uncontrollable and is still the greatest economic and social challenge in South Africa, the Government has started prioritizing measures aimed at generating employment. The support for enterprise development, skills development and other job creation programmes topped the chart, as the Government embarked on policies responsive to the challenges of socio economic development (Dubihlela, 2013).

The PPPFA was founded on the Constitution of the country with primary and secondary objectives (Dubihlela, 2013). The primary objective is the achievement of supply management principles of sourcing goods at the right quantities at competitive prices, from the right suppliers and at the right times (Ambe & Badenhorst-Weiss, 2012). The secondary objective is the achievement of socioeconomic policies, especially the closing of the income distribution gap created by the history of the country (Dubihlela, 2013).

1.6 The construction industry SMEs

Another remarkable initiative was the development of the New Growth Path in 2010. Through this, the State tried to invigorate the promotion of SMEs for employment creation and economic development. The government set a goal of five million new jobs by 2020 (Nattrass, 2011). New jobs were to be created by firstly, the identification of structural problems in the economy and

secondly, point to opportunities in specific sectors and markets as jobs drivers. The New Growth Path identified infrastructural development as the first job driver. This indicator was motivated by the premise that higher growth requires state of the art infrastructure. Infrastructural developments drive the State to source more services and products required for such projects. Subsequently this will drive job creation, especially in the construction industry (A Summary of the South African National Infrastructure Plan 2014). In summary, the Government invested R827 billion in building new and upgrading existing infrastructures over the three year period from 2013/15. The construction industry is the strength for the fulfilment of infrastructural development objective (Nattrass, 2011). Therefore, with this in mind, it was deemed appropriate that the SMEs in the construction sector be identified as the focus of this study.

The construction sector is the most important driver of the economic growth, because corporate success requires a certain level of construction. This is where SMEs stand a chance to benefit from the PPPFA (Ofori, 2015)

In South Africa, the construction industry is currently riddled with many economic pressures that are threatening not only the success of the SMEs but the industry in general. The Government efforts to stabilise the economy have been nothing but broad brush strategies about job creation and SMEs development. Nothing solid has been achieved in all of those areas. Furthermore, the supply of building material is currently threatened by the Chinese products that are readily available at a very competitive price. In spite of all these problems, the Government is still persisting with its economic policies aimed at driving employment levels through SMEs from all business sectors in the country (Poobalan Pillay & Mafini, 2017).

There are also other obstacles hindering the efficiencies and quality performance of the construction SMEs in South Africa. The first that always appears in the list is the shortage of skills in the technical areas. Windapo (2016) attributes the skills shortages in the construction industry to the quality of education in the country. The shortage of the technical skills in the construction industry results from basic education curricula which lack emphasis on the importance of vocational studies. The skills shortages affects the construction industry both directly and indirectly when the public sector employees' lack of technical skills begin impacting negatively on contractors. An example of these is the failure of the Government to pay the contractors on time

and the failure of Government agencies in releasing funding in time for the small construction companies' development (Windapo, 2016).

In South Africa, there is a great gap between the skills available to the construction industry SMEs and those required to execute the projects effectively. Skills capacity is crucial for the delivery of infrastructural development (Windapo, 2016). The available skills, actual required skills and the quality in project delivery can be expressed as a function of a business strategy, and their interrelationship can be regarded as knowledge domains (Windapo, 2016).

1.7 Construction Industry Development initiatives

Because of the slow development in the SMEs sector, specifically in the construction industry, the SA Government facilitated the establishment of the Construction Industry Development Board (CIDB) through the promulgation of the CIDB Act of 2000 (Mohlala, 2016). Through this Act, the CIDB has a mandate to guide and develop contractors in the construction industry. The CIDB is mandated to set up the register for contractors as well as the register for projects. The register of contractors grades and categorises the contractors accordingly, so that they can carry out specifically sized construction projects (Mohlala, 2016) In essence, a specific category of construction SME cannot bid for projects that are too large to execute. According to the contractor register, construction companies are graded from Level-1 Level-9, and these are the grades that determine the maximum economic value of the projects as well as the type of construction work the contractor is capable of performing. On verification of these grades with the CIDB, the following was identified:

Grade 1 contractors: comprises new entrants into the construction industry. In order to be registered as a grade 1 contractor, the company owner must submit proof of registration with the Department of Trade and Industry (DTI) under the Companies and Intellectual property Commission (CIPC) and a Tax clearance certificate to prove that the company has been registered with the South African Revenue Services (SARS) for Tax compliance. Most big companies complain that it is not fair for the CIDB to exonerate Grade 1 contractors from submitting the proof of their records of any construction projects that they have completed before. There is also no need for Grade 1 contractors to submit proof of their financial capability to carry out any projects that they can bid for in their category. These contractors constitute a very big proportion (90%) of the CIDB registered contractors. There are no restrictions in terms of the type of project these

contractors can undertake to do. They can bid for any type of project ranging from grass cutting, road verge maintenance or even catering services to the Government organs. The administration fee is payable at a very low rate (CIDB, 2017).

Grades 2 - 9 contractors: these are contractors wishing to apply for the first time or renewing their CIDB membership, and they are all expected to fill in the same type of form. In this category, contractors must prove their financial capability, by demonstrating their best annual turnover and their available capital. Their financial capability must be displayed in the companies' two year Annual Financial Statements (Grafström & Schelin). The statement period must cover the immediate two years preceding the date of application for registration with the CIDB. The contractors must also prove, through their track record, what size and type of projects they have completed before as well as their efficiencies in terms of the start to finish, and when the final payment was received.

It is also very important for the contractors registering in these categories to display the classes of work they are capable of doing. These classes include Civil Engineering, Electrical Engineering (building), Road Surfacing and General Building. There are other obligations that contractors in this category range must fulfil on registration with CIDB, like financial capabilities and previous project magnitude and performance related measures.

Under the CIDB Act, the public sector infrastructure departments are prohibited from awarding any construction contract to any company not registered with the CIDB (CIDB, 2017). In summary, all contractors wishing to participate in Preferential Public Procurement must have a certificate of registration with the CIDB.

1.8 Linking PPPFA with construction industry SMEs and sustainable job creation

The socioeconomic goals require the Preferential Procurement Policy Framework to be systematic, with a high level of coherence and consistency in the application of supply chain principles and the provision of jobs and entrepreneurship opportunities for previously disadvantaged groups of people (I. M. Ambe, 2016). The use of PPPFA to address the disparities of the past must be logically underpinned by processes that are fair, transparent and equitable. It is therefore pre-eminent that all interest groups focus on the achievement of social objectives that can be measured and evaluated through regular reviews (I. M. Ambe, 2016). In that way, the socioeconomic

component of the PPPFA contracts can be specific and transparent enough to be audited at any time by the designated officials.

Munzhedzi (2016), points out that the weaknesses in the management of processes of engaging of SMEs in the PPPFA has led to the waning of the policy integrity, and the good intentions have been doubted by many including the potential beneficiaries. Such criticisms have fuelled the impetus of those opposing the socioeconomic changes in favour of the old Apartheid regime. Consequently, the implementation of changes in the public procurement has been an uphill struggle. The big contract tenders are still incontrovertibly awarded to companies owned by individuals who are not part of the previously marginalised groups of people (Munzhedzi, 2016a).

In spite of all these ramifications regarding the smooth implementation of the PPPFA, the construction industry SMEs' participation must still fulfil the desired outcome of creating meaningful jobs. It is clear that SMEs face obstacles to grow and the struggle to participate effectively in the PPPFA. While the PPPFA battles with its internal conflicts and shortcomings, job creation becomes the victim of these circumstances (Munzhedzi, 2016a).

From the above stated discrepancies, it became evident that a study must be conducted to establish the contributing factors for the failure of such an important phenomenon. It is important to understand the thread that serves to maintain the coherence of the PPPFA as a policy that contributes to both socioeconomic objectives and improved efficiencies in the supply chain management processes of the Government.

1.9 The problem statement

Despite all the efforts and interventions by the South African Government to promote the development of the SMEs for contribution to socioeconomic goals, it still remains unknown the extent to which the Preferential Procurement Policy Framework has succeeded in bolstering the SMEs capacity to create sustainable jobs and lower the rate of unemployment levels which is still high especially, in the Province of Kwa-Zulu Natal. Currently, the country experiences more job cuts than job creation and if this is not addressed the already persistent problems of poverty, increased crime, and severe negative impact on economic growth, will remain the cause for serious concern in socioeconomic spheres of the country (Moalusi, 2018). The previous studies have helped contributing to the efforts of eliminating different factors that affect the effective

participation of the SMEs in the PPPFA, however, there is still no control measurements regarding the number of jobs created from the tender projects awarded to the contractors (Loader, 2018; Public-Enterprises, 2014). This study therefore addresses the issue of possible inclusion of job creation measurement as one of the performance management tools of the PPPFA.

1.9.1 The purpose of the study

The aim of this case study was to ascertain the impact and the level of involvement of construction industry SMEs in sustainable job creation through their public procurement participation in Kwa-Zulu Natal.

1.9.2 Objectives of the study

- (i) To describe the construction industry SMEs' level of participation in the PPPFA.
- (ii) To determine problems hindering SMEs' participation in the PPPFA
- (iii) To determine the factors affecting the growth of construction industry SMEs in KZN.
- (iv) To assess Government initiatives in support of the SME contractors in KZN.
- (v) To establish construction industry SMEs' capabilities in job creation through participation in the PPPFA.
- (vi) To determine interventions that could address challenges that are affecting the growth and sustainability of SMEs in the construction industry.

1.9.3 Research questions

It is the norm to state the research question even though it may look repetitive of the purpose and the objective of the study. Therefore, for the sake of the research norms, investigating to what extent the construction industry SMEs can create jobs through their participation in the public procurement (PPPFA) in Kwa-Zulu Natal, and based on the objectives of the study, the following researched questions were raised:

- (i) What is the frequency of the Government project availability for the SMMEs in the construction industry?
- (ii) What are the problems encountered by the construction industry SMMEs in their effort to effectively participate in the PPPFA?
- (iii) What are the factors hindering construction industry SMEs' growth in KZN?

- (iv) What is the effectiveness of the initiatives put in place by the Government to assist the construction industry SMMEs in overcoming the administrative burden when filling in tender documents?
- (v) What is the level of success of the construction industry SMEs in creating sustainable jobs?
- (vi) How can the PPPFA processes be effectively aligned with the Government objective of job creation through developing the construction industry SMMEs?

1.10 The significance of the study

Haltiwanger (2012), further states that SMEs must not only participate in the market for business survival but also to improve on their work quality and productivity in order to elevate the quality standard of their final products and be able to deliver on time. Productivity and quality products are the foundational impulse for business growth (Haltiwanger, 2012). It can also be subsumed in the aim of this study to recommend the recourse that can promote both quality improvement and productivity enhancement in the construction industry SMEs in order for them to participate effectively in the PPPFA.

There are quite valid arguments that have been triggered by the Government tender system in trying to promote the growth and development of the SMEs, especially those in the construction industry. The rationale of the study specifically relates to the participation of the construction industry SMEs in the PPPFA with a view to fulfilling Government's job creation objectives. This cannot be successful without first understanding the PPPFA as a Government policy as well as the current processes encompassing the execution of public procurement. It is also important to state that the final answer to the research questions may not be evident at this stage, however, pursuing the research project may raise interest for investigations by other researchers. Currently, there are different views as to what happens to the jobs as the companies dynamically grow. Vice versa, there are dynamic views about what happens to the jobs when firms get reduced due to changes in their respective markets. The study will therefore influence not only the public procurement process controls that support the SMEs in fulfilling the Government job creation objectives but also to translate those process management controls to performance management measurements that will serve as a feedback to the policymakers.

One example is that, Fatoki (2014), states that the failure and success of SMEs especially in South Africa pivot on the owners' management expertise. SME owners are the engines of their

businesses. They have an incessant duty to control their internal business environment in order to take advantage of the opportunities in the external environment. There are basic management principles that need to be understood by the business owner in order for the functional staff to be organised according to their skills. In that case the owner will ensure that the staff members understand their responsibilities to serving the customers by exhibiting the right attitudes (Fatoki, 2014). Depending on the entrepreneurial skills of the business owner, the external business environment poses opportunities to some businesses, and conversely to some is a host of threats. The hostility in the business markets has caused so many demises to business sector but at the same time others have made fortunes to grow and become dominant in their respective markets (Fatoki, 2014). This is an opportunity for the study to contribute into the development of the entrepreneurial skills in the SME sector. Entrepreneurial skills can play an important role in making the best use of the tender awards opportunities for the SMEs while participating in the public procurement.

Storey (2016), states that the Government initiatives such as tax concessions and low interest rates on loans are designed to grow and develop SMEs. The implementation of such initiatives must influence entrepreneurs to work harder rather than just being taken as a privilege. Statutory compliance must never be taken as a burden but a drive to developing entrepreneurship in the SME sector. Regarding this study and the public procurement policy, the recommendations must indirectly assist the SMEs in ensuring compliance so that they can benefit from the Government (Storey, 2016).

Although the study aims at answering several questions regards job creation drive by the Government, the recommendations may open a gap where research is conducted on how the private sector can be to an extent pursued for the same objected. Firstly, SMEs' engagement in the public procurement has caused a heavy concentration of supply to the shrinking demand. The infrastructural development has longer turnaround time due to the sizes of such projects. Huge maintenance programmes will soon replace the construction of Government buildings and road infrastructure. In that, the demand for construction services will start diminishing and many businesses will disappear. This brings on board the topic of market expansion. Market expansion beyond the public procurement is necessary in order to balance the supply to the Government needs with the private sector. Although this not being the focus of the study, the SMEs may not be

able to achieve any growth from one sector of the market. The study focus on market expansion will be based on growth opportunities that may yield job creation by the SMEs through PPPFA.

As the study focus is strongly on the essence of sustainable job creation and participation of SMEs in the PPPFA, the procurement processes will be of great importance for the study in order to gain access to the roots of the problem. The study focuses on finding the essence of the problem owing to the widespread reports that the net creation of jobs is not on track with the targets set in the National Development Plan. It is disturbing that some of the emerging contractors are not even aware of the different Government interventions aimed at supporting the small businesses. The study at its core has important implications for the emerging contractors regarding their understanding of Government tender procedures. They will gain awareness about help available through the Government agencies for them to improve their administrative skills for filling in tender documents. The emerging contractors will also be aware of their moral obligation to sustainable job creation. To the policymakers, the study will increase awareness of measures necessary to eliminate corrupt activities in order to speed up sustainable growth and development of the construction industry SMEs. The study will also prompt the policymakers to review the socioeconomic objectives of the PPPFA and its alignment with the Performance Management of the public procurement processes.

Many studies have contributed towards highlighting problems hindering SME growth. However, this study addresses the specific gap that exists in the influence of processes designed to carry out the Government initiatives aimed at developing the SMEs so that sustainable jobs can be created. There is also a need for a scorecard to gauge the success of such Government initiatives so that corrective measures can be taken to address weaknesses that were not visible in the initial stages. It is the desire for this research to discover an alternative framework, which will be inclusive of such a scorecard. The study will also touch on different policies that are applied in other parts of the world that may help understand the world around construction SMEs' growth and development, job creation and problems that are common to public procurement policies. This will counteract the spread of speculative allegations levelled against the Government, whenever up and coming entrepreneurs fail to sustain their businesses.

The study will also bring a new perspective to the topic, as it focuses on a specific dimension of the SMEs and job creation which will add to the limited material in the literature. The study will

also help identify why most of the Black businesses prefer to remain small, living on benefits from the public procurement, and are not willing to grow and graduate to open market competition. Alongside with everything else, the study will also contribute to professional development of supply chain practitioners in the PPPFA. This can be achieved through sharing the results of this study with the Heads of Government Departments involved in SME development. Other researchers can also further the study through developing other knowledge that will cover gaps not covered completely by this study.

In summary, this study has a quality of being significant in contributing to the existing knowledge as follows:

- (i) Enhancement of work quality and productivity of the construction industry SMEs
- (ii) Alignment of the PPPFA process management control systems with performance management feedback to the strategic planners of the PPPFA so that job creation objective can be fulfilled as anticipated by the Government
- (iii) Entrepreneurial skills development in the construction sector so that SMEs can grow and explore other markets rather than only focusing on the Government tenders.
- (iv) Motivation of the construction industry SMEs' into working harder to conform to the statutory requirements of the businesses. Most of the SMEs perceptive mindset is that compliance documents required when applying for Government tenders are just a burden. That must change.
- (v) Inculcation of the SMEs' moral obligation to job creation through understanding the PPPFA processes where employment creation capabilities form part of the PPPFA requirements
- (vi) Modelling SME growth and job creation objectives with the PPPFA performance management processes.

1.11 Delimitations, limitations and assumptions of the study

Simon and Goes (2013) state that it is necessary for any study to be critically restricted in its methodology of sourcing and analysing data, and every study cannot be wide and open without any boundaries. For the current research, these boundaries were set by the researcher and the utmost care was taken that they did not limit the study in obtaining sufficient data. Limitations of the study were at times determined by factors outside the researcher's control. Assumptions refers

to those factors characterising the data collected for the study through the design adopted as well as the population and the sample size. The researcher assumed that specific responses to data collection instruments were honest because no matter what the level of validity, reliability and trustworthiness of the research instrument, the chances of people filtering their own agendas into the data collected can never be watertight (Simon & Goes, 2013). The assumption was made that due to the wide area covered by the research, infiltration of any unwanted data would be picked up during the data preparation phase of the analysis. The second contributory factor to the infiltration of data would be the political inclination of the topic. Currently, the public procurement issues top the charts in both political arenas and the news in general. With this in mind, the primary researcher was conscious not to be misled out of the core of the research topic.

1.11.1 Delimitations

The study adopted a Mixed Methods design, where both quantitative and qualitative data were collected for analyses. This strengthened the validity of the study as the two sets of data complemented each other to yield results of higher integrity compared to the single method design. A case study of quantitative and qualitative mixed methods normally increases the trustworthiness of the results, as the analysis is anchored heavily on having both numeric and qualitative data manipulation. For the current study, the statistical models yielded correlations results which were backed up by qualitative models that yielded causation (cause and effect) results.

The population of the study was well defined within the ambits of the Government goods service suppliers. This saved a lot of time when collecting data because of the available database of all the Government suppliers. These boundaries were set to ensure adequate control on the study as well as ensuring the completion of the study within a reasonable time. The study also established boundaries for its research instruments by only making use of the Likert Scale for its closed ended questions and use of open-ended questions for data collection. The study excluded structured interviews. However, some notes were made of the informal pre-research preparation discussions that took place between the primary researcher and some of the Government officials and some of the SMEs that questioned the objectives and significance of the study.

1.12 Reasons for the exclusion of the structured interviews

Structured interviews have long been the dominant technique in research, specifically in qualitative research (Opdenakker, 2014). However, considering the current news and ongoing

Commissions of Enquiry on the configuration of the South African public procurement regime, it was essential for the primary researcher to conduct a pre-research preparation. Brunette, Klaaren and Nqaba (2019), states that PPPFA in South Africa is currently implemented with limited capacity. That has resulted in the framework that is weak, fragmented and incoherent, contributing to issues that have divided the businesses according to their political affiliations (Brunette, Klaaren, & Nqaba, 2019). Consequently, pre-research preparations were necessary in order to enhance more knowledge in the political areas impacting on the process as well as the continuum of the SMEs groups (those in favour of and those disapproving of the current PPPFA processes as currently implemented).

Working with both SMEs and the PPPFA Officers which included political elites and administration officials from the Department of Transport and Treasury was a great help in highlighting some of the critical areas of the research. This created the need of establishing a good rapport with both SMEs and the Government Officials. Apart from subject expertise, there was a need for the study to enhance its insight and understanding of some hidden elements in the behaviour of its potential respondents. The responses from the SMEs may be parallel to those of the Government officials but that can be swayed by some influences when individuals are given an opportunity to express themselves. Discussions may be influenced by individual's position in terms of their political beliefs, bias and polarized positions due to the divisions caused by perceptions about the PPPFA (Mikecz, 2012).

McEvoy (2006), states that in a divided society, the researcher must be very careful of his or her own identity when interviewing the divided society. Perceptions may be created that the interviews are aimed at exposing some of the agendas from which some of the respondents are beneficiaries (McEvoy, 2016). The pre-research preparation showed many cracks in that the Government officials would stick by what is obtainable from the archives while the SMEs demonstrated a number of resentment and attack on the PPPFA officials. Interviewing the Government officials would be the repeat of collecting data readily available from the archives. On the other hand, SMEs were politically attacking the Government officials. This established a concrete evidence that interviews might have jeopardized the completion of the questionnaire. Without any exclusion to politics, in essence, for this study to accommodate the dichotomy

between the SMEs and the Government officials, it would be necessary to adopt a different framework which is outside its objectives (Mikecz, 2012).

1.12.1 Limitations

There were a few limitations that were worth noting as a potential threat to the design and the results of the study. Kwa-Zulu Natal is a province inclusive of rural areas with very poor means of communication and bad terrain road infrastructure. The large sample size together with the standard of living which limits the communities such that using questionnaires with questions designed in the English language for data collection may pose some level of limitation. To mitigate this threat, a second set of questionnaires was interpreted from English into Isi-Zulu. This was just a tentative arrangement, as the demographics of the sample would determine the respondents' language need. This limitation was the top priority in exercising control over the variables as responding to questions with little understanding of the language could compromise the integrity of the study results on a big scale. Needless to say, our country is currently under tremendous political influence either negative or positive. Although the respondents were assured of the study independence, some might have perceived the research as a tool to taint some of the politically appointed officials in certain Government departments. This could trigger a certain pattern of responding to the research questionnaire which would result in some of the responses being skewed intentionally for the protection of certain parties. Through effective communication, the respondents were assured of the independence of the study.

Accessing of Government archives is always a challenge, and analysing processes such as PPPFA live would be even an impossible request. Therefore, the information obtained through the Government archives and the data collected through the questionnaire would be essential for this study.

Lastly, since the focus of the study was on sustainable job creation, no other socio-economic policies were included in the research process and as well the results of this study only relates to the PPPFA processes that impact on construction industry SMEs and job creation.

1.12.2 Assumptions of the study

Throughout the process of conducting this study, there were some aspects that were assumed to be true, given the boundaries within which the study was carried out. These boundaries included but

were not limited to the population, location and the study design. One of the critical assumptions made was that in spite of limitations, the study would be able to obtain a fair size sample that would elicit a higher rate of reliable responses. More responses give enough flexibility when preparing data for analysis so that the facts outweigh and surpass all the bias as well as any other influences that may skew the results when analysing data obtained from a small sample. The study was specific to the construction industry SMEs participating in the Government tender system. Therefore, data collected would be representative of situations that commonly affected the respondents, as opposed to SMEs from a mix of different sectors. Because of the fact that the study focused on the latest construction industry SMEs database of the Transport Department, the big players were not included in the study even though they were in the construction industry. Therefore, the results of the study applied to the small to medium sized construction industry entrepreneurs with no generalisation to other sectors. Finally, the study results could help in curbing the ever-rising unemployment rate.

1.13 The synopsis of the study

Chapter 1: The Introduction

The chapter introduces the title of the study by giving the background leading to the identified problem. The chapter discusses variables of the topic such as the unemployment problems in the country and the Government initiatives in trying to control the situation. Such initiatives include policies aimed at developing SMEs. The chapter also features the role played by SMEs in the socioeconomic sphere and the obstacles to SMEs growth and development. Attention is also given to the PPPFA with its objectives and processes. Following the discussion on the title of the research is a general statement of the problem which clarifies how the study addresses the gap identified in the field of SMEs job creation through participation in the PPPFA. Thereafter the chapter presents the research objectives and research questions, significance of the study, limitations, delimitations as well as assumptions of the study.

Chapter 2: Literature review

This is the chapter where the previous contributions to the topic are outlined and the evidence critically reviewed. The chapter acknowledges the importance of work that has been done in the related field and demonstrates how it will add on to the body of knowledge regarding the SMEs' development and job creation.

Chapter 3: Design and Methodology

The design and methodology of the study chapter demonstrates why the research was based on the pragmatic philosophy, deductive approach and the methodological choice of mixed methods. The chapter also underscores the reasons for following the case study strategy, and describes the techniques which were used in selecting the sample. Furthermore, the chapter elucidates how the questionnaire for the data collection instrument was designed and subsequently the application of SPSS software in quantitative data analysis as well as the N-Vivo software application for qualitative data analysis.

The chapter elaborates on the reliability and validity of the results as justified by the sample size, sampling techniques applied, trustworthiness of the data collection instrument as well as the analysis software.

Chapter 4: Findings

This chapter presents the findings of the data as analysed in Chapter 3. Tables and figures are used in presenting the results. Correlations are used for revealing the relationships between the items of the questionnaire. The results of sectional analysis of patterns of the responses are presented. It must be noted that the chapter makes reference to the attachments such as spreadsheets, Tree-maps and Word-cloud diagrams. The Word-cloud and Tree-maps are used in presenting the results of the qualitative data analysis.

Chapter 5: Discussion of the results

This chapter points out what was revealed by the study with relevance to the PPPFA processes' failure to support SMEs in job creation. The chapter also confirms the existence of ethical management issues that lead to the failures within the PPPFA processes. The results were not suggestive of the abortion of the entire policy, but some reinforcements are recommended to ensure the objectives are holistically achieved.

Chapter 6: Summary, conclusion and recommendations

This chapter summarises the whole research and finally outlines recommendations on the reinforcement of the PPPFA processes as well as how the SMEs development can be prioritised. The chapter closes off by suggesting some topics for further research.

Chapter 2

LITERATURE REVIEW

2.2 Introduction

As part of the discussion of the background to the problem, reference was made to the literature regarding SMEs' sustainable job creation through the Preferential Procurement Policy Framework Act initiatives. This chapter, conducts a critical review of literature on different Government-driven policies on developing SMEs through participation in the public procurement. A number of references will be made to socioeconomic development policies that have been developed from different countries on social sustainability, more specific the efforts to curb unemployment and job creation. Theoretical Framework for Public Procurement Performance Evaluation by Schapper et al (2006), is adopted as a trajectory for conducting investigation in response to the research question of this study.

An electronic and manual search of literature was conducted to identify the literature in the various facets of the previous studies. Key search words were used in surfing various sources such as Google Scholar, EBSCO host and the libraries. Keywords used included SMEs, Socioeconomic development, SME development through different Governments' interventions, SMEs and employment creation, public procurement, social sustainability job creation, entrepreneurship and public policy. Apart from the Government policy documents, the search covered the period 2010—2020. The primary search covered the reference list of relevant articles for original sources.

The literature reviewed is summarised at the end of the chapter in order to highlight the gap identified for this study to pursue.

2.2 The scanning of the related literature

Ridley (2012), states that a good review of literature must demonstrate some organisational features which combine both summary and material synthesis that lies within a distinct conceptual classification. The current study therefore concentrates on synthesizing the information from the selected material in order to re-organise the evidence so that the plan of investigation can find suitable answers to the research problem. This is done to ensure that the review considers only the literature and introduces new dimensions to the old interpretations of the specific materials reviewed (Ridley, 2012). Also, this review organises the reviewed material according to the research questions and the identified theoretical framework, and the different sources are examined

under the subtopics of the research problem. Some sources of the material for review may suggest a positive effect of one important factor while others suggest a negative effect of the same factor. The common understanding is that as long as both arguments point to the same direction, the study is worthwhile (Khan, Kunz, Kleijnen, & Antes, 2011). Synthesizing the material highlights these differences and makes it easier to note the gaps not yet covered in the existing knowledge (Khan, Kunz, Kleijnen, & Antes, 2011). The material included in the review consists of both international as well as the local perspectives. This broadens the scope of the study in terms of the information on the topic variables. Furthermore, synthesizing the information included in the study helps this study in outlining major debates and traces the current intellectual developments in the field of the research topic. Finally, it appraises the material source and guides the study on the most appropriate research material (Starman, 2013). Contained in the selected material are the following discussions as reflected in different arguments from the critiques of the selected material reviewed.

2.2.1 Unemployment rate debates

The topic of employment rate figures in South Africa have lately become an area of debate due to the lack of information on informal employment as well as people not seeking employment. The only knowledge that exists about the topic is based on Statistics South Africa and there is always an opinion that Statistics SA produces figures that are always manipulated for propaganda purposes (Aucoin & Cilliers, 2016). However, the purpose of the study is not to uncover those grey areas of knowledge but to focus on whether the PPPFA can help the SMEs in creating new jobs (Khan et al., 2011). It must be noted though that the PPPFA was not the only or the first Government effort to address the income gap and other socioeconomic disparities in South Africa. The PPPFA resulted from a host of interventions put in place by the Government since its inception of power in 1994.

2.2.2 The international viewpoint on SME development

Erol and Unal (2015), state that the construction industry forms the biggest constituent of the global business, accounting for more than 11% of GDP, with a potential growth of 13.2% by year 2020. It is estimated that this growth will equal \$4.8 Trillion in monetary value (Erol & Unal, 2015). It is also envisaged that, due to a fair degree of infrastructural development taking place in the developing countries such as Brazil, Russia, India, China and South Africa (BRICS), the construction activities will boost the construction industry further (Schilling, 2013). The major growth is forecast for the developing economies such as BRICS constituents, and other developing

countries like Mexico, India, Nigeria and Turkey (MINT) as well as Poland, with only the USA from the developed countries (Asteriou, Masatci, & Pilbeam, 2016; Erol & Unal, 2015). However, submerged under this demand and growth excitement lies the precarious reality of challenges facing the construction industry SMEs. While, big players may remain productive and benefit from the infrastructural development projects, the SMEs battle with delivery on projects, failure to attract skilled labour and management as well as weaknesses in maintaining their individual businesses afloat the waves of fierce market conditions (Mazzarol, 2014). Buckley, Salazar-Xirinachs and Henriques (2012), state that with limited resources, the battle against these challenges has become very difficult for the SMEs. This has already attracted the attention of worldwide Governments in developing policies more adaptive to the SMEs' business environment for sustainable growth and to create more jobs. Most researchers have identified a few contemporary challenges common to all SMEs around the world (Buckley, Salazar-Xirinachs, & Henriques, 2009; Gumel, 2017; Naoyuki & Farhad, 2016).

Following are some of these challenges:

Profitability: The reason for entrepreneurship and businesses to exist is to make profits. According to the Construction Owners' Association of America the international trends in Governments are to develop socioeconomic policies promoting emerging businesses by simplifying the company registration processes. The barriers to entry, especially in the construction industry has been reduced so that registering to become a construction contractor can be completed in one day (Erol & Unal, 2015). The construction market has consequently become saturated resulting in profit margins dwindling.

Counterproductive activities: The supply chain management is not an easy function to control in SMEs. Suppliers often give priority to big orders placed by the larger players in the industry which causes major delays in the supply of the raw or construction materials to the SMEs (Aziz, 2013). In the construction industry, time-delays caused by travelling to construction sites has also remained another counterproductive activity. These are compounded by a lack of proper planning of what needs to be done. SMEs have made themselves more flexible, resulting in very little time available for planning their activities (Aziz, 2013).

Failure to deliver on time: According to Erol and Unal (2015), in their KPMG Global Construction Survey (2015) analysis, most SMEs are underperforming when measured on time completion of their projects. This is mostly apportioned to either poor budgeting or poor financial controls in the projects. Low productivity challenges and poor management skills also add to the complexities of delivery. There is also a factor pertaining to the failure in adherence to specific designs due to inexperienced employees misinterpreting the specifications (Erol & Unal, 2015). It is estimated that only 30% of the projects in the construction industry deliver on budget, while only 15% of the projects deliver timeously (Erol & Unal, 2015).

Shortage of skilled employees: The developing economies suffer a lot of skills shortages due to poor education quality. Even those that are fortunate to obtain good qualifications tend to leave their countries of origin in pursuit of greener pastures in the developed countries. The SMEs situation is further compounded by their comparative rate of attracting skilled employees as opposed to their big industry counterparts.

Erol and Unal (2015) state simply that all the above challenges make it extremely impossible for some SMEs to survive in the business market, hence the high mortality rate of the SMEs in South Africa and other developing countries.

According to Mazzarol (2014), across the world different Governments' focus on the development of entrepreneurship and small businesses in their respective countries has increased over the past 35 years. Their conviction is that that well developed entrepreneurship skills are interrelated with the development of small businesses. Small businesses are regarded as the potential solution to flagging economic growth and lowering the rising unemployment levels. This has also carved a niche for a new field of academic study and research. However, in spite of significant investments made by these governments into developing supporting policies and other initiatives, there is still a mixed feeling about their overall success (Mazzarol, 2014).

Nevertheless, most Governments in the world believe that policies in support of SME growth and development will yield advances in wealth creation and decent employment. Currently, most Governments are designing policies that are fundamental to a business that does not negatively affect the global or local environment, community, society or economy (Sookram & Kistow, 2012). There has been strong negative criticism of the political relationship between the South

African Government and the labour movements. However, the international viewpoint is positive in that the strong network among the businesses, labour movements, Government and the society is undeniably useful. Therefore, coherence in these networks can result in growth and development of enterprises with industry potential to compete in the world markets resulting in employment creation in a sustainable manner (Coovadia, 2014).

Below are summaries of evidence obtained from the selected and reviewed research. The evidence below touches on different interventions from different developing economies as well as a few of matured economies so that a fair reference can be made to the South African situation.

2.2.2.1 The Maghreb region of North Africa

The Mediterranean Business Development Initiative (MBDI) saw the need to promote SMMEs in the Maghreb Region of North Africa (Morocco, Tunisia, Libya and Algeria). MBDI's first step was to conduct analysis regards the SMEs specific strengths, their weaknesses, opportunities and threats, otherwise known as SWOT analysis (Konrad-Adenauer-Stiftung, 2017). On analysis, it was discovered that what retarded the growth of the MBDI SMMEs was the limited access to funding (Robertson, 2017). The findings of the analysis were included in the Government compilation of the concepts that would be considered in formulating the framework for developing emerging businesses in the region. Their strategic growth initiative pivots on formal financing, and it has contributed positively to job creation in the region. The provision of work to SMEs by the State entities forms the fundamental principle of growth and development in their integrated approach. This integrated approach to financing SMEs in the region through the Luxembourg based European Investment Bank (EIB) arises from the strategy which emanated from this project. Through EIB, the Spanish and Italian Governments started financing the development of SMEs (Robertson, 2017). One of the reasons that alleviated foreign investors ordeal and travail in dealing with credit facilities in the Arab businesses is that their (Arab businesses) corporate governance is of a high standard. In comparison with South Africa, the MDBI are far better at managing their public sector supply chain due to stringent controls in administration of the state entities. The Arab companies are listed as opulent businesses in the world, yet their SMEs are still regarded with high esteem. They are never short of foreigners willing to expand their financial sectors in Arab countries due to good governance in their public supply chain (Robertson, 2017).

Cheema (2005), states that good governance in public procurement demands policymakers with a sound strategic vision in designing policies to guide and source public goods and services. Such policies guiding the public procurement processes are made up of human rights principles, Government of democracy, transparency, ethics and accountability in public administration, equitable distribution of work, accountability and effective rule of law(Cheema, 2005). Policymakers in the Arab regions were very clever to intertwine these principles to formulate a solid foundation of good governance in the public sector.

On the other hand, the global demand for SMEs from these Arabic countries to expand beyond the borders and operate in other countries is very limited. The Government support of these SMMEs is conditional on them religiously sending their remittances home for banking rather than workers and their families keeping cash in foreign countries. This serves as a strategy to boost their local and regional banks at home to pledge more funds for small business expansion in their country (Cheema, 2005). The SME Phenomenon). As a result, the development beyond their local markets is very slow (Cheema, 2005).

2.2.2.2 Uganda and Tanzania

The Government of Uganda’s commitment to ensure sustainable growth of the SMEs in their country includes a number of factors (Mashenene & Rumanyika, 2014). Some of these are:

- Support to SMEs by establishment of the Investment & Private Sector Department at the Ministry of Finance, Planning & Development
- Set up an SME desk at Uganda Investment Authority
- Establishment of the dedicated incubators for infant businesses
- Setting up of “Enterprise Uganda” that would be solely responsible for building capacity of MSME’s to enhance their productivity
- The development of SME policies that would complement business laws/polices and at the same time close the existing gaps hindering the speed of developing the MSMEs (Mashenene & Rumanyika, 2014).

Although Uganda has made some progress in developing the Public Procurement Policy that focuses on promotion and development of the SMEs, the work ethic still favours individuals more than the process of supplying goods and services to the public sector (Bwoga & Kamau, 2011). As a result, many private financial transactions take place before the actual commencement of the

tender processes. In that regard, the procurement system does not offer many development opportunities to the SMEs as they are not able to engage financially with the tender officials behind the formal processes. The political processes are therefore still not democratically strong enough and still lack public accountability. With the exception of those politically connected, the SMEs in Uganda only survive under very harsh market conditions (Bwoga & Kamau, 2011).

In the United Republic of Tanzania, SMEs face fierce competition from big businesses. The Public Procurement Policy has an objective to develop these SMEs, but the technical and financial conditions and tender valuation criteria minimize the opportunities of winning any tender bids (Huka, 2016). The Public Procurement Act 2011 of Tanzania does not accommodate SMEs when it comes to the valuation criteria. Hence the tenders often go to bigger industries, especially in the construction industry which is highly dominated by foreign companies (Huka, 2016).

2.2.2.3 Ghana

In Ghana, the post war era saw a series of economic reforms aimed at job creation through the development of SMEs (Quarcoo, Gavor, & Tetteh-Coffie, 2013).

Quarcoo et al. (2013), state that rather than Ghana being renowned for its traditional export of gold and cocoa, a special focus should be directed at the construction industry and other local products such as cassava, textile and palm oil. This led to the advent of the President's Special Initiatives (PSI) (Asante, 2012). The objective of the PSI for garments and textiles was to actively accelerate the development of the garment industry to become a lead export sector and a primary source of employment in Ghana (Quarcoo et al., 2013). The PSI on garment and textiles sought to build a critical mass of high growth oriented internationally competitive firms to produce garments and textiles for the USA and European markets. This strategic intervention's secondary aim was to promote other business sectors such as construction and farming through their participation in the supply of goods and services to the textile industry (Asante, 2012). The Government also believed that this specific development would enhance job creation opportunities in Ghana (Asante, 2012). Therefore, PSI goals were not only to ensure that Ghanaian entrepreneurs would become garment exporters employing about small scale tailors and seamstresses, but also as a leverage for developing other industrial sectors in the country (Asante, 2012). The promulgation of the Public Procurement Act 663 of 2003 opened the participation of all the SMMEs in different industrial sectors (Mensah & Ameyaw, 2012). As in South Africa, the Act was not only there to regulate public procurement basically by ensuring fairness, non-discriminatory manner and transparency

in carrying out of the public procurement activities but also to accelerate growth and development of the SMEs. However, since its introduction in 2003, the Act has been faced with many challenges (Mensah & Ameyaw, 2012). Among these are insufficient funds for supporting the programmes, political interference and poor dissemination of procurement information. There is also a concern that Procurement Managers are not sufficiently capacitated to successfully implement the law without any interference from politics (Mensah & Ameyaw, 2012). These problems identify the lack of holistic approach by the Government to developing the SMEs. Moreover, such malpractices find fertile soil in poorly designed policies.

Comparing the problems experienced by the SMEs in Uganda, Tanzania and Ghana, one finds similarities in maladministration of the Public Procurement policies. Mazza (2016) states that different Supply Chain management (SCM) structures under different Government systems experience different problems with the implementation of the Public Procurement Policy. However, maladministration is common among most of the Governments. Italy for instance, has a big impact of collusive and corruptive elements, where the Mafia took advantages of the country's reconstruction initiatives to further their criminal activities (Mazza, 2016). This was done through infiltration into the public construction industry so that they could access the public funds and enrich their organised crime organisations instead of driving the socio economic objectives (Mazza, 2016).

2.2.2.4 Poland

Stepniak-Kucharska (2016a) states that in Poland in 1990, the centrally planned economy was replaced with a market economy during the process of socio-economic transformation. This led to a renaissance of Polish small and medium-sized enterprises which started dominating the market (Stepniak-Kucharska, 2016a). Most of the government systems have used the government supply chain especially the public procurement system as the drivers and sources of business for the SMMEs. However, this does not mean that entrepreneurs in this business category must not extend their clientele beyond the Government supply chain (Tshivhase & Worku, 2012).

Stepniak-Kucharska (2016) states that in Poland, in 1988 the Wilczek Law of 1988 was passed as the foundation and promotional tool for future entrepreneurship development in the country (Stepniak-Kucharska, 2016a). The positive side of the law is that SMEs do not only depend on Government tenders, but the private sector is also compelled by law to source goods and services

from them. Previously the Polish economy consisted of many prohibitions to free trade, as enterprises were mostly controlled by the state (Tshivhase & Worku, 2012).

Henry Foy (2015), states that the Wilczek Law, popularly known as the “Constitution of business activity” led to an increasing importance of the private sector and equality of economic entities. Those reforms became an impulse to activate “entrepreneurship reserves” in the society. They resulted in the emergence of small and medium-sized companies in the market previously dominated by state owned enterprises country (Tshivhase & Worku, 2012).

Foy (2015) warns though that the Government drive to encourage small businesses must include the development of policies that support export opportunities for them. The small business export opportunities are limited by many protectionist measures which have existed since the previous Government era (Foy, 2015). Further, Government policies often lack a balanced scorecard to holistically approach the business problems and as a result one policy failure leads to another. Due to the size of the country and its economy, the growth and development in Poland saturates the local markets. This elevates the level of competition in the market and results in small businesses tightening their expenditure on labour and hence contravening job creation efforts (Foy, 2015).

2.2.2.5 Honduras

Honduras is one of the Latin American States. Small business enterprises in Honduras are known as *empresas* with five to 10 employees. *Medianas empresas* (medium size businesses) have 11 to 50 employees. These three classifications are known as *Pequeñas y Medianas Empresas* (Small and Medium Size Businesses) or *pymes*. Most review material from this country uses the term *pymes* (Ayyagari, Demirgüç-Kunt, & Beck, 2003).

According to Theodore (2015), in 2000 the National Commission for *Pymes* (Government agency known as CONAMIPYME in Polish) and in 2006 the Agency of *Pymes* were established. Both these agencies are under the sovereignty and controlled by the Secretary of Industry and Commerce (Theodore, 2015). Seeing the struggle of *Pymes* in business financing, in 2008 the Government of Honduras enacted the Law of Financing and Developing Competitiveness for *Pymes*. Through the same law, the Government started engaging *Pymes* in public procurement and also established Government agencies providing *Pymes* with entrepreneurship and business expertise. The

Government also incentivised private agencies as well as international organisations to provide the Pymes with business skills as well as financing in Honduras (Theodore, 2015).

According to Kheni et al. (2010), one of the most important organisations which provides assistance to the industrial Pymes is the Asociación Nacional de Industriales de Honduras (the National Association of Honduran Industrialists) commonly known as ANDI. ANDI provides an integrated approach to assisting emerging businesses (Kheni, Gibb, & Dainty, 2010). It enables strategic assistance in production, marketing, human resources, strategy and, through government assistance, in the finance area. Such assistance is in the form of strategic planning, managing, financing, starting a new business, improving entrepreneurial performance and competence, human resources, production, and marketing (Kheni et al., 2010).

Another important organisation is the Instituto Nacional De Formación Profesional (National Institute of Professional Development) known as INFOP. Included in the training and development programmes is construction industry development in the areas of management, marketing, human resources and technology (Kheni et al., 2010). This particular approach fast-tracks the socioeconomic transformation in this particular country by giving the SMEs exposure to principles of business management. In this way small businesses can grow bigger, gain ability to compete in the private sector and become independent of the Government programmes such as PPPFA. The resultant gain will be more jobs created for the nation (Ayyagari et al., 2003).

2.2.2.6 Japan

Although not the focus of this study, it is worth noting that Japan looked into the negative effect of taxes on emerging businesses and took the decision to have these relaxed. The exoneration of their small businesses from paying tax at the start-up period is a stimulus towards registration of SME businesses with the relevant government departments. Tax exemption also invigorates revenue collection from the initially exonerated start-up businesses once those businesses have moved from the start-up phase to the growth phase (Haidar & Hoshi, 2015). The Japanese engaged in developing a series of economic measures in the aftermath of the tsunami and earthquakes that were responsible for heavy industrial loss. The economic measures tapped into developing policies to support small and medium-sized enterprise development (Haidar & Hoshi, 2015).

According to Haidar and Hoshi (2015), the Policy of SME development in Japan was designed to ensure that the ideas that emerged from the Council for the Future of Small and Micro Enterprises are considered in order to ensure the steady growth of SMEs and micro enterprises. The policy led to the establishment of the Headquarters for the Growth of Small and Micro Enterprises (Haidar & Hoshi, 2015). Toshimitsu Motegi (Minister of Economy, Trade and Industry) was the first Chairman of the Headquarters. The purpose of establishing the headquarters for the growth of the SMMEs was that its members would participate in the compilation of the action plan. Meetings would rotate in various locations to gain participation from various stakeholders with a special attention to SMEs as well as female and young entrepreneurs (Vuijsje, 2015).

Japan's Policy on Small and Medium Enterprises (SMEs) and Micro Enterprises (2013) works on the already existing business development framework which dates as far back as 1945. This framework staggers the business period into four phases (Vuijsje, 2015).

- The first phase: deals with reconstruction post a major change whether in Government or economic conditions. The main objective is to ensure that economic power is prevented from concentrating in one sector of the community (Honjo, 2015).
- The second phase: focusses on rapid economic growth which is a two tier structure. This phase ensures that the development of SMEs includes rectifying disparities with the big companies. However, the policy is also wary not to compromise the sustainability of the large companies.
- The third phase: which is the stable growth period maintains and balances the two tier structure for steady growth of the economy to create more new jobs in the country.
- The fourth phase: is the transition period that separates capable and motivated SMEs from those solely relying on Government programmes such as Preferential Public Procurement to survive. The Government graduates such SMEs to a level where they can compete in the global markets (Vuijsje, 2015) .

In Japan, the foundation principles of the SMEs policy are regularly revised to cater for modern needs, and measures favourable to those needs are implemented and enhanced. These include but are not limited to finance policies, global market promotion, guidance as well as industry revision and amendments to key policies (Honjo, 2015; Vuijsje, 2015). Like most of the Governments from the developing economies, Japan adopted similar small business programmes which provide contract opportunities for the SMEs. These programmes extend to any other businesses owned by

members of the groups designated as disadvantaged (Shimizu, 2013). According to Shimizu (2013), these programmes usually depend on the strength of the Government procurement policies, and the common belief is that they contribute largely to job creation. Many Governments such as Japan model their public procurement policies around the consistent supply of the set aside projects as comprising programmes. Approximately 50% of the construction budget is set aside to purchase goods and services from the SMMEs (Shimizu, 2013).

Shimizu (2013), states that, although these set aside projects are applauded for assisting in the development of the SMEs, they can extortionately increase Government procurement costs. This is because, about 40% of the SMEs in the Japanese construction industry would close down if these set aside projects are removed from the procurement policy. The lack of fierce competition in the set aside project space has bred content in the SME categories, where entrepreneurs no longer want to grow. This has led to production inefficiencies outweighing the benefits (Shimizu, 2013). These trends have been observed in most of the countries that have set aside certain job categories for the emerging businesses.

The above discussion consists of the review of the material in perspective of the international viewpoint in SMEs development. In favouring the topic of this study, most material chosen for review leaned towards the SMEs in the construction industry. The material review identifies the most common factors pertaining to the growth and development of the SMEs. The first point that stands out above all is that SMEs are the drivers of economy in most if not all of the developing economies. Most of the developed economies still depend on SMEs to boost their GDP and job creation (Wang, 2016).

For example, SMEs are used for skills and technology transfers around the world in labour markets. This happens when inexperienced graduates are absorbed in the SMEs sector for internship and other development programmes designed by the different Government systems (Gao, Sung, & Zhang, 2013). Additionally, the construction industry SMEs always come to the fore whenever Governments formulate policies of socioeconomic development (Ofori, 2007). SMEs operations are labour intensive and therefore constitute fertile grounds for employment creation (Wang, 2016b).

Wang (2016b), points out that although SMEs play so much of a critical role in worldwide socioeconomic development, they are still faced with myriads of challenges in their micro, market and macro environments (Wang, 2016). Most Governments are fighting a losing battle in their efforts to help the SMEs overcome such challenges (Muriithi et al., 2017). These challenges were discussed in detail, however, it is still not clear what hinders Governments from successfully implementing their policy strategies so that the SMEs can benefit and improve their productivities. Some of the Government policy strategies have been implemented successfully, hence there is dramatic proof that their SMEs are definitely the engines of economic development. In return, those Governments respectively benefit by increased income from taxation (Muriithi et al., 2017).

2.2.2.7 The South African Government interventions

As a newly formed democracy, the South African Government also learnt a lesson and consequently started paving the way for the successful development of a small business promotion strategy (Cassim, Soni, & Karodia, 2014). The strategy focus was on:

- achieving the goals of industrialisation of the country through local production and export of goods and services (M. D. Hussain, A. B. Bhuiyan, & R. J. J. o. A. s. r. Bakar, 2014).
- poverty reduction through entrepreneurship skills development which is encouraging local entrepreneurship that would eventually replace the large volume of imported products and services that hamper the local economy (M. Van der Westhuizen & Swart, 2015)
- reconstruction of income, where all citizens of the country are paid equally for the jobs they do (M. Van der Westhuizen & Swart, 2015)
- formulating employment creation strategies, and that is the fundamental need as the numbers are not favourable at all
- economically capacitating the previously disadvantaged group of people through inclusive socioeconomic strategies that would boost the standard of life for all living in South Africa and (M. Van der Westhuizen & Swart, 2015)
- the replacement of an oligopolistic market with one with higher levels of competition, where the price of goods and services is largely determined by the economic principles of supply and demand.

2.3 Growing and developing the economy for greater industrialisation

Mendes, Bertella and Texeira (2014), state that industrialisation is a long and tough road to follow in order to achieve a discernible replacement of imports with local products. It is tough due to the ever-increasing disjunction between the agents that represent the national economic groups and those acting on behalf of the international economies, especially those economic policies formulated by the colonialists. What is noticeable about the national agents is that they were mostly commissioned to push mandates by the political parties or the Governments to abolish the economic policies pinned down in colonialism. The impact of such phenomena on the country is that policies are randomly formulated leading to irrational changes along the economic development route. Quite frequently, every change is prompted by some kind of economic crisis that threatens to damage the sector. Coupled with that are the same colonialists fronting their businesses with prominent domestic labels (Mendes et al., 2014). The political bureaucracy is also not easy to deal with, as the Government officials sometimes develop greediness that breeds corruption. The policy that starts as a solution to promote industrialisation of the country therefore ends up elevating the magnitude of the country's external debt (Akinboye, 2010).

International economic agents strongly believe in metropolitan bureaucracy as opposed to local industrialisation. Their argument is that imports open international markets for the country. This can be achieved through the country's exports of natural resources or primary products being manufactured internationally and imported as finished products (Mendes et al., 2014).

Adewale (2017), states that import substitution must be viewed and formulated within the framework that will bring about economic growth. This will elevate the level of business activities and subsequently promote citizens' standard of living. There is an incomparable need therefore for developing economies of the BRICS (Brazil, Russia, India, China and South Africa) group to consider import substitution industrialisation (Adewale, 2017).

2.3.1 Lightening the burden of poverty through entrepreneurship skills development

Although the burden of poverty is still the heaviest in most of the developing countries, it is worth noting that there are many other emergent economies that have developed worthwhile economic policy front, for instance the MINT (Mexico, Indonesia, Nigeria and Turkey) economies. These economies have tremendously improved their infrastructures with an aim to move its citizens above the poverty line and their economic prospects are encouraging

(Durotoye, 2014). Consequentially, the quality of life for most citizens has taken the centre stage of the respective countries' Governments in putting together economic policies and programmes that will reduce such a burden of poverty. Entrepreneurship development is believed to be one of the many facets of the economic policies in the developing countries. Naminse and Zhuang (2018), state that the unrivalled growth in the Chinese economy which averaged 10% per year was resultant to the entrepreneurship skills development programmes. These were able to uplift far more than seven hundred million people out of poverty. There had been other programmes developed by the Chinese Central Government in efforts to alleviate poverty before, but they all could not yield such phenomenal results (Naminse & Zhuang, 2018). Hussain et al. (2014), also confirm that with the Government support programmes aimed at small and medium enterprises, individual entrepreneurship skills development and other related programmes, the developing economies can be able to enhance employment creation and consequently reduce the level of poverty (Naminse & Zhuang, 2018).

2.3.2 South African Government efforts in promoting SME growth and development

It is commonly accepted in the business studies that in every country, locally owned bigger enterprises are a corollary of well-functioning SMEs (Deijl, de Kok & Essen, 2013). The International Labour Organisation report (2013) indicated that most studies worldwide and locally had concluded that SMEs contribute between 70% and 80% to job creation (Deijl et al., 2013). Therefore, the South African Government policies aimed at developing SMEs as an important foundation for SMEs that would grow into big businesses. These big businesses will gain momentum to raise funds through private funders leaving a vacuum in the Government SME development programmes. This will enable the process to recur for newly formed small companies to gain access to the same benefits. This process would result in sustainable socio economic development (Deijl et al., 2013). That was the reasons why the Government initiated the policies specific to socio economic development as the fertile grounds for SME development (Amra et al.).

2.3.2 Income reconstruction

The incoherent economic status of citizens from countries that have been colonialised is a common condition resulting from social exclusion of certain groups of people. It becomes a burden of the newly elected Governments to ensure that all of underlying mechanisms of income inequality be reversed. However, wealth distribution is not an easy trend to reverse, as there is no theoretical tool designed specifically for the control of the trend once created (Berman, Ben-Jacob,

& Shapira, 2016). Kloppers and Pienaar (2014) also reiterate what the other researchers have confirmed that the racially and gender based income gaps and other inequalities must be abolished and macroeconomic policies applied with the effective tools to control wealth distribution (Kloppers & Pienaar, 2014). As a result, the country saw a lot of changes in the Labour Relations Acts. These included Affirmative Action for the companies' employment policies and the equal pay for all employees doing the same job and in the same occupation with the same qualifications and work experience (D. Du Toit, 2006).

2.3.3 Crafting of employment creation strategies

The Government of South Africa embarked on job creation strategies since 1995. Through Ntsika Holdings the government adopted a vigorous development of small businesses in and around the country inclusive of the cooperatives in the rural areas (Iheduru, 2004). There are so many initiatives that have been applied which have come and gone. To mention a few that will be discussed in detail in the ensuing chapters, there was Growth, Employment and Redistribution (Tregear & Jenkins) and SME development programmes (Mahadea & Simson, 2010b). These initiatives constitute a great part of this study and will be discussed in different parts during the review of literature.

2.3.4 Economically capacitating the previously disadvantaged population groups

In South Africa, the marginalisation of certain groups of people included disparities in accessing the most basic needs such as health, land, houses and income, especially wages and salaries. Exclusion of health facilities had serious consequences among which were the high levels of mortality rate amongst the marginalised groups (Meiring, Kannemeyer, & Potgieter, 2018c) The roots of these disparities are quite strong as a result of the inherited discrimination policies of decades of apartheid governance of the country. Apart from redressing the income disparity created by the apartheid policies, the new South African Government faces other challenges of intuitive distrust among the different races in the country (Hofmeyr & Govender, 2016b). The Government needed to redress the disparities between the previously disadvantaged groups through inclusive economic development strategies.

2.3.5 Phasing out the oligopolistic economic structure

The South African government has realised the importance of an economy which promotes a high degree of competition (Iheduru, 2004).

In 2014, South Africa celebrated twenty years of democracy but there was no jubilation in the most crucial sphere of economic development. There was still no inclusive economic growth especially in the market environment which is still dominated by a few big businesses (Banda, Robb, Roberts, & Vilakazi, 2015b). The market was and still is characterised by challenges to SMEs due to barriers to entering most of the markets. The big players use prices to oust those small players managing to squeeze into the market environment. This results in a high mortality rate amongst SMEs which presents a big challenge to the Government, as the economy is bereaved of many advantages of markets that are easily accessible and the dynamics concomitant with competition, examples being improved production processes and product quality as well as competitive pricing (Banda et al., 2015b).

Simatele (2015) states that the market environment in the banking sector is highly concentrated with a C₄ ratio of more than 80%, suggesting a very low level of competition. The government authorities' major concerns include but are not limited to low efficiencies in the financial institutions, reduced quality and service innovation, deliberately elevated transaction fees as well as manipulated access to finance by certain business sectors. This will consequently affect the SMEs which mostly depend on financial institution lending. It is for these reasons that the Government authorities take serious cognizance of anticompetitive activities. Hence the strategies aimed at the complete elimination of oligopoly in favour of a more competitive market environment (Simatele, 2015).

2.3.4 South African socioeconomic policies

The above efforts were taken as six pillars which clearly indicated how the Government's determination to address the socioeconomic disparities performed inclusive of the business sectors. It must be noted, though that irrespective of the level of Government commitment and policymakers of the country, inclusive growth is unachievable without participation of the big businesses. The focus of this study was on job creation through SMEs growth and development, hence the focus on the involvement of SMEs in economic policies since 1995. There were crucial reasons that necessitated the involvement of SMEs in the designing of such policies. These policies were meant to be reviewed regularly to ensure that they are still in line with the intended outcomes (Aiginger, 2014).

2.4.1 The Reconstruction and Development Programme

Cameron (1996), defines the Reconstruction and Development Programme (RDP) as a comprehensive and detailed perspective. It is integrated and synergised within socio economic policy coherent to mobilise the South African people and the country's resources with the objective to finally eliminate apartheid in its entirety. Since 1995, the RDP serves as the foundation for building a democratic, non-racial and non-sexist civilized society in South Africa. In order for the RDP to be successful, the Government needs widespread and broad-based extra parliamentary support (R. Cameron, 1996).

The six basic principles of the RDP were integrated programmes for the people to be provided with peace and security for all. These principles are very crucial, as they form an integral part of the RDP and they are:

2.4.1.1 An integrated and sustainable programme

In South Africa, the apartheid regime had been in place for decades before the National Government of Unity was inaugurated in 1994. Since apartheid was also supported by strong policies, there were a lot of underlying implications that were intrinsic as opposed to its obvious features. It would be therefore a fallacy to expect a quick and superficial remedy without addressing those underlying problems (R. Cameron, 1996). It was therefore crucial to cascade the RDP Framework and its strategies from the National through the Provincial Governments right down to public sectors, with Government agencies and civil sectors working to deliver services to the communities. This structure would coordinate and synchronise the public activities and would guarantee the sustainability of the RDP Framework (R. Cameron, 1996).

2.4.1.2 A people-driven process

The programmes would not be successful if implemented within the divisions of the people as instilled by the previous regime. For that reason, the fundamental principle of the programme was to unite the people regardless of their previous status in the society so that the success of the programme was not assigned to a specific race or gender but to the people of the country. Therefore, a united and participative approach was expected of the people of South Africa (R. Cameron, 1996).

2.4.1.3 A peace and security for all

Needless to state here, the South African national security forces in the previous regime served under racist ideologies. The same applied to the police force and the judicial system. The foremost

improvement in the provision of peace and security for all was to re-establish these structures to operate professionally within the framework of the newly drafted constitution. That included gender representation at different operational levels from the lowest to the highest positions. The most important aspect of the RDP was to build and amplify on the already existing National Peace Initiative (R. Cameron, 1996). In summary, peace and security for all means all citizens of the country are equal before the law (R. Cameron, 1996).

2.4.1.4 Nation building

The nation building programme symmetries comprise of economic development, social and political development. The building of the nation through economic development calls for Government policies that foster equal access by all business sectors to the production resources and markets to dispose of their merchandise or services. Social development is the backbone of every nation, where equal access to the public facilities such as education and health care takes a priority. The social development covers most of the basic needs for the citizens of every country (R. Cameron, 1996). Political development is underpinned by political specialisation, differentiation and secularisation (Pye & Verba, 2015). This is an important part of the programme and needs elaboration of the significance of each of these factors. In order for the political organisations to function interdependently, each of them needs to be an expert in a specific area and leave the rest to other political organisations. This is referred to as specialisation (Guimaraes & Sheedy, 2017). Different political organisations specialising in different fields of expertise promote the spirit of unity, as one organisation needs the other. Moreover, the Government of national unity is flexible in responding to different situations. Political differentiation is similar to specialisation but differs in that it has some elements of distinguishing its ideologies from those of the other political parties (Guimaraes & Sheedy, 2017). Secularisation is very vital in the South African political context. South African political organisations' advocacy was predominantly as a result of concerns from people with common beliefs, culture, religion or even country of their origin. Political secularisation would release people from those boundaries and be eligible to join any political organisation without any fear (Guimaraes & Sheedy, 2017).

2.4.1.5 Link reconstruction and development

In linking reconstruction with development, the RDP relies heavily on the infrastructural development programmes (P. d. T. Fourie, 1999). The main objectives of the infrastructural developments were to make it easy for people across the country to access basic but necessary

facilities such as water, electricity, transport and so forth. The rolling out of such programmes was intended to contribute largely to the SMEs and entrepreneurship development thus narrowing the gap between the rich and poor in the country. Participation of the communities in these programmes would result in entrepreneurship growth and development of the SMEs (P. d. T. Fourie, 1999).

2.4.1.6 Democratisation of South Africa

According to the RDP programme, everyone living in South Africa must be able to participate in the integrated programmes fostering equality among the people. Equality is achieved in participative decision making processes as well the complete transformation of both the Government and the residents of the entire country. Democracy is driven by very obliging norms and compelling exigencies. These exigencies include but are not limited to the democratic citizen's rights and the rule of law, Government and its institutions of high level accountability. They include a high level of participation from the civil society and consistent benchmarking as a reference to the international democracy standards (Coppedge et al., 2011).

The exigencies mentioned above are very important in this study. The most important first comment in this regard is the element of citizens' rights as defined in the constitution. If these are applied accordingly, the RDP key programmes would have been achieved with ease.

The second comment relative to this study is the issue of accountability in the Government. Accountable Government is always seen to be just in the application of policies across the country and all its citizens. Lastly the study will later test the issue of equal participation in the programmes, especially those linking the economic growth with social development.

These programmes would be laid on the foundation of building the nation, link the reconstruction and the development of socioeconomic pillars of the nation for the cultivation of strong democratic principles to replace the disparities of the previous apartheid regime. Historically the economy of South Africa was systematically supported by the enforced racial division throughout the society. The RDP was considered the key policy framework of the time as it contained many proposals, strategies and policy programmes. The RDP policies and strategies were grouped into five major policy programmes as following.

2.4.1.7 The key programmes of the RDP

The key programmes that were the force behind the success of the RDP were meeting the people's basic needs, the country's human resources development, building the economy, democratisation of the State and society as well as the implementation of the RDP.

2.4.1.8 Meeting peoples' basic needs

In the modern world Maslow's hierarchy of needs have been modified in line with the evolution of such needs. For instance, people's basic needs no longer are just food, shelter, clothing and jobs but have gone further to including sanitation, education and health care (M. Van der Westhuizen & Swart, 2015). Summarising these needs, the only actor that stands out is poverty. People cannot be able to satisfy these basic needs when poverty prevails. In South Africa, just over 10 million people lived below the breadline in 2011 (M. Van der Westhuizen & Swart, 2015). One may think the reason behind the South African Government social grants was a temporary support while the authorities were busy with programmes that would lower the level of poverty. Van der Westhuizen and Swart (2015), warns that if the State grants are made the permanent mechanism in fighting poverty, the country will end up dependent on the State for their livelihood (M. Van der Westhuizen & Swart, 2015). For basic needs of the South African citizens, a focus must be on the economic development programmes. That is why the first of the five RDP key programmes has been identified as the basic needs satisfaction.

Maslow's hierarchy of needs established a good foundation for defining people's needs under different situations. Scanning the situation in South Africa leads to classifying different needs of people accordingly. However, the socioeconomic policy programmes' focus has been too concentrated thereon and on evaluation the results do not indicate any improvements.

2.4.1.9 Development of the country's human resources

The RDP identified the need for rehabilitation in the education and training system of South Africa in order for the development to be effective. Prior to 1994 the education and training system had been characterised by the decades of apartheid. The system consisted of key attributes as identified by RDP pioneers. The first was the system made up of fragmented principles along the racial line and infested with racist and sexist teachings. Secondly was the lack of education and training accessibility by certain groups of people. Lastly was the decision making process and control mechanisms that excluded and marginalised other stakeholders such as teachers, learners, parents and workers in the category of skills training. Consequently, the RDP obligation

was to develop human capital of the country through an education and training system that would guarantee the exposure of individual's full potential.

Abbott, (2013), state that for the businesses and institutions to realise their full potential in human resources, there must be appropriateness in what they learn and do at their workplace. Furthermore, it must be relevant in the context of socioeconomic development objectives. Such a Framework will not only benefit Government and the businesses but will contribute to poverty alleviation by boosting job creation (Abbott, 2013).

Davids and Esau (2012), already identified the importance of the education and training system that focuses on both "low" and "high" skills training programmes. The high skilled workers are usually found in the professional fields, while low skilled workers are found in the technical fields, where end products are also determined designs and individual's talent. In summary, both vocational based colleges and universities must be given the same value regarding their level of importance on the education and training scale (Davids & Esau, 2012). As stated in the RDP human resource development, South Africa would not achieve its socioeconomic development objective if the attention is not given to both low and high skills demand (Davids & Esau, 2012).

2.4.1.10 Building the economy

The most important part of building the economy was to address the issue of employment creation, the eradication of repressive labour practices, as well as equitable distribution of the economic power to all who live in the country. South Africa had also been isolated from the world economy, and RDP policies were believed to be the instrument that would be used to work the country back to the full world markets.

Most academics and scholars of economics agree that political crises impact negatively on the economy of any country. Regarding the South African situation, the crises in the economy were exacerbated by the unrestrained Government structural policies that ensured the exclusion of certain groups of people from participating actively in the country's economy (Davids & Esau, 2012). The slowdown in the economy could also be attributed to the precipitous drop of the investment in the country due to political instability. With every economic dilemma the apartheid Government encountered, the solution was further exploitation and economic oppressing laws that were imposed on Black people, and never did they realise that doing so, the Government was

intensifying the political instability with violent riots gradually hanging over the country (Davids & Esau, 2012).

The country gradually drifted to the worst position of inequitable income and wealth distribution. The discriminative laws of excluding the Blacks from participating in the building of the economy led to the homeland economies. This worsened the economic situation, as it ended up concentrating production in a few metropolitan districts of certain provinces. People from other provinces were marginalised further and job creation was destroyed with the country ending up with a very high unemployment rate. There were also no proper economic ties between South Africa and its neighbouring countries. These are the economic crises that the Government of National Unity had adopted from their predecessors and which needed urgent reconstruction. The belief was that with the holistic implementation of RDP, the country would regain its strength economically, and the new nation would be created.

Leibbrandt (2011), reiterated the same grief that the spatial restructuring of South Africa into homelands under the guise of separate development complicated the Government administration processes and spawned myriads of economic problems. The rural communities became more peripheral to the main government system, and as a result their economic status deteriorated. It is taking a lot of Government resources to redress just the problems emanated from the so called Bantustans (Leibbrandt, 2011). Bantustans resulted from Apartheid Act known as Bantu Authorities Act of 1952 (Ally, 2015), aimed at depriving Black South Africans of their citizenship by grouping them in corresponding rural ethnic groups. The project was later known as Homelands grouping when ten homelands were created. Black communities were consolidated to designated groups, four of which accepted the native reserve land independence i.e. Transkei, Ciskei, Venda, and Bophuthatswana. The remaining six were known as self-governing independences, i.e. Lebowa, Gazankulu, KwaNdebele, Qwaqwa, kaNgwane and Kwa-Zulu (Phillips, 2017).

Other economic scholars' views may be different, but the common denominator is that the Sub Saharan African economy in general grows very slowly with a serious concern about the neglect of economic transformation. The recent political instability resurfacing in South Africa is the result of the insurrection gaining momentum due to public dissatisfaction with the slow pace in economic transformation (Ajakaiye & Ncube, 2010).

The South African Government had successfully managed to divide the country into its nine provinces. It was now going to be more pragmatic to reconstruct its economy at the National level while cascading this to the local development policies. Due to the fact that most of the provinces are engulfed in poverty, local development policies will make a remarkable difference especially to the rural areas of the previously called Bantustans (Koma, 2012). Developing local economic policies that are responsive to the National structures will also address the issues of administration capacity that always delay major economic changes if implemented in big chunks at higher levels of the Government structures (Koma, 2012).

2.4.1.11 Democratising the state and the society

There are so many explanations and definitions regarding democratisation of society. Often authors regard democratisation as a change from a political system where a government has its supreme powers vested on special group of people to a Government which has its supreme powers vested on all people. Democratising the country promotes the balancing of the power of the majority against the rights of the minority (Hehman et al., 2012).

Through democratisation, the Government of national unity's objective was to introduce transformation in most of the government policies. The country seriously needed reformed policies in military, financing of the Government agencies responsible for social development, the legal framework of the country, the formation of the parastatals as well as hearing the voice of the previously oppressed people (Triegaardt, 2005).

The RDP commanded a coherent programme for its effective reconstruction and development, hence the need for the Government to ensure a thorough democratisation. Democratisation was undoubtedly a prerequisite and an integral part for the effective implementation of the RDP.

2.4.1.12 Implementation of the RDP

Although RDP was originally the brainchild of the Government of National Unity, the implementation could not be successful without the involvement of participation by stakeholders outside the Government. The participation of different orders required an establishment of effective structures to coordinate the programmes at national, provincial and local levels.

The RDP programme would thus be implemented through a process of planning and development that would guarantee the broad-based focus in the needs of the majority. Its democratic objectives would be supported by strong government structures reinforced with capabilities to handle the

much needed changes in the socioeconomic development as well as other areas of the Government. The State would formalise local Government structures that would coordinate decision making to align with the national framework of the programme (RDP). These local development initiatives were to involve a high level of the NGOs participation supported by integrative programmes. Civil servants responsible for the driving of the local programmes would be highly trained in dealing with NGOs and other community based programmes.

Rapucci (2014) states that restructuring of the civil services plays an important role in ascertaining that the objectives of the reconstruction of the State structures are achieved. The civil servants are the first groups of people to agree with the objectives, so that they dedicate their experiences to the reconstruction key processes and deliver on the services as prescribed in the new procedures. Regrettably, in most cases civil servants in senior positions are political appointees. It is very difficult for such civil servants to conform to the commands of the new dispensation without subjecting them to the third degree scrutiny. The whole process is executed with reluctance and no accountability which often leads to a disastrous set of results (Repucci, 2014). Challenging as it is, restructuring of the civil service human resources becomes one of those intractable challenges that are imperative for any newly elected Government to overcome. Therefore, the State must ensure that its civil servants support the implementation of any changes associated with the reconstruction programmes. This will fortify the good governance of the State resources and encourage ethical compliance and accountability which was originally the gist of the RDP (Repucci, 2014).

Islam (2018), also confirms that in order for the government to successfully implement any type of system reformation, it must have an assurance that all the stakeholders especially the civil practitioners are politically comfortable. There must be a fair amount of bureaucratic commitment to action the changes and the full support from NGOs and all other social organisations. The efficiencies in the management of public services are of crucial importance in order for the RDP to be successful in achieving its objectives (Islam, 2018).

Sesay, Yulin and Wang (2018) have identified the development of the National Innovation System (Cassim et al.) Framework as an answer for developing economies. The automation of most RDP linkages may result in speeding up all the key performance areas as indicated in the different areas of the programmes. The NIS development will speed up the economic growth

specifically needed in the BRICS economies (Sesay, Yulin, & Wang, 2018). The South African Government did not consider linking RDP programmes with any computer aided strategies, but it does not mean that such improvisation is farfetched

The RDP was the first policy aimed at transforming the country from the previous regime of apartheid, hence the study is spending a lot of effort to pave the road to identifying other problems leading to the struggle of the country against unemployment problems (Sesay et al., 2018).

2.4.2 The National Small Business Act 1996

The development of small to medium-sized businesses has gained a very strong support from the different Governments worldwide. Most of these Governments show a strong propensity for encouraging entrepreneurship. They show this by developing business policies that favour upcoming entrepreneurs and ensuring that the environment is always conducive for the establishment of small businesses (Mason & Brown, 2013).

Similarly, the South African Government of National Unity took a similar stand to support small businesses in 1996. The National Small business Act No 102 came into effect in November, 1996 (Mason & Brown, 2013). The National Small Business Council and Ntsika Enterprise Promotion Agency were established as the two support structures that could guide the organs of the State in their quest for the development of the small businesses. Ntsika Enterprise Promotion Agency's main focus was to promote competition among the small businesses at all levels from local authorities, the provinces, and right up to the national level (Mason & Brown, 2013). Subsequently, the country saw the advent of more agencies such as the National Manufacturing Advisory Centre (NMAC) and Community Public Private Partnership Programme (CPPP). There was also the GODISA Trust and National Technology Transfer Centre. This was later amalgamated with the Small Enterprise Development Agency (SEDA) which became the custodian of the SMEs development programmes (Makue, 2014).

The National Small Business Council focus was twofold. Firstly, it concentrated on the wellbeing of the small businesses through the alignment of the National Small Business Support Strategy with the interests of the SMEs. Its focus was giving assistance to the government at all levels of key socioeconomic policy that would promote the SMEs development. The second function of the Council was to act as an independent body in governing the issues of the SMEs development and support strategies.

The National Small Business Act was amended in 2004, resulting in the formation of the fully fledged Small Enterprise Development Agency (SEDA) which was fully answerable to the Department of trade and Industry (DTI) (Makue, 2014). The SEDA was formulated by amalgamating the Ntsika enterprise promotion Agency, NMAC and CPPP in 2004 (Makue, 2014). Much has happened since the promulgation of the National Small business Act which has gradually developed till the establishment of the Small business Department in 2014 (J. G. Zuma, 2015).

2.4.3 The National Contractor Development Programme

The National Contractor Development Programme (NCDP) was the conjoint involvement of the National and Provincial Department of Public Works together with the CIDB in order to institute a formal development programme for emerging contractors. The programme was intended to be steered by the public sector. However any willing businesses and relevant stakeholders were more than welcome to join (CIDB, 2016). The concern leading to such a programme was the lack of capacity amongst emerging constructors. The CIDB had also identified that the construction industry was not contributing fairly to the ASGISA. This was due to the dearth of equity ownership, inability of the emerging contractors to grow and maintain their businesses and consistency in SMEs product quality and performance after registering with the CIDB (CIDB, 2016).

In order to develop sustainable businesses in the construction sector, the NCDP has a framework with five (5) key objectives:

- Identification of contractors in the specific categoriy grades, and targeting them for improvement in their grading status. This would be achieved through improvement of such contractors' capacity in their supply side available to both sectors in the public and private businesses.
- Promotion of contract businesses owned by Blacks, women, people with disabilities and youth in targeted grades and categories. By so doing the representativeness of previously disadvantaged groups in all CIDB grades would be guaranteed.
- Secure sustainable contracting and continuous work for targeted contractors in order to expedite the process of skills development and sustainable job creation.

- Contractor improvement for sustainable good quality, employment and acceptable human resources practices, enhanced skills development programmes and the creation of safe, healthy and environmentally friendly work practices.
- Enhance sound business management knowledge and continuous improvement in technical skills (Dapaah, Thwala, & Musonda, 2017).

The above objectives make it clear that the most important reason for the CIDB existence is the development of construction industry SMEs by giving them both financial and non-financial support. However, the middle three objectives seem to be the most important. This is stated here, because the first objective can be achieved by making use of the second objective as a criterion for identifying emerging contractors (Dapaah et al., 2017). The last objective of enhancing sound business management knowledge is the resultant of the second and third objectives.

Dapaah et al. (2017) tried to assess the NCDP to determine its effectiveness in dealing with the identified SME problems. The purpose was to enable SMEs to effectively market their businesses so that they get sufficient exposure to customers as well as improved ability to penetrate the construction industry market. The second hurdle was the inability of the SMEs to withstand the dynamics of bidding for Government tenders. Lastly, but very important, SMEs seem to lack the skills in managing financial resources, especially when it comes to debt collection techniques. Most of their accounts, especially after the completion of the State projects, are not paid in time. (Dapaah et al., 2017).

Martin and Root (2012) applaud the development programmes in that they have transformed many of the emerging contractors from being insignificant to noteworthy business players in the construction industry. However, the focus of their article excludes technical capabilities and other work experience related factors (Martin & Root, 2012).

Pretorius (2016), argues that the objectives of the development programmes are too focused on developing construction industry SMEs from CIDB lower to higher grades. The development must also consider the seriousness of high performance and business sustainability. The neglect in these factors has impacted negatively in the drive to upgrade emerging contractors. As a result contractors are graded up and down the different levels of CIDB, and many complaints are levelled against the CIDB. Some of the contractors do not take lightly to the CIDB degrading their

businesses (Pretorius, 2016). Business sustainability depends obviously on the availability of contracting opportunities in the construction industry, especially those that can be opportune to the development programmes. The current economic conditions unfortunately do not favour those strategies (Pretorius, 2016).

Pretorius (2016), and Dapaah et al. (2017), agree that the CIDB company registrations have been very erratic lately with many businesses getting registered and others exiting at almost the same rate. This also disorganises the development programmes, as it is obvious that some of these businesses are just hopeful aspirants that think the construction industry has more opportunities than other business sectors. Most of these aspirants lack core business competencies and have no potential to be developed into entrepreneurs ((Dapaah et al., 2017; Pretorius, 2016).

Dapaah, et al. (2017) also flag a concern that the lack of SMEs consensus in accepting the NCDP as an effective programme to assist them growing and developing must be taken seriously. The programme is inadequate, as it does not yield any positive results in business sustainability (Dapaah et al., 2017). Therefore the review on these development programmes indicates that they are effective in short term solutions but due to their shortcoming when it comes to business performance and sustainability (Pretorius, 2016). Businesses willing to participate in the NCDP were merely invited for four (4) areas of contractor development:

- Establishment of an enabling environment for developing contactors from lower to higher CIDB grades.
- Reinforcement of contractor development mechanisms such as joint ventures and participation in emerging contractor development programmes.
- The facilitation of continuous improvement of smaller contactors through knowledge sharing and facilities management skills.
- Skills development in the focus areas of construction. These include but are not limited to artisans, technicians, managers and other technology areas (Martin & Root, 2012).

The NCDP guarantees a list of benefits to the contractors in the development programme. Some of these include continuous work opportunities with appropriate contract conditions that support retention policies. This continuity of work is based on Government procurement strategies that recognise the objectives of the NCDP. Included will be the ability of these contractors to access

working capital through financiers that are in partnership with the programme (Martin & Root, 2012).

The status of contractors grading was last updated in 2012, and it showed 88% grade one (1) with the remaining 12% as grades two to nine (2-9). Furthermore, the CIDB grading system in Kwa-Zulu Natal includes companies whose core functions are outside the construction industry. This was done to cater for tender system requirements which stipulate that all companies tendering for Government work must be CIDB registered, even if those companies do not fall into the construction industry category. Company registrations with the CIDB align with the National Contractor Development Programme and Financial Modelling Options for contractor support and development (Martin & Root, 2012).

2.4.4 Growth Employment and Redistribution (GEAR) 1996

Amra et al. (2013) states that no sooner had the RDP been implemented as a key economic policy than criticisms started pouring from many participants. The first negative criticism was because of the reallocation of the resources that had been created by the apartheid regime, while the Government of National Unity failed to provide its own revenues (Amra et al., 2013). Secondly, although very early for that kind of criticism, the Government was perceived to suffer from a scarcity of skilled managers, hence the failure to properly coordinate the policy implementation processes (Ndou, 2012). Most critics indicated that the RDP objectives could not be achieved without a macroeconomic policy to drive faster economic growth. Faster economic growth meant a drive to lower the inflation rate, stabilise the exchange rate as well overhaul the trade barriers inclusive of the flows of capital (Amra et al., 2013). This is how the South African second economic policy was born in 1996, called the “Growth, Employment and Redistribution”.

2.4.4.1 The objectives of GEAR

GEAR was grounded on the principle of faster economic growth. The most pressing issue was for the Government to be seen shaping the environment conducive to job creation in South Africa. The country was averaging 3% economic growth, deemed inadequate, as it would not be able to reverse the employment distress which already existed when the Government of National Unity took over. High levels of unemployment made it hard for the Government to fulfil the RDP objectives of equitable wealth distribution. The country’s essential economic growth rate of at least 6% per annum was recommended in order to create 400 000 jobs as predicted for year 2000 (Amra

et al., 2013). The then Minister of Finance was convinced that paying attention to the demands of international competitiveness would impact positively on the envisaged economic growth (GEAR, 2016). This was expressed in the following interrelated objectives of the GEAR:

- Supplementing the gold exports by pushing more locally manufactured products into the international markets
- Fast development in locally manufactured capital goods for future production facilities
- Speeding up the Government's investment in the public sector
- Returns on the Government investment of capital to be recognisable in output growth
- Expansion of the infrastructural development projects and ensuring that techniques used require more manpower than automation.

Needless to mention, the GEAR policy effort required the inclusion of both the public and the private sector for the meaningful and accelerated economic growth of the country. However, without efficiencies in the public sector, expenditure against the intended service delivery was always questionable, and most experts thought GEAR was only a fallacy. There was also constant lamentation from the private sector about the regulation of the basic wages by the Government. The big multinational companies showed more dissatisfaction on the LRA and as a result, more jobs were shredded, while the State continued its dependence on these companies for boosting the country's exports. The Government then came up with the strategy that would support the policy in order to achieve its objectives. The integrated strategy for the success of GEAR was formulated with specific core elements such as:

- The tightening of public expenditure to ensure strict adherence to budget
- Developing programmes that would reduce the fiscal deficit of the country. Besides discharging capital from servicing the debt of the country, this would also reduce inflation resulting in Government investing that money into public projects.
- Revisiting of the exchange rate policy with a view to stabilising it at a level competitive with other developing economies. This extended to other strategies in monetary policies, inflation rate control measures as well as import tariff reductions.

- Looking into government tax concessions as incentives for companies engaged in job creation projects. Youth and female employment constituted the nucleus of the employment creation.
- Optimisation of the investment resources through the accelerated restructuring of the state assets.
- Review and address causes of service delivery backlogs for productive socioeconomic infrastructure programmes.
- Revisiting the structures of the collective bargaining units, with a view to build flexibility in employee remuneration and other labour relations matters.
- Revitalisation of the skills levy concept in order to align training programmes with the labour markets required to boost efficiencies in the local businesses. Skills development was extended to Adult Basic Education and Training. Companies engaged in the provision of Human Resources development were compensated accordingly via the SETA processes.
- Ensure proper coordination and stability in the implementation of Government policies. This was important for the elimination of cumbersome, repeated concepts in other economic policies.

Like the first economic policy, RDP, the GEAR was also received with different opinions. The Trade Unions heavily opposed the policy on the basis of trying to reverse the LRA conditions of basic employment, especially its interference with the basic wage structure. The members of the policy working committee also predominantly consisted of academics, and the Trade Unions felt betrayed by the Government. Although the policy heavily relied on the improvement of private sector investment, the State would also benefit in playing its role in the economic development of the country. The private sector also complained that the Government was starting to jeopardise the free market system. The entrepreneurs failed to realise their valuable contribution towards poverty alleviation. The strong feeling was that it is the Government's sole responsibility to generate revenue to support its social programmes to support the destitute and poor (Streak, 2004).

Although human resources development was part of the RDP, many academics praised GEAR for making the effort in focusing on skills development. It is their profound belief that the success of the macroeconomic policies relies mostly on the quality of the labour supply of every country. Adult basic Education and Training (Asante) received nationwide applause, as most of the Blacks had been deprived of basic education prior to 1994.

2.4.5 Accelerated and Shared Growth Initiative for South Africa (ASGISA) 2005

Amra, Hlatshwayo and McMillan (2013), state that the unemployment rate had risen from 25% in 2000 to 28% in 2004. This was an indication that there were still challenges that existed with the previous economic policies in spite of all the Government initiatives aimed at economic growth (Amra et al., 2013). Frequent disruptions in the previous economic policies led to a number of industrial actions. Many companies resorted to outsourcing of labour as well as other consecutive human resources strategies, which affected badly on the job creation and poverty alleviation. As a result, poverty reduction is still the prime concern and the victory over it was still a farfetched idea. The unemployment rate keeps rising and job losses metastasise from one city to another with rural areas being the worst off. The country produces university graduates every year, but job opportunities diminish day by day. The Government then started working on deliberate interventions to counteract the situation. In 2006, the Accelerated Shared Growth Initiative in South Africa (ASGISA) was developed in support of the other economic policies developed in earlier years.

Many academics were confused by the similarities that existed between ASGISA and the GEAR. They both focus in the same areas of the infrastructural programmes. This includes strategies on industrialisation to promote local production, skills and other human resources development initiatives, transformation in the economy and its related factors, the macroeconomic policies and the issues related to the service delivery of the public sector.

2.4.6 The New growth Path 2013

During his state of the nation address (SONA) in 2010, The South African President, Jacob Zuma announced that the level of unemployment still remained high and poverty was still a major problem afflicting many people within the country. It was also observable that oppression of workers was still continuing in other sectors with inequalities still embedded in some company policies. There was a dire need for a policy that would address all these challenges. The National Development Plan (NDP) 2030 was then introduced in 2013 as a long-term socio-economic development roadmap.

The main task of the NDP was to strategically eliminate poverty in the country so that peoples' standard of living would be comparatively acceptable. For the purpose of speeding up of service delivery and bringing people closer to Government initiatives, the implementation of the plan was

focused more on regional rather than local strategies (Zarenda, 2013). As a long-term strategy plan, the NDP 2030 included the formulation of four comprehensive objectives:

- Identification of the major limitations to faster growth and direct the plan to a more inclusive model
- The development of milestones for all the things to be achieved by 2030.
- Dealing with obstacles to achieving such goals to ensure there is no room for a lack of inspiration.
- Designing the framework for the smooth advancement of the NDP (Harsch, 2014; South African history online, 2014).

The above objectives were simplified to deliverables that would be easy to measure (Zarenda, 2013) These were:

- Provision of housing, water, electricity and sanitation
- Provision of dependable public transport with limited risk of accidents
- Provision of education of an acceptable standard across the nation
- Prioritising the safety and security for all living in South Africa
- Provision of health care facilities accessible to all citizens of the country
- Localise job creation especially for those living in the rural areas
- Establishment of recreation and leisure facilities to promote a healthy lifestyle for the citizens of the country
- Raising environmental awareness through the promotion of elimination of carbon emissions and preservation of fauna and flora
- Identification of nutritional programmes needs in certain areas still engulfed in poverty.

2.4.7 Public Policy Procurement Framework of 2000

In different ways and for different policies, public procurement has long been used by different Government Departments in the sourcing of goods and services, however, it must be noted also that it is only recently that this function has been entered in the academic ranks. Before the beginning of the 21st century, public procurement was referred to by many academics as the advent of a profession. Without any dispute, the need of the assiduous and astute application of a theoretical framework in public procurement is long overdue (A. Flynn, D. McKeivitt, & P. J. Davis, 2015). There are a few competing theoretical frameworks that have been developed in spite

of all the caveats that concern the newness of the public procurement as an academic subject of interest.

In SA, the public procurement was promulgated as an Act in Year 2000 for two specific reasons (Ambe, 2016), and those are, to achieve primarily the Supply Chain Management efficiencies when sourcing goods and services for the State, and, secondary to achieve socioeconomic objectives. The primary objective prescribes the sourcing of goods and services by way of transparent, fair, equitable, competitive and cost effective contracts. The second objective of the Act is the achievement of the socioeconomic principle of the fair distribution of wealth. This calls for the engagement of the historically disadvantaged group of people or individuals (HDI) in the supply of goods and services to the State organs (RSA, 2017). Such historically disadvantaged individuals are identified within the ambits of the consequential effects of apartheid policies that excluded them from some of the human rights before the introduction of the new Constitution. Examples of HDI may be a Black person, female, a person with a disability and so forth (RSA, 2017).

Clause 217 Subsection 2 of this constitutional provision gives rise to the empowerment of the state organs to give preference to the categories of previously disadvantaged groups when applying this procurement system. The South African Government of Unity had a responsibility to prescribe the framework that would regulate the procurement policy and standardise the processes for implementation (RSA, 2017). This was more important for the fact that fairness, equitability, transparency, competitiveness and cost effectiveness formed the foundation of the policy guidelines (RSA, 2017).

Fairness and equitability inevitably mean that the unquestionable procurement proceeds fairly and consistently. The fairness point of departure is the guaranteed distribution of similar information in advertising the opportunities to bid for the Government tenders. Transparency is evident when the procedures clearly fulfil certain conditions of openness and accountability (I. M. Ambe, 2016). Conditions of openness must include but are not limited to none or to minimal restrictions on any citizen's admission to tender for the Government projects. Relevant information must be readily available and should cover the standardisation of the procurement rules and practices that should be made known to all the participants. Also, the contractual obligations must be phrased in the language understandable to most people instead of excessive use of the legal jargon, which is tantamount to hiding the important information in words (I. M. Ambe, 2016).

Competitiveness and cost effectiveness is controlled and revolves around costs incurred for every procurement activity undertaken by the State organ. This means that, while taking into account other principles, sourcing of goods and services for the State must be conducted with cognizance of the lowest possible cost but with great caution about the value for money (I. M. Ambe, 2016)

The South African Government has shown commitment to addressing many of the inefficiencies and failures of its policy. However, the continuation of the same problems builds up some frustrations in the people that have long been waiting for the development to reach their areas. Uyarra and Flanagan (2010), give two perspectives of the public preferential procurement. They are, firstly the awarding of the Government tenders on a prescribed evaluation criterion (point system) and secondly, methodically giving preference to the previously disadvantaged group of people. The gist of this simplification is that no tender will be awarded outside the qualification consistently and objectively appraised through the point system. Above that, previously disadvantaged groups must be identified through their befitting character or must be within a specific bracket (Uyarra & Flanagan, 2010). Together with the constitutional provision, the Act flags two objectives that may seem at odds with each other.

2.4.7.1 PPPFA Regulations

The PPPFA was one of the measures in the State Supply Chain Management package entrusted to the custodian of the National Treasury, and therefore the revised regulations were signed by the Minister of Finance on the 6th of June 2011 (Bolton, 2016). There are five major points in the PPPFA implementation process:

- The preferential procurement policy that must be applied within a framework of 80/20 or 90/10 point system, depending on the value of the tender. The 80/20 point system simply means that the price value accounts for 80 while the 20 accounts for the services or goods supplied by companies owned by the previously disadvantaged persons. This includes the programmes of reconstruction and development. The 90/10 point system applies the same principle as 80/20 (Government Gazette, 2000). The organ of state issuing the tender reserves the right to cancel the tender if the bidder has supplied false information with the intention to score on preferential points. The goals of awarding points to a tender application form must be quantifiable with clear measurements and within the prescribed compliance (RSA, 2017).
- The exemption clause applies by the Minister to the supply of goods and services to the national service, goods sourced from outside the country as well as goods of public interest.

- Clearing of backlogs on tenders applied for before the implementation of these regulations
- Expedient matters that the Minister can make as part of the regulations and every draft regulation to be published on the Government Gazette.
- The act to be always referred to as Preferential Procurement Policy Framework Act 2000 (RSA, 2017).

The Supply Chain Management under the National Treasury Department has a model that is underpinned by two important pillars. Firstly, the need for infrastructural development and secondly the objectives (both primary and secondary) of the PPPFA. The process starts with demand management followed by acquisition management, logistics management and disposal management (I. M. Ambe, 2016). **See Figure 2.1**

It must be clarified that the Supply Chain management processes had to be blended with the requirements of the PPPFA in order for the procurement processes to meet the state socio economic objectives. On the other hand, the success of any supply chain lies in the efficiencies of the procurement processes.

Noor, Khalfan and Maqsood (2013), state that at times efficiencies rely heavily on the customer/supplier relationships that have been built over years. That benefit is not easy to materialise, when the supply chain processes are linked with socioeconomic development policies. Such a process needs a very broad and clear roadmap for the processes applied in the procurement of goods and services (Noor, Khalfan, & Maqsood, 2013).

2.4.7.2 Challenges of Public Procurement in South Africa

Fuzile (2014/15), in the South African Treasury Report (2014/15) highlighted a lot of flaws with the Supply Chain Management (SCM) Department at the national level. The report states that the South African public sector SCM has many imperfections, including corrupt officials. The report further highlights another three critical weaknesses in the Public Preferential Procurement Policy (Fuzile, 2014/15).

Munzhedzi (2016b) states that the PPPFA weaknesses are strongly embedded in both process controls and performance management. Therefore a need exists for the Government to address the problematic issues at the policymaking stage so that the infrastructural department processes can be guided and be aligned with conformance expectations of the policy (Munzhedzi, 2016b). Following are the weaknesses as highlighted in the Treasury Report:

Figure 2.1: The Supply chain management model of the South African Government

SUPPLY CHAIN MANAGEMENT									
<p>INFRASTRUCTURE (SYSTEMS) Includes the design and analyses in the establishment of the need for infrastructural development in support of the Government undertaking to address the civil concerns. These concerns may be related to the provision of water supply, means of transport, health facilities, education facility and so forth.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">DEMAND</td> </tr> <tr> <td> <ul style="list-style-type: none"> • Designing the project • Demand-Supply management (Decision whether there is sufficient supply for the demand) </td> </tr> <tr> <td style="text-align: center;">ACQUISITION</td> </tr> <tr> <td> <ul style="list-style-type: none"> • Sourcing of suppliers • Selection of qualifying supplier </td> </tr> <tr> <td style="text-align: center;">LOGISTICS</td> </tr> <tr> <td>Monitoring of start-progress and finish</td> </tr> <tr> <td style="text-align: center;">DISPOSAL</td> </tr> <tr> <td>Retiring and disposal of the State assets</td> </tr> </table>	DEMAND	<ul style="list-style-type: none"> • Designing the project • Demand-Supply management (Decision whether there is sufficient supply for the demand) 	ACQUISITION	<ul style="list-style-type: none"> • Sourcing of suppliers • Selection of qualifying supplier 	LOGISTICS	Monitoring of start-progress and finish	DISPOSAL	Retiring and disposal of the State assets
DEMAND									
<ul style="list-style-type: none"> • Designing the project • Demand-Supply management (Decision whether there is sufficient supply for the demand) 									
ACQUISITION									
<ul style="list-style-type: none"> • Sourcing of suppliers • Selection of qualifying supplier 									
LOGISTICS									
Monitoring of start-progress and finish									
DISPOSAL									
Retiring and disposal of the State assets									
<p style="text-align: center;">PPFPA OBJECTIVE</p> <ol style="list-style-type: none"> 1. Primary objective: the procurement methods must be seen as fair equitable, transparent, competitive and cost effective. 2. Secondary objectives: preference categories in the awarding of contracts and secondly the indemnity of the previously disadvantaged group of people. 									
<p style="text-align: center;">SUPPLY CHAIN PERFORMANCE DATABASE</p> <ul style="list-style-type: none"> • Supplier evaluation • Report on key performance areas such as costs, time and adherence to the design specification 									

Source of the model: Ambe (2016).

- i. National Treasury envisages overhauling the SCM Human Resources department by recruiting and staffing it with people possessing relevant skills, qualified knowledge and enthusiasm. This is regarded as one of the Government efforts to scale down the

- performance problems that regrettably tarnish the Human Resources integrity in the public procurement department.
- ii. The National Treasury HOD also stated that there is a lot of interference created by the lack of clarity of roles and responsibilities of technical staff and that of political office bearers. This gives rise to allegations and instances of corruption.
 - iii. The National Treasury HOD also confirmed that the SCM policies and regulations are often confusing and cumbersome. It is stated that suppliers fill out numerous forms. Many of the small business owners do not possess sufficient administrative capacity, and the whole process costs them time and money.
 - iv. Lastly, only a few organs of the State often set targets for the SMEs and even where targets exist, deadlines are not adhered to. This results in many lost business opportunities for the SMEs (Munzhedzi, 2016b).

Makhitha (2010) states that even though the Government commits to support the SMEs through the SCM and other initiatives, considerable discrepancies exist in the support structures. These discrepancies indicate that there is a huge gap between the existing support structures and the actual needs of the SMEs (Makhitha, 2017). This study will look into most of those possible weaknesses and recommend an alternative or the reinforcement of the existing process and management control systems.

Ambe (2016) states that there are still quandaries in South African public procurement practices. Despite the upgrade of processes in public procurement and the adoption of a strategic tool such as Supply Chain Management (SCM), there are still non-compliance issues with procurement and SCM-related legislation and policies (I. M. Ambe, 2016). The conclusive statement is that tender irregularities have not been eradicated completely, and the approximation is that tax-payers have been fleeced of R30bn (Munzhedzi, 2016b). According to Smart Procurement (2011), public servants have been blamed for corruption, incompetence and negligence for the R26.4 billion spent by the South African Government through non-adherence to ethical procedures and other contraventions of laws and regulations in 2010 (Ambe & Badenhorst-Weiss, 2012).

The challenges facing the PPPFA have been compounding ever since its inception in 2000. The lack of internal assessments of the processes has been one of the major reasons for the failure of

this policy framework. Surely if the PPPFA is based on Targeted Procurement (TP), there must be a reliable source of data affirming the achievement thereof. After numerous assessment efforts by the International Labour Organisation (ILO), no definite Targeted Procurement archives could prove the pursuit of the TP process by the SCM of the South African State organs. Instead, there were fragmented records of unsystematic and inconsistent implementation of the process (Ambe & Badenhorst-Weiss, 2012).

Pergulta and Pertold (2017) therefore raised the concern that the success of policies like the PPPFA is always inhibited by factors built in to protect SMEs from unfair competition by the big players of the industry. The officials responsible to identify the targeted bunch of companies use that as an opportunity to manipulate the relevant information in order to bend the rules (Palguta & Pertold, 2017). It is though such distorted behaviour of the Government agents that assessment after assessment identifies the same weaknesses of the PPPFA in many countries. Most of the assessment findings by the ILO in 2002 are still not easy to address (Palguta & Pertold, 2017). In South Africa, the following factors can still be identified in the PPPFA process:

- Success factors are unsubstantiated, as data are not consistent in the areas where successes of the PPPFA have been recorded
- There are too many systems applied in capturing the data when PPPFA processes are implemented by different organs of the State. Hlakudi (2015) states that a number of targeted SMEs are benefiting from the PPPFA. The issue of data capture systems however makes it too difficult to collate valid and trustworthy information to use in research.
- The assessment of the socio economic objectives of the policies was not in place during the ILO assessment period and is still not clear to produce reliable material for tracking the progress in the PPPFA (Hlakudi, 2015).
- There is very limited information on the quality of work completed by the targeted SMEs. Although the feedback mechanisms are in place, the PPPFA practitioners experience problems in implementing the same due to the lack of know-how, More often than not, these practitioners will refer to the archives before moving into the following step of every process (Ambe & Badenhorst-Weiss, 2012).

2.5 The critiques of the Government policies in SA

Rogerson (2013), argues that the Government is not doing enough in identifying policies that nourish the operating field of the SMEs to create new jobs. It is further argued that even the large companies in the private sector can only offer limited prospects of employment. Furthermore, in South Africa, big parastatals have been persistently swamped under labour disputes, hence it is difficult for businesses to craft strategies that focus predominantly on the prospects of sustainable job creation (Rogerson, 2013).

Most surveys conducted by Statistics SA points out that the unemployment figures are high, however, recently calculated figures on employment creation have caused many doubts, as they are based on individual views. This has led to the politicisation of unemployment as a topic. The predominant view is that the size of the business determines the level of employee intake. The premise is that SME job creation will vary from the infant stage of the business all the way to its expansion and as well as on its downturn, when the business contracts and eventually dies. Based on this, the lack of such standards in methodology of calculating real employment creation can also lead to false claims by politicians from both the ruling and the opposition parties.

In relation to sustainable job creation through SME growth and development, there are a few elements that must be taken into consideration. Firstly, growth must be driven by their increased total entrepreneurial activity (TEA) index (Henrekson & Sanandaji, 2014). Coupled with the policy objective targets, the TEA may be used as an indication for effective participation in the PPPFA. SMEs that are not capable of developing to meet the PPPFA standards must be assigned for entrepreneurial training interventions as provided by the Government agencies. The increased TEA index is an indication that the business has customers (markets) that can keep it afloat sustainably. Without this, no job creation or poverty alleviation can be realised (Henrekson & Sanandaji, 2014). Once again, the lack of TEA evidence is another gap that needs to be filled in by exploring relationships between the SMEs, Government policy objectives and the number of companies that have consistent work.

Secondly, South Africa is rated the lowest on new business ownership in Africa. This impacts negatively on SME development as it indicates that there is either a shortage of entrepreneurs, or the businesses are created but fail before they even take off. Currently, it is estimated that small businesses are only able to create 1.3 jobs and there are only 30% of the SMEs actually creating

jobs in South Africa. It is only 4% of the SMEs that permanently employ more than five people, particularly the medium sized companies in BSM 6-7. This also indicates that the evidence shows that entrepreneurial development within the country still lacks substance for initiating processes that drive registration of new businesses and the sustainability of those businesses.

Most medium sized businesses are able to raise the required finance through the private sector lending institutions. Therefore the Government choice of the policy frameworks for developing SMEs must address the specific business needs at different categories or BSMs. In all considerations, the small businesses from BSM1-6 must be supported to increase entrepreneurial activity and not to create jobs. The medium sized businesses must be supported to create jobs (Gauteng Department of Economic Development, 2014).

Lastly most policies seem to lack the distinct analyses of the difference between the SMEs and the big businesses in South Africa. There is a need for evidence highlighting how many local companies' employment levels fit in with each category. Currently, many companies regarded as big actually fit in the definition of medium companies (CIDB, 2016). These companies are able to source finance from the commercial banks. The distinction between medium and big companies can also differentiate between the commercial banks' and Government agencies' funding policies. The Government agencies must have policies that are aimed at mitigating some of the commercial banks requirements that disqualify small business entrepreneurs when applying for funding (Gauteng Department of Economic Development, 2014).

2.6 Theoretical framework

Kaufman (2010), states that research must be based on fundamental scientific principles, which can be achieved if the study is predominantly informed and conducted within the boundaries and application of logical and verifiably grounded theory. In that case, the research rests on a strong and deeply thought out subject for analysis in terms of the relationships between the dependent and independent variables and above all meets the purpose of the study. Due to the cognitive limitations of humans, it sometimes becomes too complex to discern and identify the important thread serving to keep the fabric intact which is why theory becomes handy (Kaufman, 2010).

The three key variables for this study were construction industry SMEs, the PPPFA and job creation. There was also normative behaviour which meant growth and development which is

expected to be forged by the participation of construction industry SMEs in the PPPFA. Such conditions formed the basis for the choice of a theoretical framework to guide this research. Public procurement performance is commonly guided by competing objectives including firstly Strategic Management which is directed mainly by political aims. Secondly, public procurement, largely guided by process management which drives the process to achieve value for every cent spent on purchases. Thirdly is the Performance Management, controlling and aligning the processes to conform to the expected results. In other words, Process Management must ensure an acceptable level of ethical management of every purchase made so that both strategic and Performance Management objectives are realised efficiently (Kleemann, Glas, & Essig, 2012). It is on these variables that the objectives of the study were based, and such objectives of the study became the beacon in choosing Theoretical Framework apposite to this study.

2.8 Evaluation of Theoretical Frameworks

With help of the objectives of this study, and also taking into consideration the topic of the research which is originally formulated, three Theoretical Frameworks were evaluated. These were Supply Chain Management (SCM) theory (Tukuta & Saruchera, 2015), developing local businesses through participation in public procurement (Dawar & Oh, 2017a) and Public Procurement Performance Evaluation Theory by Schapper, Malta and Gilbert, (2006) (Knutsson & Thomasson, 2014; Shapper, Malta, & Gilbert, 2006).

2.8.1 The Supply Chain Management Theory

Tukuta and Saruchera (2015) identified public procurement as an integral part of Supply Chain Management (SCM). The SCM procurement principle is founded on the basis of efficiencies and depends largely on procurement professionals with an understanding of international purchasing management. The SCM Theory censures political influence on public procurement (Reguia, 2014). The advocates' perspective is that highly regulated public procurement poses a threat to suppliers of goods and services to the State (Kuncoro & Suriani, 2018). Political influences lead to the promulgation of laws and Government policies that either protect or exclude certain sectors which is counterproductive to free market systems. Government policies on public procurement impact negatively on cost efficiencies of the SCM. Underpinning public procurement theory with SCM theory lowers costs which adds value and satisfaction to the end user customers (Reguia, 2014; Tukuta & Saruchera, 2015).

Considering the concepts of the SCM Theory, there are a few observations can be made in line with the purpose of this study. Firstly, the theory is based on literature reviewed which relied heavily on industrial development through encouraging product innovation for multiple businesses competing for customers(Reguia, 2014). This excluded the Government interventions for socioeconomic development or job creation through public procurement. Exclusion of politics from public procurement theory gives the impression that the country is not focused on SMEs and provides no protection against the importation of products that are readily available locally (Sarter, Fuchs, & Sack, 2014). This leads to loss of jobs instead of creating jobs that are needed for socioeconomic development.

2.8.2 Developing local businesses through participation in public procurement

Dawar and Oh (2017), analysed Government policy documents of different countries including India, Jamaica, South Africa, the Republic of Korea and the United Kingdom. This was a comparative study based on different policies towards developing local businesses through participation in public procurement. The framework for the theory was underpinned by four key elements of the public procurement policies. These were firstly the participation of small to medium sized businesses in Government sourcing of goods and services. The second element was the State interventions in driving growth and development in those SMEs. The third element was the green initiative to ensure public procurement that is responsible to the environment and sustainability. The final element was the Government creation of an export friendly environment in assisting SMEs to market their businesses across the borders of their respective countries (Dawar & Oh, 2017a).

The study shows that there is always an offset in SME development policy if contrasted with the promotion of international trade (Ocloo, Akaba, & Worwui-Brown, 2014). For example, if the policy relies heavily on exportation as the means for developing local businesses, the strategies are more expensive with many hidden costs than focusing in the local market. The public procurement policies emphasising on international trade take a very long time to reflect benefits in the SME sector. Therefore, such policies have limited effectiveness in fulfilling the SME development objectives. In most known public procurement policies, job creation is usually taken as a by-product instead of being one of the main objectives of the Government policies (Ocloo et al., 2014). As a result developing local businesses by participation in public procurement

underpinned by international trade impacts negatively on SME development and the achievement of job creation objective (D. Mutalemwa, 2015).

2.8.3 Public Procurement Performance Evaluation by Schapper, Malta and Gilbert, (2006)
Schapper, Malta and Gilbert (2006), developed this Theoretical Framework for performance evaluation of the public procurement mechanism. The secondary use of this model is the innovation of the Public Procurement function (Kleemann et al., 2012). The Model demonstrates three circles contained in an equilateral triangle. On the top corner of the triangle is Policy and political agenda. The two corners that form the base of the triangle are underpinned on efficiencies on the left hand side and conformance on the right hand side. The left hand side leg of the triangle represents the objectives of the Public Procurement while the right hand leg represents accountability of the Procurement officials in achieving socioeconomic objectives. The base of the triangle represents effective management of the efficiencies and conformance issues. It must be noted that each one of the arrows points in two directions, to demonstrate the importance of controls and feedback on the efficiencies in line with the objectives as well as the controls and feedback on conformance in terms of accountability (Knutsson & Thomasson, 2014).

The topmost circle in the triangle represent Strategic Management which intersects with the other two circles in the lower left and right sides of the triangle. The two lower circles in the triangle respectively represent the Process Management and the Performance Management of the Public Procurement. **See Figure 2.2**

2.8.3.1 The key elements of the theoretical framework

The Theoretical Framework is constructed on key elements that specifically make public procurement a flow of activities from top to bottom with controls to ensure feedback to the policy makers. These elements are Political agenda and policy, public procurement objectives, strategic management, accountability, process management, efficiencies, performance management, conformance and management tools (Knutsson & Thomasson, 2014).

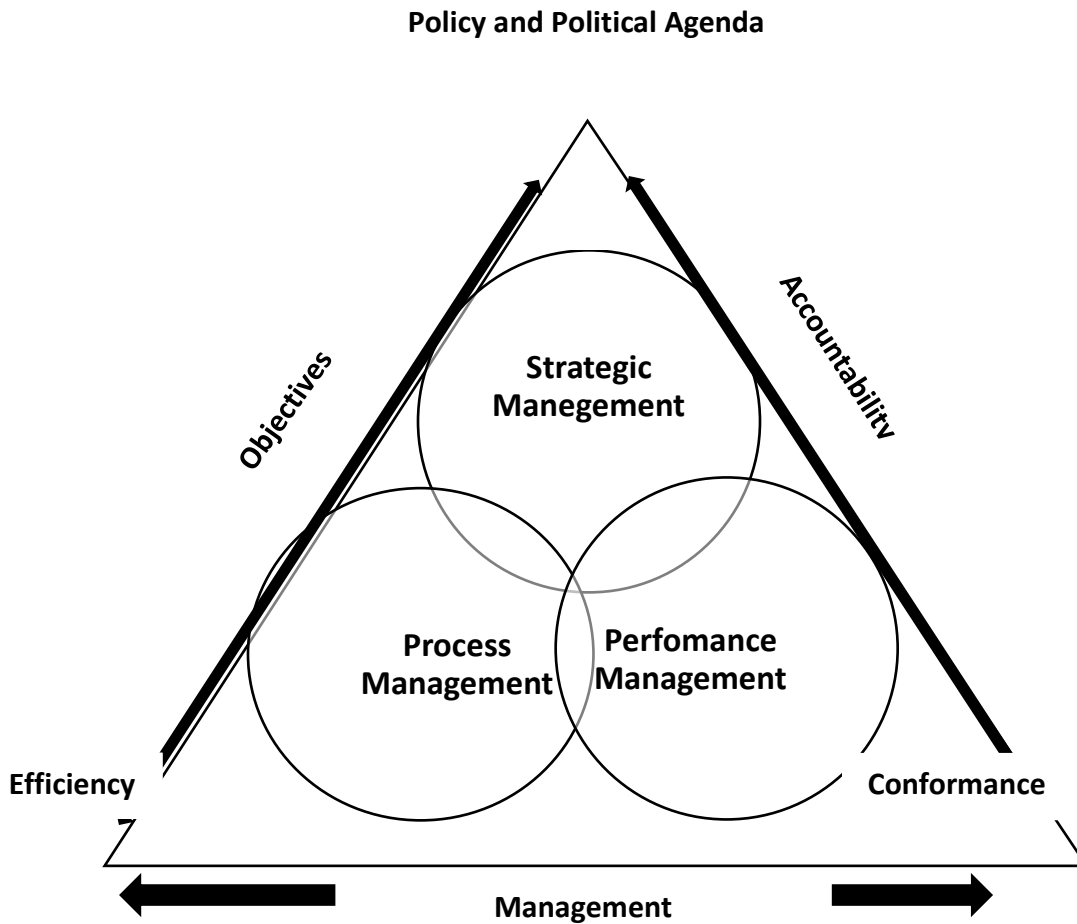


Figure 2.2: Theoretical Framework for Public Procurement Performance Evaluation

Source: Schapper, Malta and Gilbert (2006)

2.8.3.2 The policy and political agenda

It is commonly an underlying presumption that a host of policy changes come about and new ones are instituted whenever a new Government comes into power under different scenarios in other countries. The influence of Government's policies such as procurement differs from country to country, depending on the form of Government which the ruling party manifesto promised (Ambe, 2016). The main reason for such differences is that different Government policies are determined by the specific political ideologies of the ruling party. The public buys into these ideologies through the existing need for reforms in the Government systems in their specific countries (Muramatsu & Krauss, 2018).

Muramatsu and Krauss (2018) states that in every country, the economic development needs support from politics and cannot exist in a vacuum. In the case of South Africa, the needs to insulate bureaucratic policies that existed prior the Government of the national Unity can only be sustained through patterned pluralism strengthened by strong political agendas. Only then, redressing the income distribution, equity in sharing of natural resources as well as fair opportunities and recognition of human rights. The belief is that economic development was greater than any other reforms as from 1994 (Meiring, Kannemeyer, & Potgieter, 2018b). Also, public procurement was not only seen as the vehicle for driving socio political reforms but was also regarded by many as a source of saving on the Government expenses, so that much needed cash could be available for other important transformation projects (I. M. Ambe, 2016). It is therefore crucial to maintain the coherence between both the Supply Chain Management (SCM) principles and the socioeconomic aims of the public procurement systems. Public procurement in South Africa is embedded in the National Constitution for the purposes of maintaining the socioeconomic objectives and the primary objective of obtaining value for money whenever sourcing goods and services for the state (Turley and Perera, 2014).

In summary, the policy and political agenda serve as a strategic planning of the model. Strategic Planning in public procurement is defined as a disciplined effort to produce fundamental decisions and actions that shape and guide what the procurement function is, what it must do and why that must be done. Consequentially, the outcomes of the organisation are heavily influenced by strategic planning (Malekpour, Brown, & Haan, 2015; Poster & Streib, 1999). It is for these reasons that both objectives and accountability arrows send information directly from the Policy and Political agenda (strategic planning) to all the management processes of the public procurement function. The same arrows depict the feedback mechanisms of the achievement of public procurement objectives (efficiencies) as well as the accountability of the public officials (conformance) in the achievement of socioeconomic objectives (Patrucco et al., 2017). This reaffirms the importance of strategic planning at the policy level (Madira R Selomo & Krishna K Govender, 2016). Important activities of the policymakers in the public procurement strategic planning phase include clarification of the political mandates, development of both primary and secondary objectives of the public procurement, development of strategic agenda and development of action plans (Patrucco et al., 2017; Shapper et al., 2006).

2.8.3.3 Strategic Management

Strategic Management is defined as the Organisation's positioning within the marketplace which would in turn influence the operational measures of performance (Malekpour et al., 2015). Strategic management tie together the strategic plans to other Management processes and by so doing the organisations will position themselves firmly in the marketplace. In public procurement Strategic Management is concerned with the resource-management decisions in advance for whatever the State will purchase. Strategic Management also monitor and enhance operations through regular control measures and evaluation techniques. Controls and performance measures are derived from the objectives as linked from the strategic planning and the critical elements of the strategic management process. The most important element of strategic management is the budget (Madira R Selomo & Krishna K Govender, 2016). It is for budgets that performance management becomes the cornerstone of the Strategic Management.

In short, Strategic Management ensures that capacity is available to fulfil the elements of strategic planning. Knowing that public procurement objectives are two pronged, it is important to fit them within the activities of the Strategic Management. These objectives were developed firstly on the SCM principle of sourcing goods and services at the right time, the right price, the right quantity, the right quality and from the right source. This is regarded as the primary objectives measured on efficiencies. Secondly, such objectives carry the weight of socioeconomic development inclusive of entrepreneurship promotion through SMEs' growth and development, with the resultant job creation. In South Africa, this constitutes a secondary objective and carries the accountability to the policymakers which is measured on conformance. This explains the positions of the two lower circles (Process and Performance Managements).

2.8.3.4 Process Management

Tregear and Jenkins (2007), define the Process Management as a structured coherent and consistent way of understanding , documenting modelling, analysing, stimulating, executing and continuously changing end-to- end business processes and all involved resources in the light of their contribution to business improvement (Jeston, 2014; Tregear & Jenkins, 2007). In the frame of the private sector, Process Management approach is to increase profitability through resource management by focusing on the customer preferences and tastes. Whether in public or private sector, Process Management approach key motivation is to improve efficiencies or the achievement of set objectives (Jeston, 2014; Tregear & Jenkins, 2007). Therefore it is imperative

that Process management be aligned with other Management disciplines in order to deliver on the overall business strategic plan (Jeston, 2014). There are fundamental keys for the Process Management alignment with the strategic plans and those include strategic alignment through objectives, governance, updated methods, information technology, people and the culture (Rosemann & vom-Brocke, 2015).

2.8.3.5 Performance Management

Jaksic and Jaksic (2013), defined Performance management as the process based on an established measurement system consisting of tools, indicators and procedures that are best suited to the specific characteristics of each organisation. Performance Management focusses on the updated management of and is mainly oriented at employees as pillars of creating wealth within the organisation. Wealth is created by adding value to goods or services as planned by the organisation (Jaksic & Jaksic:, 2013). Among other things, Performance Management ensures the elimination of cronyism from the process of appointing personnel into key procurement positions. Therefore, appointments to key positions must be based on competence and accountability (Klemann et al., 2012). Accountability is the key for accomplishment of both primary and secondary objectives. Therefore, key positions must only be given to only procurement officers that conform to ethics as well as behaviour that is according to the socially acceptable conventions and standards. For this reason, Human Resources Performance Management must be inclusive of the business model which is uncompromising and which makes no concessions to unethical and unacceptable behaviour (Sabiou, Mei, & Joarder, 2017).

Brown and Stilwell (2013), identify four principles that are important in fostering ethics in the Performance Management. Firstly, Performance Management policies must embrace mutual respect for individuals, secondly, individual employee competence in their respective functions, procedural fairness and transparency of the decision making process. Performance Management checks on the effectiveness of the Human Resources in meeting the objectives firstly through their efficiencies in meeting set objectives and their conformance to ethical standards (M. F. Brown & Stilwell, 2013).

Public procurement functions that regularly conduct continuous evaluation of their personnel by the application of Performance Management that systematically track progress in the realisation of strategic plan, or, in the case of this Theoretical Framework, the policy and Political Agenda.

Performance Management data are very useful in the identification of weaknesses whether in the areas of process or conformance. Performance Management data direct the use of performance management as a systematic means to conduct continuous evaluation, track progress in realizing strategic-plan goals, and inform daily operations. Performance measurement data can be used to identify operational weaknesses and allocate resources accordingly (Sabiou et al., 2017).

2.9 Choosing the relevant Theoretical Framework

Grant and Osanloo (2016), state that Theoretical Framework plays an important role in the research process as it is the foundation from which all aspects of research are constructed. It serves as the fabric that systematically weaves and connect together the rationale of the study, the problem statement, the significance and the objectives or questions of the study. With a relevant Theoretical Framework, the grounding base is provided for the review of relevant materials, and most importantly the choice of research methods and analysis (Grant & Osanloo, 2016) .

Ahmad, Shah, Latada and Wahab (2019), states that the structure and the vision of the study do not appear to be clear without the relevant Theoretical Framework. The necessity of identifying befitting Theoretical Framework can be viewed in the same perspective as the blueprint of a house. The research plan that is underpinned by a relevant Theoretical framework enhances stronger and structured guide as the flow from one chapter to the next becomes organized (Ahmad, Shah, Latada, & Wahab, 2019).

Consequently, the selection of the relevant Theoretical Framework for this study was conducted with a deep and thoughtful of the research problem, the purpose of the study, the significance of the study and the research objectives (Ahmad et al., 2019).

All three Theoretical Frameworks explored for the discussion were subjected to the same selection criteria before the choice was made. Furthermore, the confirmatory factor analysis was conducted through Structural Equation Modelling (SEM) which was used as the statistical model fit test. Consequence of the scanning of all three models discussed was the choice of the Theoretical Framework for Public Procurement Performance Evaluation by Schapper, Malta and Gilbert (2006), (Brauckmann & Pashiardis, 2011).

2.10 The implications of the adopted Theoretical Framework in the study

In a study by Kumasey and Bawole (2017), the Public Performance Performance Evaluation model proved to be useful in identifying evidence where developing countries public procurement were characterised by by an unstable tension between the public expectations of transparency and

accountability, and of efficiency and effectiveness of resource management (Kumasey & Bawole, 2017). In this study the model is applied in sourcing evidence on the social sustainability of the PPPFA, its accessibility to SMEs and SMEs and their role in job creation.

2.10.1 The social sustainability intent of the PPPFA

Flynn and Davis (2014), states that public procurement with a social sustainability intent emerges from theory developed from the political agenda of the ruling party, then policy document that serves as a Strategic Planning. The policy cascades to Strategic Management that generates both Process and Performance Management. The strategic plan contains objectives guiding the public procurement function why particular processes are important in the policy (Flynn & Davis, 2014).

Loader (2017) states that the public procurement policy serves as a strategic plan that defines policy instruments to be implemented, secondly the policy tracks the alignment of strategies and other processes with the plan and thirdly it provides clear measurement and assessment strategies that determine the policy outcomes. For sustainable public procurement, the policymakers must also be clear and be actively consistent in the agenda's pursuit of improving small and medium sized enterprises access to public procurement (Loader, 2018).

Bolton, (2016) states that in South Africa, the PPPFA is one of the extensively regulated Government functions due to both its economic and political significance. Public Procurement has is constitutionalised as section 217 of the South African Constitution to safeguard SMEs in general and also for the equity of the previously disadvantaged group. In the previous Government the public procurement function had no emphases on fairness, transparency and equitability. The procurement principle of ensuring competitiveness and cost effectiveness in the manner through which the Government entities procure goods and services might have been applied during the Apartheid regime but that still excluded other businesses owned by the non-whites in the country (I. M. Ambe, 2016).

The PPPFA was proclaimed as the South African Government's strategic tool and instrument of promoting both primary and secondary goals of the State. The primary goal of the PPPFA is founded on the principle of the Supply Chain principle of procuring goods and services of acceptable quality in a manner that is cost effective and timely from qualified contractors or any other suppliers and service providers. The secondary goal is socio economic development and transformation which has as its fundamental principle as the awarding of certain contracts to the groups of persons classified as historically disadvantaged, that is the class of people previously discriminated against on the bases of race, gender and disability (Turley & Perera, 2014).

The Public Procurement spending is estimated at 22% of GDP with the greatest spending value of R500bn and the National Treasury as the custodian of the PPPFA (Bolton, 2016). The South African government simplified the PPPFA regulations as specified in procurement clause in the Constitution. This was achieved through defining a wide range of policy documents stipulating the procurement processes of the Government entities. These regulations include the Public Finance Management Act (PFMA). Through its internal regulations, the PFMA controls Supply Chain Management (SCM) which is the custodian of procurement practices at all levels, i.e. national, provincial and local municipalities (Bolton, 2016).

The meeting held on the 17th September, 2014, the Treasury reconfirmed the social sustainability intent of the PPPFA through PFMA objective of sound management of the State finances transparently when sourcing goods and services as well as asset liabilities. The objective extends to the State owned enterprises (SOEs) (Public-Enterprises, 2014). The Treasury insisted that the State capital spending must yield the intended outcomes and service delivery outcomes according to the objectives of the PPPFA. In the meeting the social sustainability of the PPPFA was also the topic where Treasury had to explain the PPPFA implementation process as embedded in the policy and strategic plan. The Treasury explained that the provisions of the PPPFA implementation are based on the socioeconomic priority in the category of preference in awarding contracts. This is to ensure the protection and advancement of disadvantaged groups of people. In order to accommodate and align with such priority, the PPPFA prescribed two stage bidding process where functionality and content are considered as the first stage and subsequently the price and Broad Based Black Economic Empowerment (B-BBEE) takes the second stage position. In the meeting, Treasury failed to disclose statistics on empowerment targets, however, the admission was made that currently, especially in the SOEs, financial expertise are more dominant which was up to that point detrimental to the PPPFA intent to develop, empower and performance improvements (Public-Enterprises, 2014). The PPPFA non-compliance on socioeconomic development imperatives became an issue of a concern in the meeting hence the committee asked the Treasury to update the members on transparency about the Government tenders and how they are awarded inclusive of the statistics on tenders that have been awarded to SMEs (Public-Enterprises, 2014).

2.10.2 The role of PPFA in SMEs development

Loader (2018), states that most Government have regarded the public procurement as a vehicle for developing small and medium sized businesses. An example is the UK Government that transparently declared in 2010 that 25% of the State contracts must be awarded to SMEs (Loader, 2018). This was regarded as a proactive stance taken by the Government, however, careful analysis thereof reflects an evidence that SMEs are at the disadvantage in engaging with public procurement compared to larger players in the markets (Flynn, McKevitt, & Davis, 2015). This creates the need for the Strategic

Management personnel to understand that the vital role played by the public procurement does not only end in the support of public service delivery but also to support the achievement of the strategic objective such as SMEs development (Flynn et al., 2015). The drive to support SMEs development through public procurement can only be successful if the Governments introduces procurement related measures to facilitate SME effective participation in the public procurement process.

In South Africa, (SA) the PPPFA was also aligned in the same model of SMEs development vehicle. While political agenda persuaded the objective of the secondary agenda, the demands made by responsible expenditure on Government coffers brought about the obligation to align all public procurement processes with the SCM principle of sourcing goods and services from the suppliers that provide the most suitable goods or services at the most suitable prices and in the right time frames. In short, suitable goods or services connotes acceptable quality while suitable time refers to as and when needed for a specific (Bolton, 2016). In summary, social sustainability pushed the political agenda to develop policies that would create jobs through PPPFA. This led to the PPPFA policy that would encourage participation of the SMEs. The SCM principle adopted by the SA public procurement policy distinguishes the characteristics of capable suppliers in its own terms which the majority of the SMEs fall short thereof. Consequently, the policy could not overlook the need for SME development in order to improve the SME access to public procurement (Loader, 2018). This study can comfortably state that the development of SME development initiatives by the SA Government is one of the reflection of the PPPFA outcomes. Also, this discussion reinforces the strategic role assumed by the political agenda and policy in the use of the leverage of PPPFA to support both primary and secondary objectives, typically value for the money spent on Government expenditure and social sustainability such as job creation and entrepreneurship inspiration through the SME development programmes (Public-Enterprises, 2014).

Loader (2018), states that the strategic plan for the PPPFA must include various issues of compliance and enforcement of the prescribed procedures and sanctions for non-compliance to controls at different stages. By so doing, the Strategic Management processes will rely heavily on the accountability of the insiders and other officers in key positions within the PPPFA function. In that regard, the policy includes and ascertains that accountability becomes a fundamental principle of the PPPFA. This also helps eliminating practitioners' discretion as part of the decision making process in the Government tendering system. Discretion opens room for non-compliance and can lead to corruption and the abuse of the system (Loader, 2018).

2.10.3 SME access to Public Procurement

There are a number of challenges that have impacted negatively on SMEs' access to public procurement, yet most Governments' desire is to give support so that in return SMEs can contribute to social

sustainability, specifically job creation. Consequently the merit of the public procurement policies to support SMEs is always debated in many public forums be it in the academic fields, politics or media (Bennett, 2014; Flynn et al., 2015; Loader, 2018).

Bennett (2014), states that the Government support to the business, especially the SMEs can take any shape, whether from the supply side or the demand side. On the supply side, Governments policies can stipulate measures aimed at developing the small businesses by educating and advising them on the essential entrepreneurial skills. On the demand side, the policies can uncompromisingly prescribe the instrument ensuring that SMEs benefit from trading opportunities through the supply of their goods and services via public procurement (Bennett, 2014).

Public procurement officers are usually confronted with many factors that influence the outcome of the process of sourcing goods and services. Sometimes, procurement procedures are different, the number of participating companies is higher than normal or the magnitude of the tender value is exorbitantly high. Suggestions have propped up that splitting Government big value tenders into small lots to increase better chances for the SMEs' to be awarded with contracts from the public procurement. (Mphela & Shunda, 2018). These suggestions have not proved any positive results as higher number of lots in a tender does not significantly increase the success rate of the SMEs (Mphela & Shunda, 2018).

Murray (2015) states that SMEs access to the public procurement has been a pressing issue for the Governments for some time. Different Governments have applied different measures in their effort to increase chances of SME access to public procurement, and, the commonly used ones include but not limited to SME training programmes and more simplified administrative procedures (Murray, 2015). However, and surprisingly there seems to be an inconsistency in the implementation of procurement policies and procedures by some Government officials (Murray, 2015).

Mphela and Shunda (2018) identify a handful of reasons as the contributory factors to the failure of the SMEs in participating successfully in the public procurement. These reasons include the lack of both financial and work capabilities, the Government delays in executing payments for the completed jobs, tough competition against the larger and established companies and also the attraction of bidders from other provinces due to centralized public procurement as well as the unfair biases against the SMEs due to their sizes (Mphela & Shunda, 2018). The results of the initiatives applied by the different Governments to elevate the rate of SME participation in the public procurement are still flimsy (Loader, 2018). Flynn et al (2015), states that in order for the SMEs to succeed and participate effectively in the public procurement,

the policy/performance gap must be identified. That is, the public procurement practices by the Government buyers and other officials must match the aspirations of the policy (Flynn et al., 2015).

2.10.4 Construction industry SMEs and job creation

Ferreira (2017) summarised the unemployment statistics of the 2017 second quarter and indicated that from 2016, there were 37 000 jobs created while 113 000 job losses occurred. This puts the unemployment rate at 27.7%. In the State of the Nation address by President C. Ramaphosa, it was noted that unemployment rate has risen to 29%, which means that there are over 13 million people without jobs in the country (Chetty, 2020). Contrary to all the efforts by the South African Government to promote SME growth and development, the critical challenge of sustainable job creation remains top in the list of all the Government priorities (Dhanah, 2017). Shockingly, besides the statistics over the ever increasing unemployment rate, 7 – 10 million young people enter the labour market every year and it is only a disproportionate amount of these people that get employed (Dhanah, 2017).

Ngek and van Aardt Smit (2013), states that the Government policies on job creation must be sustainable and prove to be consistent in purpose. Supported by Kongolo and Imenda (2009), it becomes clear that the CIDB policy of moving construction companies up and down the Grades is not consistent with the Government policy of job creation. Companies hire according to their sizes and as demanded by the magnitude of the projects they are working on (Kongolo & Imenda, 2009). Due to quality demands by big projects, companies in the upper levels of the CIDB Grading system always dedicate time to train their employees resulting in skills improvements in the construction industry labour market however, these skilled workers are not attracted to the SMEs (Ngek & van Aardt Smit, 2013).

Yazdanfar (2013) supports the policy of promoting more small businesses to the higher Grades for giving them more opportunities to participate in Government bigger projects. Bigger projects empower the companies to generate more income, consequently improving their liquidity and financial leverage. The remarkably improved financial leverage and the liquidity of the business sustains it for a long time. Sustainable businesses are also able to create sustainable jobs due to their age in the construction sector. Again, SMEs in the construction industry move up and down the grades 2 and 3 due to the lack of projects that can sustain or give them leverage to develop into higher grades. This minimises their contribution to the creation of the needed jobs (Ngek & van Aardt Smit, 2013).

Hlakudi (2015) argues that, although the PPPFA is characterised by many deviations from the fundamental aim, the processes are not that bad. There are significant Black, female and youth owned SMEs that have gained from the implementation of the PPPFA. The Bid Specification Committees (BSC) are praised for being accurate in the allocation of preference points. The Bid Evaluation Committees have also made some

progress in achieving the goals of RDP. The BEC always endeavours to identify the targeted SMEs when evaluating the prospective bidders. Again this positive observation has not yet proved delivery on the job creation (Hlakudi, 2015)

2.11 The construction industry in the Province of Kwa-Zulu Natal (KZN)

The statistics provided by the Construction Industry Development Board (CIDB) indicate that in the province of Kwa-Zulu Natal, the majority of the SMEs are over-concentrated in the construction activities (CIDB, 2019). The reason for this is that other business sectors are perceived to be lacking economic growth opportunities, especially the Government tender opportunities are very minimal and of lower values comparative to construction industry. Other perceptive reasoning is that there is very limited growth potential in other activities, particularly in retail businesses which seem to have been hijacked by foreigners. Most small businesses have opted out of the formal retail industry and chose to operate mostly as micro or informal businesses (Piper & Charman, 2016). This high concentration in the construction sector has created very fierce competition amongst the SMEs (Bhorat & Rooney, 2017). On the other hand, the Government infrastructural departments can no longer sufficiently offer contracts to all of the SMEs. As a result, most of the SMEs in the construction industry suffer and disappear even before they are even awarded with their first project (S. Leboea, 2017). Another constraint working against the SMEs is that some of them are located in remotely rural areas. Due to the geographical conditions of these areas, businesses experience stringent and limited access to projects with economic growth potential (Lekhanya & Mason, 2014). Irrespective of the status of the company, all construction companies are required to register with CIDB in order to qualify to participate in the PPPFA (CIDB, 2019). CIDB's focus includes ensuring compliance to construction regulations as well as the development of small contractors in the construction industry. CIDB also keeps the register of all registered contractors in their respective grades. These contractors' grades are used as the categories which determine the capabilities of each contractor to carry out any specific construction project (CIDB, 2016). Contractors in the homebuilders' construction and those established only for the provision of labour and supplies are exempted from registering with the CIDB (CIDB Comprehensive Guide to Contractor Registration, 2016). Therefore, all contractors wishing to participate in any Government tenders must be registered with the CIDB, otherwise their applications are not considered.

The construction registration, update and renewal process: The CIDB provides two types of its approved application forms to be used by contractors on registration. Contractors registering for Grade one (1) must use the application form CRS 008, while those registering for Grades two to nine (2-9) must use application form CRS 007. The maintenance of the registration is a three phase process. The first phase is for the contractor to register with the CIDB, secondly, submit annual confirmation and thirdly the renewal

of the membership after three (3) years. A non-refundable registration fee is payable either electronically or at a bank. The registration fee is determined by the grade that the contractor applies for, however, contractors applying for Grade one (1) are exonerated from paying registration fees. After registration, contractors are expected to pay annual fees ranging from R240 to R5 500-00, depending on the current grade of the contractor (Rahman, Endut, Faisol, & Paydar, 2014).

Financial capability requirements: The financial capability relates largely to the financial performance history of the contractor, and this means the best annual turnover in the last two years preceding the application for registration with CIDB. Besides the turnover, this performance also takes cognisance of the company, loans and or any guaranteed financial sponsorship at the contractor's disposal to sustain the contract. As authenticity of the financial statement, the contractor must ensure endorsement by an independent auditor. The CIDB reserves the right to ask for the bank statements or the payment of VAT where applicable as a proof of the declared turnover. This applies to contractors registering for Grades 2-9.

Work capability requirement for registering in a specific grade: Work capability depends on the largest contract the contractor has undertaken during the last five years preceding the year of application for registration with the CIDB.

2.11.1 Contractor development initiatives in Kwa-Zulu Natal

The Provincial Government of Kwa-Zulu Natal has launched some development initiatives with the emphasis on developing SMEs in the construction sector (Mahlanga, 2018). Importantly, the core issue is that the continued disappointment and failure of the SMEs are not so much about misguided policies, but the inability of government to implement its own support programmes (Chimucheka & Mandipaka, 2015). In 2010, the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) embarked on the development of the small enterprise development strategy. One of the key strategic programmes is market support of the SMEs, thereby mainstreaming the SMEs through Government projects and the procurement policies. The strategy consists of specific tools and indicators used to continuously monitor and evaluate the efficiency, effectiveness and impact of its key interventions. One of the monitoring indicators is the number of jobs created by the SMEs (Rahman et al., 2014).

2.11.2 The Small Enterprise Development Agency (SEDA)

SEDA was formed through the merger and consolidation of many entities that existed to support the SMEs at the time, as well as others that were integrated as the support function that eventually formed the full function of SEDA in 2009 (SEDA, 2013/14). In addition, the agency has a valuable contribution to make in addressing the scarcity of entrepreneurship skills that prevails widely in the SMEs category causing Construction industry SMEs struggle to survive in the markets outside the public procurement. .

SEDA supports the construction industry SMEs through an incubation process. The SEDA Construction Incubator (SCI) was established in 2006 as a support service to eligible contractors. The SCI aims at developing these contractors from lower to the higher levels of CIDB grading. By so doing, local contractors would be capacitated to undertake big construction work projects and consequently be able to resource themselves for competing with other big players (Chimucheka & Mandipaka, 2015). The SCI provides mentorship and assessment of the beneficiaries throughout the project cycle at different CIDB Grades, depending on the specific business needs. Emerging contractors mostly fail due to lack of business skills in administration, financial management, technical capability to produce acceptable quality goods or services, people's management skills, statutory compliance, tender bidding and other construction industry related requirements. As the SCI is predominantly supported by local municipalities, the emerging contractors are identified from the procurement data base of that particular municipality. This does not exclude those emerging contractors applying for admission directly into the SCI programmes even though they are not on the data base for any particular municipality.

2.11.3 Kwa-Zulu Natal Department of Transport Initiative

To embrace the new Democratic Government's call for SMME development in 1994, the Kwa-Zulu Natal Department of Transport (KZN DoT) inaugurated the Vukuzakhe Programme. This is the emerging contractor development programme which had as its main purpose the advocacy of social balances and black economic empowerment (Maphanga, 2003). This was also one of the new Government initiatives aimed at wealth and job creation in the communities that had been historically disadvantaged by the former disparities. The KZN DoT bespoke their commitment to this course by allocating a budget towards the Roads for Rural Development Programme. The Vukuzakhe Programme became the dominant beneficiary of this programme (Maphanga, 2003). The emerging contractors were defined within CIDB Grades 1-3. The budget allocation for this programme grew from R3m in 1994 to the whopping R400m in the fiscal year 2015/16.

2.11.3.1 Provisions of Vukuzakhe registrations

Vukuzakhe complies with the CIDB contractor registration criteria, and these are the financial and work capabilities in the relevant grading designation and the appropriate class of work. Registration with Vukuzakhe is restricted to emerging contractors within the Province of Kwa-Zulu Natal. Emerging contractors are responsible for the updating of their grading status, as the CIDB database takes precedence should there be any discrepancy between the information supplied to Vukuzakhe and that in the CIDB register (Maphanga, 2003).

2.1.3.2 Vukuzakhe training and skills development for emerging contractors

Vukuzakhe provides support to all provincial emerging contractors, and the programme carries the manifesto to train and develop skills push, where participants are highly expected to commit to the principles thereof. The training and skills development programmes present a wide scope and are flexible for the contractors to enter the field of specialisation in any field of work chosen by the contractors e.g. asphaltting, patching of potholes etc. The programme provides mentorship support in any of the operations such as on-site technical support, capacity building, contract management, business and financial management and other soft skills development. For the controlled facilitation of these developmental training programmes, Grade 1 contractors are restricted to bid or submit quotes for work within their respective local municipality areas of jurisdiction. Grade 2 contractors are allowed to tender for work in their specific grading up to the district municipality and the Grade 3 contractors can tender for work within the province.

2.12 SME Limited markets

These SMEs are eventually compelled to engage in peripheral activities and that on its own reduces their growth opportunities.

The Broad-Based-Black-Economic Empowerment also has its own deficit by not compelling the private sector to comply except when dealing with the public sector. This again limits the markets for Black owned businesses (Molo, 2018). The only time the private sector may engage Black owned companies is when they vie for Government local licenses that will enable them to operate in certain communities such as mining. Most of these types of engagements are mere outsource opportunities for non-core functions of no remarkable value. The general expectation of the lower income levels of people was that the Government would have SME policies in place that will influence a paradigm shift in the private sector. Coupled with that, the Government must ensure that it is also resourceful in implementing its policies with clear support programmes (Chimucheka & Mandipaka, 2015).

Regrettably, the BEE Act does not place a legal onus on the private sector; therefore, compliance with its provision is only voluntary. However, the organs of State are legally compelled to contribute to BEE and that includes among other aspects, the development and the implementation of the Preferential Procurement Policy (Molo, 2018).

The lack of law enforcement of the BEE Act in the private sector has been largely criticised, as this only restricts SMEs' market to public procurement. Public procurement will soon be declining, as the infrastructural developments cover most of the areas and the SMEs market will be reduced.

2.13 Factors influencing the SME business environment in Kwa-Zulu Natal

Eruemegbe (2015), defines the business environment as a domain for both internal and external influences that shape the functioning of the companies. The internal business environment is made up of situational factors within the boundaries of an organisation. These include but are not limited to the management decisions, employees and processes. These factors define the management capacity to control the business activities. Within this environment, depending on the management influence, such factors dominate the strengths, weaknesses and synergies of the company. It can be referred to as the distinctive completeness of the business (Eruemegbe, 2015).

The external business environment is made up of those factors of the outermost of the business. These factors consist of customers, competitors, Government interventions, technology and many other factors relevant to the activities of that specific organisation. However, these factors still need management control whether they lie inside or outside the business environment (Eruemegbe, 2015).

It is quite important for this study to explore the business environment of the SMEs in Kwa-Zulu Natal before justifications can be made about their successes and failures in their participation in the PPPFA.

Firstly, it is important that evidence be reviewed on SMEs' problems primarily in their participation in the PPPFA which is an external business environment of the SMEs (market with competitors and the political interventions) and next with SMEs' capacity to grow and provide jobs (internal business environment). There is an urgent need for social sustainability through employment creation in the country, therefore SMEs' expectation to create jobs through their participation in the PPPFA has become a critical issue.

Understanding the SMEs internal business environment will help eliminate any bias in thinking that the Government is totally responsible for the failures of the construction industry SMEs. Management and entrepreneurship capability are the main internal factors on which pivot the stability and sustainability of the emerging businesses (McLean, 2011). These are explained clearly in the Henry Fayol's Five Functions of Management Theory. The first function is the management's ability to plan use of its available resources inclusive of financial capabilities and the flexibility of personnel. Planning specifies exactly when the activities must take place, i.e. present and future (McLean, 2011). The second function is to organise those resources in such a way that each one forms a specific division specific to its functions. This can be better understood as working structures to build business synergies. Leadership is the third management function that determines how the available resources are coordinated in harmony for the company to function. A good leader is capable of influencing all the employees at different levels of the different divisions of the business to understand what is required of them. The manager achieves this through giving of clear

instructions to the employees, so that they understand what is expected of them. In essence leadership is all about coordination and commanding to influence employee motivation and encourage positive employee behaviour. The last important management function is control. Every plan needs audits to ensure conformity and address all identified non conformity. Management must set rules in the form of step by step processes as a control mechanism for the business. These include performance standards cascaded from the business objectives, measurement criteria and comparison of actual performance against the standards, and, finally the corrective measures to be taken. Corrective measures and creative solutions are a very important part of the decision making process, as they are more difficult to resolve than discovering problems in the business (McLean, 2011).

In summary, management capacity influences the capabilities of the business. Business sustainability can therefore only be achieved through effective management principles. These must be applied to ensure effective planning and execution of business activities, efficient organisation of the company resources, best choices made in motivating the human resources and effective control measures. Taking care of the micro business challenges timeously gives management sufficient time to deal with challenges outside the business (Eruemegbe, 2015).

2.14 Literature review summary

Erol and Unal (2015), state that the construction industry forms the biggest constituent of the global business, due to a fair degree of infrastructural developments. The literature reviewed highlighted a handful of problems hindering growth and development of the SMEs. These include fierce competition against different industry big players, failure to attract skilled labour, poor management skills and failure to keep businesses afloat due to financial constraints (Mazzarol, 2014). Mazza (2016), highlighted that in other countries maladministration of the public procurement has resulted in high level of corrupt activities that have seriously crippled the SME sectors (Asante, 2012). This indicates the failure in managing the public processes within the ambits of business ethics.

Profitability of the SMEs is also a problem due to industry concentration in some of the countries, counterproductive activities such as travelling to the remote areas with rough terrain of dirty rough roads as well as failure to deliver on time caused in many cases by lack of management skills such as poor budgeting as well as poor project planning and general management (Buckley et al., 2009; Gumel, 2017; Naoyuki & Farhad, 2016). These problems

vary from country to country, depending on the economic development status (Erol & Unal, 2015).

In addressing SME counter development issues, Governments from different countries have launched strategies befitting the needs of their SME environments. Examples are financial supports made available through Government Agencies (Robertson, 2017), Training and Development Programmes (Cheema, 2005), and some of the countries through their policies have strategies that ensure provision of certain projects to the SMEs. Other countries have established specific Government Departments with Ministers to lead the SME affairs (Mashenene & Rumanyika, 2014).

Japan is a good comparison to the situation in South Africa in terms of Government transition from one form to another. SME development was top of the socioeconomic development for Japan (Haidar & Hoshi, 2015). The Government started by introducing tax relaxation incentives for the SMEs (Haidar & Hoshi, 2015) and subsequently capable and motivated SMEs were encouraged to explore private companies' opportunities instead of solely rely on Government programmes such as Preferential Public Procurement to survive. The Government graduates such SMEs to a level where they can compete in the global markets through systematic introduction to export activities (Vuijsje, 2015). The SME development strategy through public procurement in Japan defines how the State big projects can be broken down to smaller lots as set asides for the suitability of different capability levels of the SME sector (Shimizu, 2013).

SA economic policies: In reviewing the economic policies in support of SME development, the South African Government efforts were discussed in details. The RDP which serves as a foundation for inclusive economic growth policies was discussed which culminated in the initiatives to develop SMEs through participation in the public procurement.

The Theoretical Framework: The study opted for the Public Procurement Performance Evaluation Theoretical Framework by Schapper et al (2006),

The key elements of the theoretical framework: The Theoretical Framework is constructed on key elements which are Policy and Political Agenda, Public Procurement Objectives, Accountability, Strategic Management, Process Management, Efficiencies, Performance Management, Conformance and Management Tools (Knutsson & Thomasson, 2014).

Policy and Political Agenda :Politics is the determinant of the socioeconomic policies (Muramatsu & Krauss, 2018). Therefore politics influences policies that in turn become the strategic plans that influence the outcomes of the Government initiatives (Malekpour et al., 2015; Poster & Streib, 1999). The same principle applies to public procurement.

Objectives and Accountability: Strategic plan prescribes the objectives of the policy in terms of the expected outcomes. Alongside to the objectives is an element of accountability that ensures specific behaviour and compliance to the policies (Kusi, Kwamena, & Nyarku, 2014).

Process Management and Efficiencies: Process Management prescribes procurement methods that ensures accepted standards as defined in the SCM principle. Process Management outcomes are measured in efficiencies (Ambe, 2016)

The social sustainability intent of the PPPFA: Firstly, the literature reviewed indicates a very strong relationship between the Theoretical framework adopted in this study and the PPPFA strategic plan. The strategic plan contains both SCM principle driven and socioeconomic objectives driven objectives, however, it is not clear how these objectives are supported by the accountability element. The absence of this important leg leads to the public procurement function failure to account for not meeting the secondary objectives (Flynn & Davis, 2014). Loader (2017) states that for sustainable public procurement to be realised, SME development initiatives must be clear and the policymakers must be accountable by showing consistence in applying the procurement procedures. Regrettably, the outcomes do not seem consistent with the social sustainability intent of the policy (Loader, 2018).

The meeting held on the 17th September, 2014, the Treasury reconfirmed the social sustainability intent of the PPPFA through transparency when sourcing goods and services as well as asset liabilities. Again the issue of non-compliance of the PPPFA personnel/ to achieving social sustainability aims an issue of a concern due to the lack of transparency in disclosing the Government tenders and how they are awarded inclusive of the statistics on tenders that have been awarded to SMEs (Public-Enterprises, 2014).

The role of PPFA in SMEs development: SME development through their participation in the PPPFA looks gloomy unless the identified shortcomings in the system are addressed (Flynn et al., 2015; Loader, 2018; Public-Enterprises, 2014).

Performance Management and Conformance: This is where the assessment of public procurement management performance takes place. Performance Management is defined in terms of conformance the set of procurement rules (Kusi et al., 2014).

Management tools: Every activity is pinned on some controls to ensure no deviations from the plan. The model base consists of tools that streamline the feedback on the completeness of the procurement process. The feedback is channeled back to the policymakers on top for their policy reviews as well as measurement of the political achievements of the policy (Kusi et al., 2014).

SME access to public procurement: Too many challenges are highlighted and most if not all of them minimize chances on SMEs' access to public procurement. Failure to implement policies successfully is one of the major issues (Bennett, 2014; Flynn et al., 2015; Loader, 2018), lack of entrepreneurial skills to sustain competition from industry big players and increased number of participants (Mphela & Shunda, 2018), the complication of administrative processes and lack of training (Murray, 2015).

The lack of both financial and work capabilities is also mentioned as one of the factors contributing to the failure of the SMEs access to the public procurement (Mphela & Shunda, 2018). The issue of the gap between the policy and the actual performance keeps coming up as a concern that the public procurement practices by the Government buyers and other officials must match the aspirations of the policy (Flynn et al., 2015).

SMES and job creation: On balance, however, the material reviewed indicates more challenges than successes of the PPPFA in helping the SMEs developing to the level where they can achieve the targeted numbers on job creation. The Government needs to review the policy and reinforce supportive implementation strategies while replacing those with a potential to cause failures (S. L. Nhlumayo, 2017).

The challenges of the PPPFA are further compounded by the public expectations that are sometimes too high. This is evident in the bidding processes for the localised projects of the Vukuzakhe initiatives. The public interference often becomes too messy, to the extent that some of the projects are seriously delayed or called off. In areas of RDP housing supplies, the public interference in the project delivery creates so tension that violent protests always result in some SMEs losing out on the payments (S. L. Nhlumayo, 2017).

Kwa-Zulu Natal SMEs in construction industry: In Kwa-Zulu Natal, besides the common problems of policy/performance gap, the construction industry shortcomings mostly relate to the lack of entrepreneurial skills.

This summary concludes that the evidence reviewed suggests a number of implications for policymakers. There is a need to be improvements in the measurement and collection of SME engagement data, especially within the supply chain. The impact of the legislation must be monitored closely and steps to enforce compliance must be considered and taken as required. Finally, an immediate priority must be to address the need for better communication about the Government initiatives embedded in procurement processes and the importance of SME engagement processes. There is also a scope for further work by the academic community. In particular, there is a need to study the impact of the new mandatory practices, in terms of the fight against ongoing issue of compliance and its impact on socioeconomic policies (Flynn and Davis, 2015b).

2.15 Limitations of the reviewed material

The above debates indicate that SMEs are still part of the PPPFA bidding processes and unemployment levels keep escalating, meaning that the country still does not realize any sufficient social sustainability, specifically job creation emanating from the engagement of SMEs in the PPPFA. The review of literature has also highlighted a number of the Government and SME failures to grow the economy but very little has been linked directly to job creation initiatives that are embedded in the SME/PPPFA marriage. This study addresses the need to explore reasons for the failure of the SMEs to contribute positively to job creation through their engagement in the PPPFA.

Conclusion

This chapter contributed to the discussion on SMEs' failure to create sustainable jobs. Factors contributing heavily to the failure have been highlighted. It has comprehensively examined and reviewed public procurement policy in general, socioeconomic policies from other countries which culminated in the choice of the Theoretical Framework. Discussions linking the model of choice with the issues of SMEs' access to public procurement, social sustainability through public procurement, the social issues affecting SMEs in the Province of Kwa-Zulu Natal as well

as other relevant discussions on job creation. Literature reviewed was summarized and the gap was highlighted for this study to pursue.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction

Following the elements of the Theoretical Framework adapted in this study and the material reviewed, the research methodology germane to this study was chosen. The research problem emanated from the failure of the construction industry SMEs to create sustainable jobs adequate to subdue the rising unemployment rate. The topic and the Theoretical Framework of the study identified and laid the foundation of both the descriptive part as well as the explanatory part of the case study. The descriptive part of the study aims at satisfying the question what happens in the public procurement as a phenomenon while the explanatory part addresses the question why it happens (Veal, 2018). By so doing, the study would be able to describe the characteristics of the PPPFA, the fulfilment of its objectives, determine the level of construction industry SMEs' participation in thereof, and hence the Government expectation for their (SMEs) involvement in sustainable job creation. It was imperative for the study to be guided by its objectives specifically in the formation of different themes. There were six underlying concepts in which each of the six objectives' intent was respectively cradled. These were the:

- (i) construction industry SMEs' level of participation in the PPPFA;
- (ii) factors affecting the growth of construction industry SMEs in KZN;
- (iii) the Government initiatives in place supporting construction industry SMEs in KZN and finally;
- (iv) the construction industry SMEs' capabilities to create jobs through their participation in PPPFA and finally;
- (v) effectiveness of the job creation controls of the PPPFA
- (vi) the interventions that could enhance the growth of SMEs for sustainable job creation.

Against the backdrop of both the research purpose and the objectives' intent, this chapter describes the pragmatist research philosophy, deductive approach and the methodological choice of concurrent mixed methods. The chapter furthermore explains the reasons behind choosing a case study strategy consisting of both quantitative and qualitative data collected through the survey questionnaire of both open and closed ended questions. The chapter also elaborates on the data preparation for the separate analyses on SPSS software of the quantitative data and N-Vivo

software for the qualitative data. This research was conducted within the norms and standards of ethical compliance as expected in the University of Kwa-Zulu Natal Code of Ethics. Together with the stringent adherence to the research processes that ensure trustworthiness and reliability of the study, such ethics were maintained throughout this chapter.

3.2 Research philosophy

A research philosophy gives credence to the process used in data collection, the analysis process and the way in which data are used to unravel the research problem. Bajpai (2011), states that clarifying the research philosophy takes priority when discussing research methodology. This controls the direction of creating new knowledge of the topic no matter how profound the existing ideas may seem. The essence of the research philosophy lies in the reflection of important assumptions that serve as the base for a research strategy when collecting both primary and secondary data, and analysing that data to the point where the answer to the research topic becomes lucid (Bajpai, 2011).

To understand research philosophy, the starting point is to understand its key attributes. The research philosophy formulates beliefs and assumptions based on practical implications whether data collected are quantitative or qualitative (Saunders, Lewis, Thornhill, & Bristow, 2015). Furthermore, it is stated that through the research philosophy the beliefs and assumptions network systematically to build new knowledge. This is of crucial necessity as the purpose of every study is to answer the research problem through data collection and analysis. The findings will subsequently provide an answer to that specific question. The research philosophy helps in understanding the assumptions and realities confronted with during the journey of the research (Saunders et al., 2015). The philosophical position is largely determined by three factors, firstly the available knowledge on the subject which is known as the epistemological assumptions. These consist assumptions of variable knowledge possessed by humans (Cunliffe, 2011). The second factor is the reality on knowledge about the phenomenon under investigation or ontological assumptions. These work hand in hand with the epistemological assumptions (Saunders et al., 2015). This is because some assumptions are drawn from the realities and vice versa, however the onus rests with the researcher to filter good knowledge from bad. Thirdly, personal values have a certain level of influence on research. These are known as axiological assumptions (Saunders et al., 2015). It must be noted that the knowledge, assumptions and realities associated with the

research philosophy have a big impact on the approach to the research question and how the results of the study get interpreted (Collis and Hussey, 2014). Conclusively, research philosophy is the most important phrase associated with the gradual evolution of knowledge and the inherent attributes specific to that particular knowledge (Saunders et al., 2015).

Depending on the study philosophical inferences or implications, the research philosophy can follow any of the four aspects existing in the business studies. These are:

- Positivism: popular for highly structured large samples and recommended for quantitative data, while qualitative data can also be accommodated.
- Interpretivism (interpretivist): popular for small samples with in depth investigations and purely qualitative data.
- Realism: The study follows the methods according to the flow of the subject matter and can either be as quantitative or qualitative.
- Pragmatism: mixed method design of both quantitative and qualitative data collection, popular for any size samples (Saunders et al., 2015).

3.2.1 Research philosophy for this study

Saunders et al. (2015) state that the determination of the appropriate research philosophy pivots on the research question. Having stated the above, the type of data necessary to give answers to the research question was the main driver behind the choice of philosophy that propelled this study (Saunders et al., 2015). This question invoked a need to solicit information from diverse sources. It was necessary therefore that the study obtain some measurable information about the magnitude of construction SMEs' participation in the PPPFA. It is also important to quantify the information on the job creation capabilities of the construction industry SMEs. Justification of reasons behind the failure of construction industry SMEs to create jobs should be based on facts. These should reveal the conduciveness of the public procurement processes to SME growth and development to the level where they can be able to deliver on such expectations. Coupled with these facts is the need to understand whether the development initiatives the Government agencies offer to these SMEs meet the emerging entrepreneurs' needs. Lastly, the study would have failed if it did not collect facts on the construction industry interpretation of the PPPFA in line with their growth and development as well as their perceptions of delivering on job creation. This statement reinforces

the need to collect both quantitative and qualitative data. The most relevant and suitable philosophy for this study was therefore pragmatism.

3.3 The research onion

Saunders et al described the series of steps joining the research process together as the “research onion”. The type of data collection defines the research philosophy which is the outer layer of the research, however, the choice of a specific philosophy leads to a relevant choice of research approach that will lead to the methodological choice. The choice of the methods also creates the need to select a research strategy that will guide the study to the relevant research techniques and procedures. It must be stated that research philosophy is applicable across the range of disciplines not only to studies within the scope of business management (Saunders et al., 2015).

The figure below was developed from the same “research onion” to summarise the methodology that guided the study throughout this chapter. In principle, the gradual momentum of the research is clearly outlined from the research philosophy, research approach, research methodology, research strategy, time horizon as well as research techniques and procedures. Research techniques and procedures are important in describing how the data were collected and prepared for analysis.

3.3.1 The research approach

Studies adopt a research approach in line with the aim and purpose of the study. This encompasses the type of research methods used to collect data and the methods used to test the hypotheses or to present answers to the research question. The result is that the study is able to explore new knowledge in the particular discipline. There are three types of approaches commonly used in research and these are the deductive, inductive and abductive approaches (Gabriel, 2013).

Deductive approach: is predominantly applied from the top down. It begins with the hypothesis and focuses on testing a specific theory (Almalki, 2016).

Inductive approach: is the opposite of the deductive approach and is associated with qualitative research, although some researchers use it in quantitative research as well (Gabriel, 2013). The approach begins from the bottom and works up, manipulating the data for theory generation. Researchers use an inductive approach with the aim of exploring new phenomena (Gabriel, 2013). The most common inductive approach is grounded theory developed by Glaser and Strauss (Almalki, 2016).

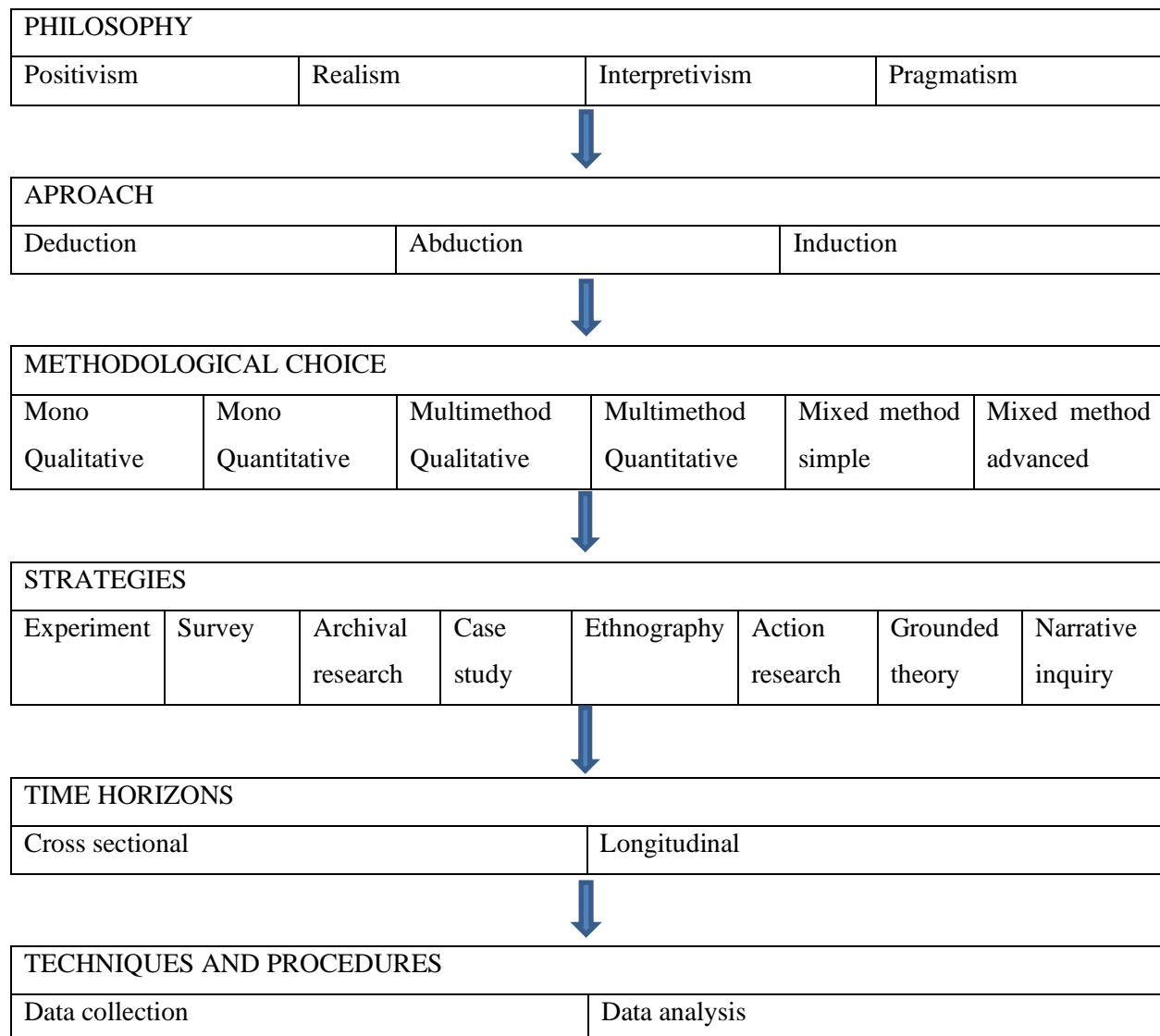


Figure 3.1: Research Methodology Flow

Source: Saunders, et al. (2015)

Abductive Approach: was discovered when scholars of research methodologies found some weaknesses in both the deductive and inductive approaches. The critics point out to the lack of clarity in selecting the theory for testing when formulating the hypotheses in the application of a deductive approach. Similarly, the inductive approach may end up gathering a lot of data that may prove to be useless when building the new theory. These scholars came up with a new approach known as abduction or simply the abductive approach(Saunders et al., 2015).

The abductive approach devotes a lot of time in explaining the puzzling facts of the research process. This may happen when the researcher encounters circumstances that are difficult to explain within the existing range of theories. Researchers using this approach have to choose from

an infinite number of practical explanations for a phenomenon starting with the most likely explanation. If this does not give an appropriate explanation, then researchers move on to the next likely explanation. Therefore the abductive approach involves a series of decisions on the likely inferences to make from a set of observations (Almalki, 2016).

3.3.1.1 The research approach for this study

This study adopted a deductive approach in investigating sustainable job creation by SMEs in the construction industry through their participation in the PPPFA. Although not a blanket statement, there are many policies and interventions that need to be considered in job creation. This study primary assumption is that the PPPFA is the focus policy in support of the SMEs in the State goals of sustainable jobs creation. Considering the Government current interventions, it becomes paradoxical that the SMEs' failure to grow and create jobs is consistently blamed on insufficient support from the Government. There must be a cause or a number of factors that contribute to this incongruity. Such a statement is congruent with the deductive approach which generally emphasises causality (Saunders et al., 2015). Therefore, the approach becomes the foundation of the research strategy of this study. According to Gabriel (2013), although the approach is highly recommended for quantitative research, studies do not always follow the same patterns, therefore the approach can be associated with qualitative research as well. The research topic aligns with the cause and effect (causal) of one process on the expected outcome (Gabriel, 2013).

3.3.2 The methodical choice

This is a sequence of collaborative steps that characterise the best methodological choice for the research. Having clearly pointed out where to begin tracking the research method in this study, it therefore became important to align the purpose of the study with the best approach for the data collection (Creswell & Creswell, 2017). The purpose of this study was to unravel the mystery behind the failure of the construction industry SMEs to create jobs in spite of their participation in the PPPFA. Also, by virtue of the study topic as well as the Theoretical Framework adapted for the study it has been deduced that the PPPFA phenomenon be described what it is in terms of its objectives, and other variables such as the SMEs and the construction industry need the same description as to what they are. In order to describe such variables of the study, the study requires to engage quantitative research methods. Quantitative data would also help understanding the level of construction industry SMEs participation in PPPFA. It is not sufficient to understand what is

happening in the PPPFA but also the study needed to establish why it is happening hence the need to solicit explanatory methods of qualitative nature (Veal, 2018).

In summary, the study required descriptive statistics to understand what happens within the PPPFA process and the SMEs' level of participation in the public procurement process. The shortcomings of the quantitative methods would logically be addressed through the application of a qualitative method. This would help specifically to establish the balance between the policy intent and the perceptions by the users (construction industry SME). In situations where quantitative research or qualitative research suffers a shortfall in fully analysing the problem, it makes sense to explain the results after reviewing both quantitative and qualitative data. Mixing the two methods therefore guaranteed the possibility of matching what is happening in the PPPFA processes, why it happens as well as how the users perceive the whole policy and its implementation (Creswell & Creswell, 2017). It was also important to understand that these qualitative data yielded results which would ensure that biases were eliminated in matching the reality with the rest of the data, whether statistical or obtained from the literature review. Most importantly, the methodological choice linked the data with the desirable results of the study. That is, the magnitude of the PPPFA contribution to the number of jobs created by the construction industry SMEs.

The most befitting method for the purpose of this study therefore was the mixed methods of both qualitative and quantitative research.

3.3.2.1 The mixed methods research

Collis and Hussey (2014) provide a definition of Mixed Methods (MM) research as a design with philosophical beliefs and methods and techniques of enquiry. As a methodology, a Mixed Methods research philosophy guides data collection and analysis while combining both qualitative and quantitative data in either a single study or series of studies (Collis & Hussey, 2013). Mixed Methods research hinges on the premise that the joint application of qualitative and quantitative approaches simplifies the process of fathoming the research dilemma (Cameron, Sankaran, & Scales, 2015).

Creswell and Creswell (2017) state that the core principle of mixed approaches is that both methods must be blended to characterise the complementary strengths for both methods instead of their overlapping weaknesses. There were very important reasons for doing this:

- gain convergence and evidence that confirms the findings' statements
- To annihilate or curtail obvious statements that can probably be regarded as substitutes for conclusions made from the research data
- To clarify the disparate features of a phenomenon (Cameron et al., 2015).

In this study, the Mixed Methods combined and integrated both qualitative and quantitative methods of collecting and analysing data in a single study. Both forms of data were collected roughly at the same time, analysed separately and the information was integrated in the interpretation of the overall results. This is known as convergent mixed method and was applied throughout this study (Creswell & Creswell, 2017).

3.3.3 The research strategy

After identifying relevant information through the systematic review of the literature, the study needed to demonstrate an action plan for the research. This action plan constituted the research strategy for this study. Research strategies are different, depending on the aim and specific approach of the study, that is, whether using experimental, action research or any other strategies (Yin, 2017).

Choosing the relevant research strategies was largely determined by the important elements and features of the study such as the research objectives and questions as well as the purpose of conducting the research (Yin, 2017). The key purpose of this study was the exploration of the PPPFA as an enabler for construction industry SMEs to fulfil the Government objective to create sustainable jobs. However, there are indications of the existence of specific problems that impact negatively on this phenomenon. Therefore, choosing the research strategy was underpinned by the need to examine the process live within the three dimensions of the study (Wells, Williams, Treweek, Coyle, & Taylor, 2012). These dimensions refer to the construction industry SMEs, the PPPFA and its practitioners as well as the job creation process. It becomes therefore imperative that qualitative and quantitative data are collected from all three dimensions and be critically included in the analyses. When a study examines any phenomenon within its own life context, it fulfils the conditions of the case study (Wells et al., 2012). **See Figure 3.2 below:**

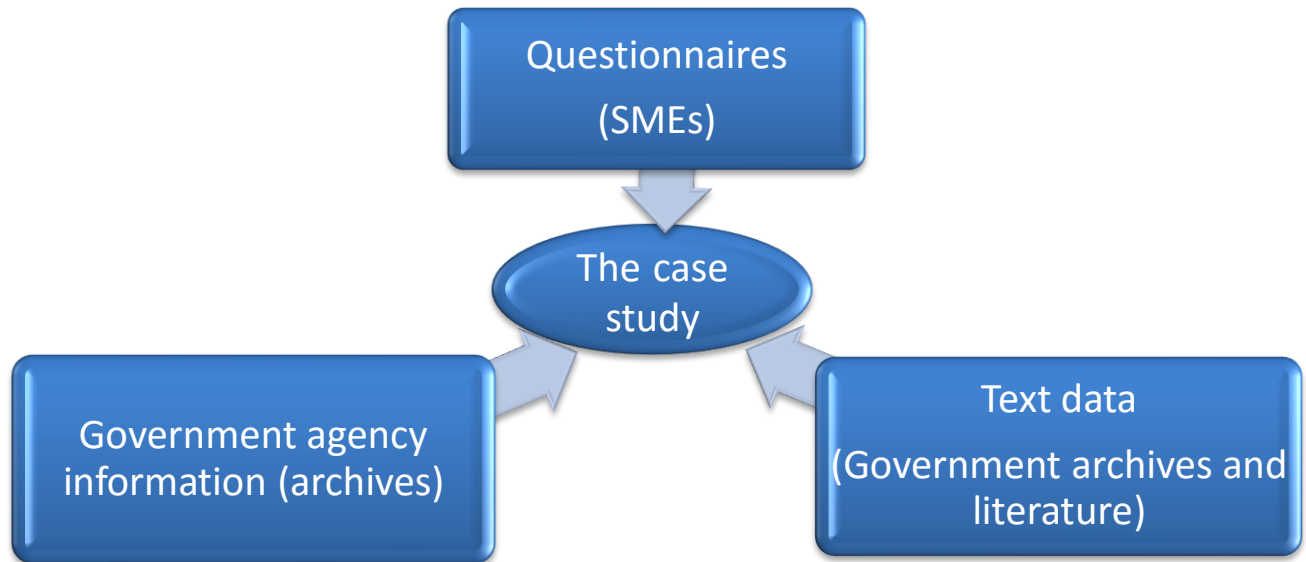


Figure 3.2: Illustration of data sources of the embedded case study

According to Yin (2013), it is suggested that in such a case, where the data sources are multifaceted, the researchers must apply an embedded case study strategy. The embedded case study allows for the collection of both qualitative and quantitative data from a wide variety of sources and for these to be integrated for unambiguous results (Yin, 2017).

In this study, the embedded case study approach was adopted to firstly illuminate the standard procedures followed in the implementation of the PPPFA and the problems experienced by the construction SMEs in their participation in the PPPFA. In order to identify the problems within the policy, it was crucial that the PPPFA implementation processes be understood as discussed in the review of the Government articles and archives. The strategy also made it possible to follow up on different initiatives that the Government has put in place to simplify the PPPFA, so that the construction industry SMEs participate effectively in order to grow and create jobs.

The embedded case study strategy also made it possible to focus deeply on the entrepreneurship skills shortfall which leads to misunderstandings between the PPPFA and the emerging contractors. It commonly occurs that most of the processes fail due to discord between stakeholders like practitioners and beneficiaries.

The embedded case study also allowed investigation of both the international and local PPPFA outlooks as a socioeconomic development instrument which could impact on the SMEs growth and development to create sustainable jobs.

In order for the study to gain insight into the problem, a mixed methods qualitative and quantitative design was applied. There was a fair representative data collected through a desktop review of the Government archives. These helped understand the implementation procedures and respective corrective measures, where SMEs lack the capacity in compliance with the administrative requirements. The questionnaire was used for both quantitative and qualitative approaches as an instrument for construction industry data collection. Additionally, a literature review of empirical studies provided the study with a lot of descriptive data as a background and outlook for both local and international SME business environments.

3.3.3.1 Time horizon

The data collection time horizon was of paramount importance in this study to avoid the effects of time influencing one data set in comparison to the other. This helped to maintain the differences of opinions, as the study main aim was to ascertain how factors differed between the emerging contractors and the PPPFA implementation officers. Therefore, in order to ensure this, the study followed a cross sectional time horizon. Both qualitative and quantitative data were collected concurrently from different sources, analysed separately and the results converged for conclusions and recommendations (Creswell, 2015).

3.3.4 The research techniques and procedures

The crucial decision to make was the appropriate designed techniques to be followed when collecting data. Different studies follow different procedures for the collection and the analysis of data. The appropriateness of the research technique is determined by many factors such as the objectives of the study, the research philosophy and strategy. Also included are the desired standard of accuracy, the universe and the population of the study, the sample selection method and its level of reliability as well as the actual size of the sample (Yin, 2017). Accordingly, this study research strategy accurately defined the different sources of data in line with the parameters of the population. Furthermore, the study was geographically limited to the Province of Kwa-Zulu Natal, with the sampling frame (source list) of the SMEs being compiled from the data base of the

Government infrastructural Department of Transport. This made it easy to define research techniques that could be applied within such a research strategy.

3.3.5 The study population

Having briefly explained the location of the study above, the population of this study consisted of all the construction industry SMEs within the Province of Kwa-Zulu Natal. However, a serious cognizance was taken of the fact that the SME business population was comprised of small and medium enterprises. The study interest was in both Small and Medium size enterprises, therefore each category was required to provide relative information as the baseline for the study focus. In such a case, the population was treated according to their two respective strata, in this case small and medium size businesses (Creswell, 2015). The philosophical assumption was that the knowledge sought by the study was available from the construction industry SMEs already participating within the PPPFA system. These were the SMEs that understood the challenges of the tender processes. Therefore, the list of SMES captured in the Kwa-Zulu Natal Transport Department data base became the sample frame for the source of data needed from the SMEs (Martinez-Mesa et al., 2016). The database at the time of the study consisted of 5 184 small and 123 medium size construction companies, constituting 5 307 (Five Thousand Three Hundred and Seven) construction SMEs in total. This number consisted of the entire Kwa-Zulu Natal Province (KZN) consisting of three regions, namely, Durban/South Coast, Stanger North Coast and Midlands/Newcastle. It was noted that within the KZN Province, the Department of Transport is the one that keeps organised and reliable data of all the construction companies involved in the PPPFA. The Transport department is also the source of most of the projects such as Vukuzakhe and others used for the development of emerging contactors. The SMEs especially in the construction industry have multiplied their registrations in most of the infrastructural divisions of the government. Such duplication was done to avoid generating unnecessary and superfluous data. The rest of the databases kept in the departments such as the Works, Health and Social Development as mentioned were excluded, because they duplicated the same companies. The CIDB data are volatile, as companies are moved up and down their grades hence the instability in the status of most of the companies' statuses. These movements are ignored by the owners of the companies, and there are always ways to continue in the convenient grades that they had originally been registered for. This happens mostly when companies are degraded for different reasons, but the opposite happens when the company status gets elevated to the upper grade.

The Province of Kwa-Zulu Natal Transport Department is divided into regions and zones of Durban and South Coast, Stanger and North Coast and finally the Pietermaritzburg to Newcastle. These regions cover the wider areas of urban, quasi-urban, rural and deep rural. According to the records accessed from the archives of the Transport Department of Kwa-Zulu Natal, the population of the study was composed as follows: **See Table 3.1 below:**

Region where registered	CIDB Grading	Category	Total Companies	Tally
Durban/South Coast	Grades 1 - 3	Small	1 702	
	Grades 4 - 6	Medium	104	1 806
Pmburg/Newcastle	Grades 2 and 3	Small	1 696	
	Grades 4 to 6	Medium	9	1 705
Stanger /North Coast	Grades 2 and 3	Small	1 786	
	Grades 4 to 6	Medium	10	1 796
Total population				5 307
SMALL		5 184	MEDIUM	123

Table 3.1: Database of the construction industry SMMEs in Kwa-Zulu Natal Department of Transport

3.3.6 The sampling technique

This study focus was confined to the population of all the construction industry SMEs within the well determined parameters and borders of the Province of Kwa-Zulu Natal. Because not all construction industry SMEs participate in the PPPFA, an inquiry was made into finding the best fitting population of participating SMEs. Businesses in the database of the KZN Transport Department were therefore considered to be the most relevant study population as explained in the previous discussions. However, it was virtually impossible to include all these SMEs in the study as this would generate superfluous data that would end up being redundant. Therefore, it was imperative to work with a small group of SMEs that would guarantee the representativeness of the population. Martinez-Mesa et al. (2016) states that the representativeness of the population from which the sample was drawn, is important for the retention of all the characteristics of the target

population (Martínez-Mesa, González-Chica, Duquia, Bonamigo, & Bastos, 2016). Consequently, the retention of such characteristics contributes immensely towards a high level of reliability of the results. Therefore, these techniques were seriously considered when choosing the sample of the defined population (Creswell, 2015).

Grafstrom and Schelin. (2014) illuminate another important practical outlook of the sample representativeness. This is, the undertaking to consider auxiliary variables' characteristics. An auxiliary variable is defined as an enhancement of the estimation of the sample formation (Grafström & Schelin, 2014). This can be attained through the consideration of variables with information, even if they do not constitute the attributes of interest in the sampling plan (Lavrakas, 2008). Statistically, ignoring of auxiliary variables leads to the increase of the variance estimator in many samples. The Horvitz-Thompson variance estimator is the most commonly used (Grafström & Schelin, 2014). Circumstantially, the regions that constitute the Kwa-Zulu Natal Department of Transport were considered to be those variables of interest. The main reason for choosing sample constituents from each region of the Province was mainly to ensure the representativeness of the study population, and, peripherally in the event of further research becoming imminent.

3.3.6.1 The sampling strategy

Much has been stated about the representativeness of the target population. Creswell (2014) states that probability sampling methods guarantee that each element of the target population stands an equal chance of being selected into the sample. The different probability sampling methods that are applied under different research scenarios are simple, stratified and systematic random sampling (Creswell, 2015). Considering the sample frame of the Kwa-Zulu Natal Province, it became necessary to conduct the sampling via a two stage cluster selection process which was cognizant of the different regions of the Province (Elfil & Negida, 2017). Thereafter the population strata of the construction industry small and medium size SMEs were considered so that the sample would reflect the representativeness of the enterprise category per region.

In summary, the probability sampling strategy was followed by firstly applying regional cluster sampling. Thereafter, the two strata of the construction industry small and medium enterprises were identified, and simple random sampling was conducted from each cluster (Elfil & Negida, 2017; Martínez-Mesa et al., 2016). **Table 3.1 above refers.**

3.3.6.2 The size of the sample

The effective sample size calculation is the underlying principle in the planning of the research and by giving insufficient attention to such computation may favour the results that are infested with flaws rather than significant findings (Gupta, Attri, Singh, Kaur, & Kaur, 2016).

Meyvis, Stijn and Van Osselaer (2017) state that some studies settle for smaller sample sizes, and consequently lack the power to convey their merits to the targeted audience. This suggests that in order to boost the power of the study, which is its ability to substantiate, corroborate and support the reliability of the findings, the study must ensure the maximum sample size rather than the one which just satisfies the minimum requirements of the research (Meyvis & Van Osselaer, 2017). Therefore in order for this study to apply an efficient method of determining the sample size needed as a fair representative of the given population, the National Education Association (Neagu) formula was chosen.

The formula is:

$$S = \frac{X^2 NP (1-P)}{d^2 (N-1) + X^2 P (1-P)}, \text{ where:}$$

S= Required sample

X^2 =Table value of chi-square for 1 degree of freedom at the desired confidence level

N= Population size

P=Population portion (assumed to be 0.50, since this would provide the maximum sample size

D=Degree of accuracy as a proportion (0.05).

When using the NEA formula, cognisance must be taken of the sample size in relation to the size of the population. As the population size grows, the sample size enlarges at a diminishing rate and remains constant at slightly more than 380.

Table 3.2 displays the sample sizes at different levels of defined population size as determined using the above formula:

N (Population Size)	S (Required Sample Size)	N (Population Size)	S (Required Sample Size)
10	10	3500	346
20	19	4000	351
50	44	5000	357

100	80	6000	361
150	108	7000	365
200	132	10000	370
300	169	15000	375
400	196	20000	377
500	217	30000	379
1000	278	40000	380
1500	306	50000	381
2000	322	75000	382
3000	341	100000	384

Table 3.2: Sample Size calculation. Source: Small Sample Techniques-The NEA Research Bulletin, Vol. 38 (December, 1960), p.99.

The population size of this study was 5 307, and the required sample size was inadvertently computed to 365 instead of 361 using both the table and the formula. The sample according to the two strata was then 357 for the small businesses and 8 medium size businesses. This sample size was therefore determined at above 95% confidence level and a confidence interval of less than 5%.

Martinez-Mesa et al (2016) states that sample sizes are usually inflated by 10% - 15% in order to accommodate poor responses. In order for the study to ensure the maximum sample size that would also boost the power of the study, the sample size was recalculated to 420.

Thereafter, the strata were calculated as follows:

$$\text{Small construction companies} = 5187/5307 \times 420$$

$$= 410$$

$$\text{Medium construction companies} = 123/5307 \times 420$$

$$= 10$$

3.1.1.1 Stratified random sampling of the SMEs

After defining the population, the sample frame and the two strata, it was crucial to follow a step by step selection process to ensure that all businesses in their respective strata had an equal chance of being included in the sample. Firstly, it was important to identify each population member of

the stratum. Numbers ranging from 1 to 5 184 were used for identification of each business in the first stratum made up of the small size business category. As per the sample calculation, 410 small size construction companies were randomly selected using a virtual hat selection method. A virtual hat selection method is similar to a lotto draw method, where random selection of the sample was made by hand picking one number at a time from the total of 5184 numbers representing all the companies. Subsequent to that, another set of numbers ranging from 1 to 123 was allocated to the second stratum of medium size businesses. The same process was followed till the sample of 10 small businesses was randomly selected. Finally, numbers ranging from 1 to 410 were assigned to the sample of small business units for unique identification of the respondents. The same was applied to the 10 medium size construction companies.

3.4 Data collection

There are six familiar types of data collection techniques that are usually used for the collection of data in the empirical studies. These are questionnaires, interviews, focus groups, tests, observations and secondary data (Zohrabi, 2013). Obviously different research approaches imply different types of data collection methods. This was a case study, where mixed methods of both qualitative and quantitative data were collected concurrently, analysed separately and the results converged for conclusions and recommendations. This is known as a concurrent mixed methods design (Zohrabi, 2013). Data collection was underpinned by the research question, which is “why the SMEs still fail to create sustainable jobs yet they participate in the PPPFA”. That being the case, an assurance was made that the design of any instrument used to collect the relevant data was significantly aligned with this question. In order for this research to derive empirical evidence required to answer the main question, the method of data collection chosen was underpinned by the appropriate technique for a case study (Creswell, 2015). Zohrabi (2013) insists that any data collection method used must be in harmony with the research strategy, approach and the time horizon. For this research design, a questionnaire was created.

The venue for data collection was the regional halls where the construction industry SMEs meet on a monthly basis. The purpose of these meetings is to create the forums for the SMEs to interact with the Government Officials from the Kwa-Zulu Natal (Department of Transport and Economic Development, Tourism and Environmental Affairs) on issues pertaining to development in their respective business sector. Each region has a committee that regulates the affairs of the

Vukuzakhe and the other projects, as determined by the different local Governments. These committees were very helpful and were instrumental in causing the high response rate enjoyed by this study.

3.4.1 Research instruments

According to Guetterman, Fetters and Creswell (2015), quantitative designs use tests and questionnaire of closed-ended questions in order to gather, analyse and interpret the data. On the other hand, qualitative methods mostly make use of interviews, diaries, journals, classroom (groups of respondents in one room) observations and questionnaires of open-ended questions to obtain, analyse and interpret the data. The mixed method approaches use both qualitative data collection methods as well as quantitative data collection methods (Guetterman, Fetters, & Creswell, 2015a). In this study, a questionnaire consisting of both closed and open-ended questions was used. However, before designing the questionnaire, there must be the instrument that manifests to questions or statements that are regarded as constructs upon which respondents' point of view can be measured (Guetterman et al., 2015a; Nemoto & Beglar, 2014).

Nemoto & Beglar (2014), defines the research instrument as the technique of relating something we observe in the real world (something obvious to the mind or eyes) to something we are measuring that only exists as part of a theory (something hidden or concealed). General assumption is that there is a respondent who is the object of measurement (in this case the SME's) and the study that seeks to measure something about the respondent (Nemoto & Beglar, 2014; Wilson, 2004). Nemoto and Beglar (2014), states that research instrument is completed by the assignment of numbers to the categories of observations. The properties of such numbers whether nominal, ordinal, interval or ration (in this study, of nominal and ordinal order) become the properties of the measurement. The central purpose of the measurement of the instrument was to provide a reasonable and consistent way of summarising the responses that people make to express their point of view through the questionnaire. That purpose invariably arises in a practical setting where the results are used to make contributions or changes necessary to improve the current situations (Nemoto & Beglar, 2014; Wilson, 2004).

The objectives of this study were indicators of what needs to be measured in order to answer the research questions. Furthermore, the use of the objectives as the research instrument was validated through statistical methods (Chronbach's alpha score). This was done to ensure reliability and validity of the survey instrument (Burton & Mazerolle, 2011).

3.4.1.1 Survey questionnaire design

In this study a new questionnaire was designed for gathering data from the respondents. The reason for not using an already reviewed template was the scarcity of previous studies that investigated the link between public procurement with the job creation strategies by the Government (Check & Schutt, 2011).

This study research instruments aim to collect data to measure the SMEs experiences and perceptions about the PPPFA as the driver for job creation. Therefore, the commonly used questionnaire for this purpose is the Likert-Scale designed for asking insofar to which respondents agree or disagree with a particular question or statement (Awang, Afthanorhan, & Mamat, 2016). Nemoto and Beglar (2014), refer to the Likert-Scale as a psychometric scale for measuring specific variables where respondents choose to indicate their opinions, attitudes, experiences or feelings about a particular issue. The advantage of using such scale in developing a questionnaire for this study is that firstly, it speeds up the process of collecting data from the respondents relative to the sample size of the study which in this case, is large. Secondly, this study being of a mixed methods research, Likert-Scale simplifies contrasting, comparing, and combining the quantitative data with the qualitative data gathering techniques of closed and open-ended questions respectively (Nemoto & Beglar, 2014). There are different scales that can be applied when developing the Liker-Scale questionnaire. The most commonly used are 5-point, 6-point, 7-point and 10-point, depending on the construct variables. Joshi, Kale, Chandel and Pal (2015), states that the key to Likert-Scale development is the construct of the research instrument which determines whether the response variables can be assigned to nominal, ordinal or interval scale. Usually, bigger sample size data collection can be easily handled when 5 point Liker-Scale is applied (Joshi, Kale, Chandel, & Pal, 2015).

For an example, the 6-point Likert-Scale was developed with the objective to eliminate the neutral point in the scale, an example the lower side of the scale denotes negative responses, it would be strongly disagree and the upper side of the scale denoting positive response, it would be strongly agree, then the 6-point scale would be:

1	2	3	4	5	6
Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree

while the 5-point scale would accommodate respondents that are unsure as in this scale:

1	2	3	4	5
Strongly disagree	Disagree	Unsure	Agree	Strongly agree

Nemoto and Beglar (2014), state that the wider the scale, the more increased would be the precision of the measurement. Other studies also concur with this statement, and the strong argument is that the neutral responses compromise the validity of the findings (Jorge & Coelho, 2016; Theodori & Luloff, 2016). However, due to the magnitude of the sample size in this study, the 5-point Likert-Scale was applied (Joshi et al., 2015; Nemoto & Beglar, 2014).

The questionnaire was designed at different levels of measurement at a nominal or an ordinal level. Nominal level was applied in the first two sections A & B of the questionnaire where respondents were required to choose just one level befitting the status of the business represented in the survey. Ordinal scales which are sometimes referred to as categorical scales, were applied in constructing scales of measurement in Section C where respondents were required to rank or rate the statement according to their opinions in respect of the closed ended statements in the questionnaire (J. D. Brown, 2011).

3.4.2 Quantitative data collection

As per research code of ethics, the letter of consent was attached to the questionnaire. An effort was made to phrase the questions as appropriately as possible for the target audience to eliminate all ambiguities and also to enhance the level of accuracy in response to each and every question of the questionnaire.

The questionnaire consisted of 4 sections. The first (Section A) consisted of demographic questions, the second (Section B) consisted of the questions of vital information about the business, the third (Section C) was made up of the closed ended questions and finally the fourth section (D) was made up of open-ended questions. (See Appendix 2)

Section A: These were demographic questions used to obtain information related to the respondents' age, race, home language, and level of education. It is not practical to pre-empt the outcome of any empirical study, therefore demographic information is very crucial in preparation for the outcome of the study, as some of the respondents may differ or be similar by age, level of education and so forth. Demographics can also be useful if correlation analyses are needed to test

some of the relationships or similar patterns in certain responses. For example, it may happen that responses to a particular question may demonstrate both negative and positive feelings. On analysing the demographics of the respondents to that particular question, relative to the level of education, it may happen that positive responses come from a group of people at a certain level of education, while negative responses coming from a group at another education level. This may apply to any other demographic variables such as age, race and vernacular.

Section B: consisted of nine questions aimed at obtaining information in respect of each respondent's business profile. Considering the topic of the study, each respondent's business profile is crucial when it comes to the analysis of data collected. It may be vitally important to compare the responses obtained from respondents for each business category. An example: A small business category may demonstrate two different opinions about a certain question. It may happen that one opinion expresses the feelings of contractors from a rural area while another opinion is from contractors in an urban area.

The above discussion on demographics and business profile sections may or may not be necessary in the results of the analysis. However, it may serve as an important back up, should there be a need to justify certain behaviour related to these variables at a later stage. That may happen at a time when it is too late to reconsider a review of the data collection process.

Section C: consisted of twenty closed ended questions. These were in the form of statements which the respondents were required to evaluate on a Likert-Sale of 1-5 (Sullivan & Artino Jr, 2013). The values on the scale were transformed to the respondents' level of agreement or disagreement with the respective statement. These values are explained as follows:

On each of the twenty statements, the respondents were expected to tick in the box that suited their level of agreement or disagreement as indicated below (Sullivan & Artino Jr, 2013).

- Strongly disagreed
- Disagreed
- Unsure
- Agreed
- Strongly agreed

The construction of questions or statements was greatly influenced by both the research objectives cum research questions. The statements were accordingly grouped into six themes which were constructed from the first four research questions. These were:

- (i) frequency of work availability through the PPPFA
- (ii) challenges encountered by construction industry SMEs when bidding for the Government projects
- (iii) the extent to which SMEs can create jobs after being awarded the tender
- (iv) the effectiveness of the Government efforts in mitigating the administrative burden on SMEs when bidding for projects
- (v) check if there is a need to develop an alternative model in order to achieve sustainable job creative initiative
- (vi) the effectiveness of PPPFA as one of the Government initiatives to create sustainable jobs

3.4.3 Qualitative data collection

Section D of the questionnaire consisted of six open ended items also constructed from the research questions and objectives. It is important to state that although qualitative research method was used concurrently with quantitative, the last research question aimed at exploring the contractors' feelings about the need for the review of the PPPFA as a model or a need to develop an alternative model. Consequently, questions were asked that would give a platform to the contractors where they could express their feelings and perceptions about the effectiveness of the PPPFA as an enabler for sustainable job creation. The items were aimed at exposing the management control systems built in the PPPFA process and obtaining as much information as possible about the entrepreneurs' feelings and perceptions on many variables.

There is also so much said about the SMEs' participation in the PPPFA, but there is very little information available about the PPPFA as an effective tool for SMEs growth. This leads to understanding of the importance of exploring the level of the PPPFA's capability to enhance growth in the construction industry SMEs so that job creation becomes a possibility.

The questions also probed the construction industry SMEs employment patterns. It is very important for this study to understand the contractors' feelings and their understanding of sustainable job creation. The PPPFA process has a check on the compliance of construction industry SMEs to the South African Labour Relations Act (Sookram & Kistow). Furthermore, the CIDB Grading plays an important role in the SMEs' employment patterns, therefore entrepreneurs must elaborate on their understanding of the relationship between CIDB Grading and the number of people employed by contractors in a specific CIDB Grade. The documents that serve as proof of statutory compliance when bidding for Government tenders must correspond when it comes to

the number of employees prescribed within the parameters of their business CIDB grading. The questions were also framed to explore the construction industry SMEs' understanding of the valuable contribution they are expected to make towards job creation.

3.4.4 The administering of the survey questionnaire

The reason for this concurrent mixed method was to facilitate the data collection process in such a way that each respondent could answer the closed questions while also elaborating about how they felt or perceived other PPPFA related issues. For that purpose, different types of research questions were addressed (Almalki, 2016). The advantage in mixing both quantitative and qualitative data collection strategies was to allow the respondents to firstly provide specific numeric data to closed ended questions. Secondly, it gave them an advantage of open-ended questions, where they could provide extensive comments on how they felt about the PPPFA as well as the job creation objectives of the Government. Administering the questionnaires to the respondents could be conducted through different options, which could be single or combined modes of distribution. These options included sending the questionnaires via respondents electronic mail, post and door-to-door deliveries (Szolnoki, Hoffmann, & Policy, 2013). Knowing that the topic of the study was a cause of contention in both the media and the political arena, it was crucial to choose a mode of distribution that would not act as a deterrent to a possible good response rate. Furthermore, the uneven spread of individual contractors across their respective regions posed a formidable hurdle, as door-to-door distribution would be time consuming (Szolnoki et al., 2013).

Information provided by the KZN Provincial Department of Transport pointed out that the contractors hold regular meetings with the department to look into the issues of interest regarding developmental initiatives such as Vukuzakhe in their respective areas. Therefore, the best option was a direct delivery of the questionnaires to the meeting venues. Pre-arrangement was therefore made to acquire a slot in their regular area meetings. This presented an opportunity to consult with entire groups, explain the objectives of the study, and provide direct answers to any questions that would be of concern to the contractors. This was fulfilled, and most SME representatives and owners were willing to participate. They perceived this as a super opportunity to channel their frustrations to the Government officials regarding the PPPFA processes. SMEs chosen as part of

the study sample were taken to a private consulting room during the meeting break. The survey questionnaires and the consent letters were distributed to each respondent.

The presence of the primary researcher proved to be of great assistance, as the respondents were able to query their uncertainties. In order to enhance honesty and authenticity in responses to the questions, anonymity and non-traceability was emphasised throughout the session. The primary researcher made every effort to retain his distance from interfering with the respondents or having any preview of the questionnaire answers before they were complete. The questionnaire requested respondents to respond to all sections and that is, biographic, business profile, PPPFA related statistics, quantitative and qualitative. The completed questionnaires were collected, counted and packed in boxes after each session. The process was carried out in all the regions of the province.

3.5 Data analysis

This was a mixed method design of both quantitative and qualitative research. The analyses of both non-numeric and descriptive data were conducted separately and merged for the presentation of results and subsequent discussion. Qualitative data consisted of two sets, i.e. primary and secondary qualitative data.

All the responses to the qualitative questions constituted primary data, whereas the information obtained through the review of literature constituted the secondary data. This data included the review of the material from the archives of the Government and its agencies.

Quantitative data were processed through the Statistical Package for the Social Sciences (SPSS), computer software which is commonly recommended for quantitative data analyses. Qualitative data were processed through NVivo, a different computer software which is renowned for bringing the best and faster analysis of qualitative data. The data analyses processes are explained in details below. (See Fig 3.3)

Although both quantitative and qualitative data were analysed concurrently, it was easier to write about them separately in this section, however, it is stressed that no data type takes priority over the other.

3.5.1 Quantitative data analysis

The quantitative data analysis followed a three-step process. The first step was to prepare the data, followed by the analysis of data through the SPSS software package.

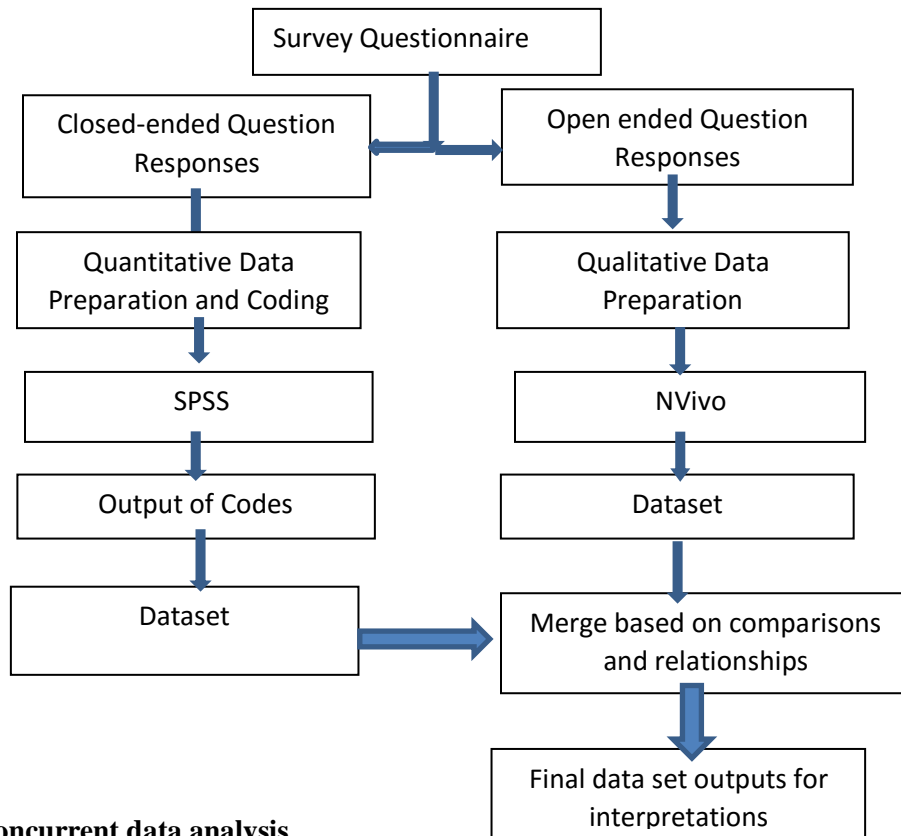


Fig. 3.3: Concurrent data analysis

Quantitative data analysis, especially high volumes of data, has become heavily reliant on different computer software.

For any researcher in social sciences, it has become fundamental to be familiar with some statistical software packages. Due to the magnitude of the study sample and the data yielded through the responses, data analysis in this study could not have been easily accomplished without the use of the computer software (Arkkelin, 2014).

There are a growing number of software packages that have been developed for both academic and business research. The software package that is broadly used is the Statistical Package for the Social Sciences (SPSS). This is due to this software’s versatility to handle more than one type of analysis, inclusive of data transformation and different forms of output that can be easily manipulated for the purpose of the research requirements.

This study applied SPSS version 24.0. SPSS is renowned for the sorting of data with the graphs away from numerical statistics that have been computed as well as the storage of the raw data. The study was also required to test for the adequacy of sampling through the Kaiser-Meyer-Olkin (KMO) and Bartlett's tests which are easily computed using SPSS (Ozgun, Dou, Li, & Rogers, 2017). SPSS produces conspicuous plots and distribution patterns, charts and tabulated output which make the results presentation more comprehensible. Therefore SPSS was found to be the most adequate software for data analysis in this study (Ozgun et al., 2017).

Thirdly, the output results were summarised for better understanding of the meanings and the alignment with the research questions.

3.5.1.1 Data preparation

Out of the sample of 416 (Four Hundred and Sixteen) small business category, 3 (Three) respondents declined to participate in the study and out of 10 (Ten) medium business category, only 1 (One) respondent declined. See Appendix 3.5.

To summarise, there was a total of 407 (Four Hundred and Seven) small businesses and 9 (Nine) medium size businesses hence a total of 416 responses remaining in the sample. The responses were then checked for errors which would impact on interpretation of the results. There were two responses rejected for errors which were both from the small business category. Out of the sample of 420, the study finally retained 414 respondents which were allocated with numbers from 1 to 414 to ensure that all pieces of information were captured respectively with the specific respondents. The same was done for the qualitative data. Further preparations were carried out in the data coding phase below.

3.5.1.2 Quantitative data coding

The scales were non-numerical and could not be subjected to quantitative analysis unless coded accordingly (Harrison, 2013). Data coding is the process of categorising the collected non-numerical information into groups and assigning the numerical codes to these groups. Numeric coding could then be suitable for statistical software and more importantly it would facilitate data conversion and measurement comparisons (Harrison, 2013).

The first section of demographics consisted of 5 questions and they were coded as A1 to A5 accordingly. Section B was made up of 9 questions which were coded as B1 to B9 accordingly.

Section C of the questionnaire consisted of 20 questions where respondents were expected to indicate whether they agreed/disagreed thereof.

These questions formed categories (themes), namely, gender, age group, race, home language and level of education. These categories were used as instruments for measuring demographic related data. The instruments constituted first order codes respectively as A1-A5. Different items of these instruments evolved to the second order codes of nominal scales. An example: Gender consisted of two items Male and Female respectively coded 1 and 2. The same was applied to the items of the remaining four instruments. **See Figure 3.4 below**

DATA CODING STRUCTURE								
Section A: DEMOGRAPHICS								
Category	Code	Items	Code		category	Code	Items	Code
Gender	A1	Male	1				Afrikaans	1
		Female	2				English	2
		0-18	1				Isi-Ndebele	3
Age Group	A2	18-35	2				Isi-Xhosa	4
		35-50	3				Isi-Zulu	5
		65+	4		Home Langage	A4	Sepedi	6
		African	1				Sesotho	7
		Asian	2				Seswati	8
Race	A3	Coloured	3				Tshevenda	9
		Whites	4				Xitsonga	10
		Other	5				Other	11
							Below Grade 12	1
							Grade 12	2
					Educational Level	A5	National Certificate	3
							Diploma/Degree	4
							Post Graduate	5

Figure 3.4: Section A: demographics coding structure

Section B of the questionnaire consisted of questions used in collecting information about the respondents' businesses and were made of nine categories, namely, ownership type, business category in terms of CIDB registration, geographic area where business is registered, total number of permanent employees, total number of seasonal employees, Frequency of Government tender awarded, highest tender value awarded, Government tender value qualified to bid for and the main source of work for the business. These categories were used as instruments for measuring such

business related data. The instruments constituted first level codes respectively as B1-B9. Different items of these instruments evolved to the second codes of nominal scales. An example: Ownership type consisted of two items Close corporation (CC) and Company type [(Pty) Ltd] which were respectively coded 1 and 2. The same was applied to the items of the remaining eight instruments.

See Figure 3.5 below

Section C of the questionnaire consisted of twenty closed ended questions which were used for measuring different types of perceptions, feelings or experiences. Such questions were categorized into six themes which were coded as C, D, E, F, G and H. Each question of the theme was itemized with a specific code from C1 and C2 for question 1 and D1, D2, D3 for Questions 3, with subsequent codes up to H20 for question 20. See **Figure 3,6 below**

Section B: BUSINESS INFORMATION								
Category	Code	Items	Code		Category	Code	Items	Code
Ownership Type		CC	1				Never	
		(Pty) Ltd	2				Once/Year	1
Business Category	B2	Small 1-3	1		Government Tender Frequency	B6	Once/2Years	2
		Medium 4-6	2				Once/5years	3
		Rural	1				Once /10Years	4
Geographical Position		Semi Urban	2				0 to 100K	1
		Urban	3				101 to 200K	2
		None	1				201 to 500K	3
		1 to 10	2		Highest Tender Value Awarded(B7)		501 to 1m	4
Total Permanent Employees	B4	11 to 20	3					1,1m to 2m
		21 to 50	4				2m+	6
		50 to 100	5				0 to 100K	1
		100+	6				101 to 200K	2
		None	1				201 to 500K	3
		1 to 10	2		Government Tender Value Qualified to Bid for	B8	501 to 1m	4
Total Seasonal Employees	B5	11 to 20	3					
		21 to 50	4				2m+	6
		50 to 100	5				Government tenders	1
		100+	6		Source of Work	B9	Private Sector	2
							Other; e.g.homebuilding etc	4

Figure 3.5: Section B: business information data coding structure

The responses to questions were coded according to the Likert-Scale development of 5-point measurement and these were:

Strongly Disagreed (coded 1); Disagreed (coded 2); Unsure (coded 3); Agreed (coded 4) and Strongly Agreed (coded 5). An example: Section C of the coding structure theme is “Project availability” and consists of two items that were coded C1 and C2 as first level code. Responses to these questions had five options that were both coded at the second level as 1, 2, 3, 4 and 5.

See Figure 3.6 below.

SECTION C: CLOSED ENDED QUESTIONS					
Section	Theme	Questions	Code	Response category	Code
C	Project availability	1. My business has a bright future for growth	C1	Strongly Disagree	1
				Disagree	2
				Unsure	3
				Agree	4
				Strongly Agree	5
		2. In KZN, all businesses do not benefit equally from the Public Procurement Policy framework	C2	Strongly Disagree	1
				Disagree	2
				Unsure	3
				Agree	4
				Strongly Agree	5
D	Challenges encountered by the SMMEs in bidding for tenders	3. There is no political interference in the Government tender system	C3	Strongly Disagree	1
				Disagree	2
				Unsure	3
				Agree	4
				Strongly Agree	5
		4. I do not understand the procedures followed by SMMEs when bidding in the Government tenders	C4	Strongly Disagree	1
				Disagree	2
				Unsure	3
				Agree	4
				Strongly Agree	5
		5. Filling in the tender document is not an easy process	C5	Strongly Disagree	1
				Disagree	2
				Unsure	3
				Agree	4
				Strongly Agree	5

Section D of the coding structure theme is “Challenges encountered by the SMMEs in bidding for the Government tenders” and consists of three items that were coded D3, D4 and D5 as first level codes. Responses to these questions had five options that were coded 1, 2, 3, 4 and 5.

3.5.1.3 Uses of the SPSS

- **Factor analysis:** Factor analysis was used to establish whether the different measures did, in fact, measure the same thing.
- **Frequencies:** biographic responses were tested for frequencies so as to make valid comparisons of the response patterns.
- **Chi-Square Test:** this test was important, as the P* value is an important determinant of both cross-tabulations and correlations.
- **Cross-tabulations:** were important for making the best comparisons between the Biographic data and the statements in section C. For instance, if “the statement of problems experienced when filling in the tender forms” is compared with the respondents’ “level of education”, it is evident that education plays a vital role when responding to this statement. However, if we check the same statement against “Gender” it is evident that gender cannot play any important role when responding to such a statement. Other variables that could be compared were “geographic position of the businesses with the frequency of tender availability to the business”. For example, availability of tender projects to the businesses in the rural areas may not be as frequent as it is in the semi-rural areas and townships.
- **Correlations:** compares the Likert scale with any other Likert scale in the statement section. For instance, if the statement on the “business understanding of the PPPFA processes” is correlated with the statement of “problems experienced when filling in of tender documents”, it will enable the study to determine whether the understanding of the tender processes have a bearing in the business owners’ ability to fill in the tender documents. This may show that the business owners who do not understand the PPPFA processes find it difficult to fill in the tender documents.

3.5.1.4 The output of codes

The output of codes was arranged in line with both the themes as well as the analytic input of data. That is, frequencies were presented in both tabular and graphical formats in line with the biographic questions. The Chi-Square test was represented in many categories of the data, and subsequently the P* value was used in correlations and cross-tabulations.

3.5.2 Qualitative data analysis

The qualitative data for analysis in this study was predominantly the primary data sourced from responses to the six questions. There were also the secondary data from the material reviewed which included evidence from the Government archives. Through these six questions, the respondents were expected to explain and describe their experiences with the PPPFA process. Although the PPPFA processes are not secret, the questions still exposed contractors' feelings and perceptions thereof. The questions therefore probed the way the construction industry medium and small contractors interpret the series of actions followed when processing the tenders for the Government projects. The responses would help to understand the process as perceived by the contractors and the questions also revealed the relationship between the PPPFA process and sustainable job creation. Furthermore, the words described how these entrepreneurs felt about the PPPFA process as an enabler for sustainable job creation so that more importantly the reasons for these entrepreneurs' failure to create jobs could be exposed. There was also a lot of qualitative information obtained through literature reviewed, especially from Government articles and other Government related manuals.

The six questions that constituted the qualitative part of the questionnaire were specific to the important steps and control measures of the PPPFA. The main aim for this was to use the same questions as themes that would be used in analysing the data. Bezley and Jackson (2013), state that, although responses to open ended questions can be made up of few words describing how the respondents feel and perceive the situation, the interpretation of those words into a full explanation may yield a vast amount of data. This is simply because analysing the data involves sifting through each word which can suggest different inferences to the problem by different people. On the same principle, respondents phrase their responses differently which creates a particular need to associate together some of the different responses with the same connotations. This clearly demonstrates that in qualitative data analysis, volumes of information can be produced, and such information needs a methodical and painstaking preparation which may be manually labour intensive and may take a lot of time. However, technology has provided many software tools that can organise, analyse and give insight to even the complicated meanings of responses (Bazeley & Jackson, 2013).

3.5.2.1 Software tools for qualitative data analysis

Nowadays, a number of computer assisted software packages for analysing qualitative data (CAQDAS) are available and in abundance throughout the world. (CAQDAS) has come into

existence through the application of information technology. CAQDAS has simplified and taken qualitative data analysis to a greater level compared to when such analyses were conducted manually (Bazeley & Jackson, 2013). Beyond the simplification of analysing loads of data, CAQDAS has contributed to a remarkable improvement and the rigor of qualitative data analysis techniques.

Onwuebbuzie, Leech and Collins (2012) make reference to seven commonly used types of qualitative data analyses. These are constant comparison analysis, classical content analysis, keyword-in-context, word count, domain analysis, taxonomic analysis and componential analysis. There are many software programmes that benefit such analyses but the most familiar one that meets the needs of such analyses is N-Vivo (Anthony J Onwuegbuzie, Nancy L Leech, & Kathleen MT Collins, 2012). There were good reasons for opting for N-Vivo in analysing quantitative data for this study and those were:

- (i) Data management: N-Vivo has a supreme support system to keep traces of everything that will be needed later on in the study.
- (ii) Accessibility of information: N-Vivo easily provides access to the information stored in the computer records
- (iii) Visualization of data: N-Vivo has a facility to display the content of the research and can present the relationships in words very clearly (Bazeley & Jackson, 2013).

N-Vivo is regarded as one of the best tool that holds up the essence of organising and analysing qualitative data in mixed methods research. The study had specific objectives to achieve, and therefore qualitative analysis would not have been applied adequately if words were not properly explained meaningfully in line with such objectives (Bazeley & Jackson, 2013). N-Vivo has different software themes but this study only adopted three of those as explained below:

- Word Clouds: that helped illuminating the words that were common in the responses or just those words most frequently used by the respondents. These words were helpful in aligning responses that were common in identifying certain issues in the PPPFA process. The words were reproduced in merit, starting with the most commonly used in bolder and broader shapes right down to the least commonly used words.
- Cluster Analysis: that demonstrate the relationship, commonality and connection of the words contained in the responses to qualitative questions. Related words are reflected by the same

colour and are connected by lines in the diagram. It is important to note that a same colour indicates that the words are connected/related or common for that particular node or question.

- **Tree-Maps:** that gives a holistic view of how data are placed in terms of the words that are frequently used and emphasised in the responses. Tree Maps use blocks starting from the biggest size and gradually decreasing to the smallest size blocks. The larger size blocks contain those words that are mainly emphasised by the respondents and they also connect to other words that are related. Considering that these words were drawn from all the responses, identification of such key words was very beneficial in the identification of important terms or particular aspects of the PPPFA that needed to be focused on.

3.6 Merging the two datasets

It was imperative to keep it in mind that this study used convergent mixed methods, where both quantitative and qualitative data were collected simultaneously and independently, analysed separately and subsequently merged. Merging of data facilitated the comparison of both data set outputs before insight was gained from the results. It was also important to ensure that both data sets were given equal weight. Comparisons and contrasts were examined methodically in detail for identification of patterns and contradictions (Creswell, 2015).

As for quantitative data collection, the six themes developed from the research questions consisted of different closed ended statements or questions that were aimed at rating the respondents' level of agreement to different variables of the PPPFA. These were the questions that would be easily quantified and analysed through SPSS. The rest of the research questions needed the respondents to elaborate qualitatively, giving rise to justification of claims made in the responses.

The open ended questions used for qualitative data collection were aimed at addressing the last two research questions. To review, these research questions first probed, the need for reviewing the existing PPPFA model or developing an alternative one. Second research questions related to this section were formulated to check on the effectiveness of the PPPFA in empowering the construction industry SMEs to the level where they can create sustainable jobs. This gave rise to questions that would generate responses with relevant information. The application of N-Vivo, the software analysed the responses and identified the words that were common and appeared frequently in the responses to the open-ended questions of the questionnaire. From the "Word Cloud" or "Tree Maps", it was easy to identify those words with some of the responses and obtain

the explanation therefrom. Accordingly, converging the results of both analyses for presentation proved the need for using both quantitative and qualitative research methods in this study.

Both quantitative and qualitative data were then presented and explained qualitatively in line with the research questions. This justified the reasons for the complementarity of the two research methods (Mixed methods Research).

3.7 Validity and reliability of the research instruments

Zohrabi (2013) defines validity as the extent to which an instrument measures and performs what it is designed for. Furthermore, the definition of reliability highlights the ability of the instrument to measure consistently what it is intended to measure. It is further explained that Reliability and validity are concepts that provide the scientific foundation upon which we construct and evaluate predictor and criterion measures of interest in personnel selection (Zohrabi, 2013). It was therefore imperative that data collection instruments be subjected to specific tests for both validity and reliability.

It was therefore important to consider these two most important aspects of precision.

The research instrument consisted of 34 (Thirty Four) items with a level of measurement at a nominal or an ordinal level as well as the text data for qualitative section. The questionnaire was divided into 10 (Ten) sections which measured various themes. The first 2 (Two) themes (A-B) were the reflections of biographical data of both the businesses and the business owners. Thereafter, there were 8 (Eight) themes for the quantitative section (C-H).

- A.** Biographical data
- B.** Business data
- C.** Project availability frequency for SMEs
- D.** Challenges encountered by the SMEs in bidding for tenders
- E.** The extent to which SMEs can create jobs after being awarded with the tender projects
- F.** Effectiveness of the Government initiatives for mitigating the tender administration burden on SMEs.
- G.** Effective alignment of the PPPFA with job creation objectives of the Government
- H.** Effectiveness of the Government initiatives in sustainable job creation

With the exclusion of both biographical and business description themes, the Cronbach's alpha score for all the 6 (Six) items (with their respective original identification) that constituted the questionnaire were reflected in a table. **See Table 3.**

		No of Items	Cronbach's Alpha
C	Project availability frequency for SMMEs	2	0.678
D	Challenges encountered by the SMMEs in bidding for tenders	3	0.575
E	Extent to which SMMEs' can create jobs after being awarded with the tenders	4	0.631
F	Effectiveness of the Government initiatives for mitigating the tender administrative burden on SMMEs	2	0.510
G	Effective alignment of the PPPFA with job creation objectives of the government	3	0.738
H	Effectiveness of the Government initiatives in sustainable job creation	6	0.654

Table 3.3: Cronbach's alpha score

The reliability scores for all sections exceed or approximate the recommended Cronbach's alpha value for a newly developed construct. This indicates a degree of acceptable, consistent scoring for these sections of the research.

3.7.1 The Structured Equation Model

The Structured Equation Model (Rosemann & vom-Brocke) was applied as a confirmatory statistical analysis for the model fit of the Theoretical Framework. In application of SEM for confirming the fitness of the model, some factors were taken into consideration. Firstly, sustainability through the job creation initiatives has never been used in the public procurement models. Secondly, the variables have been specifically adopted for the study and lastly public procurement processes are not generis throughout the world, especially, South Africa is still a developing country.

3.7.2 Ethical issues

The University of Kwa-Zulu Natal (UKZN) has a formal policy which provides the ethical framework to guide the both the staff members and the students desiring to engage in research projects. The University strongly supports any unfettered search for facts. However, it is also unquestionable that the ethical framework must be in place to ensure the integrity of the study, protection of the researchers as well as the participants in the research project. The main focus of the ethical framework is respecting the independence of human subjects involved in the research and the justice to the institutions or individuals participating in the study.

It was therefore important to obtain the ethical clearance from the University Ethics Committee of the Research Department. The clearance was obtainable after submitting the consent by gatekeepers to accepting the research project to be carried out in their institutions. These institutions were the Construction Industry Development Board (CIDB), SEDA for Construction Incubator (SECI) and the Kwa-Zulu Natal Provincial Government Departments (Treasury, Transport as well as Economic Development and Tourism and Environmental Affairs). The Department of Transport provided the backbone of the study, as they had the most discernible database of the construction industry SMEs. Other Government departments were contacted for the desktop research requirements i.e. policy documents and important procedures. The attainment of these consents also contributed to a well-deserved scientific moral code. This guided the study to adhere closely to the ethical research applications that gave details of the scientific research for better results. Moreover, this study was bound to acquire a high level of credibility, as the highest ethical standards were maintained throughout the research process.

Before the distribution of the questionnaire, the primary researcher explained the rights of the respondents to remain anonymous when giving answers. They also had the right to use pseudonyms in place of the registered names of their companies. This guaranteed both the identity of the respondents and their respective companies.

An assurance was also given to the respondents that they had the right to withdraw from participating in the study if they became uncomfortable with the contents of the questionnaire or if they developed any other feelings that would make them decide against participating in the study. The letter confirming all the stated rights was attached to the questionnaire for the respondents to sign if they felt comfortable to do so (**See Appendix 1**).

Conclusion

This chapter broadly elaborated on the research methodology, dissecting in detail its sections to align with the purpose, objectives and the research questions. The chapter explained the reasons for engaging with the Mixed Methods Research as well as the relevance of the pragmatism philosophy. The location and population of the study was discussed, culminating in the determination of the sample size. The questionnaire design was discussed, followed by description of the data collection instruments. The explanation was given as to where and how the primary researcher went about collecting data. Furthermore, the chapter explained the importance of data preparation before conducting a full analysis. Validity of the data collection instruments was provided.

Lastly, the study adhered to the scientific requirements of ethics as determined by the guidelines of the institution. The most important part of the ethics adherence requirement was the procurement of written permits to conduct research within the Government departments and its agencies.

CHAPTER 4

Statement of findings, interpretation and discussion of results

4.1 Introduction

The main purpose of the study was to establish the level of involvement of the Kwa-Zulu Natal construction industry SMEs in job creation through their participation in PPPFA. The build up to this chapter included the identification of the research problem that culminated in defining the purpose of this research. Guided by the research instruments, both quantitative and qualitative data were collected and analysed.

This chapter presents the results from the analyses of both quantitative and qualitative data of the mixed method research applied in this case study. The chapter outlines the findings, interpretation of the results and the discussion that encapsulates both quantitative and qualitative data. Sequentially, the chapter reports on the quantitative data analysis. This consists of sample and reliability statistics, the research instrument and factor analysis. Furthermore, the chapter presents analysis of items as they appear on the survey questionnaire, i.e. entrepreneurs' biographic information in section A, business information in section B and finally themes of the research questions. Following thereafter are the discussions pertaining to findings from the qualitative data analysis. Again, research questions were used to analyse responses to open ended questions.

Six research questions were formulated relative to the topic.

- (i) What is the frequency of the Government project availability for the SMMEs in the construction industry?
- (ii) What are the problems encountered by the construction industry SMMEs in their effort to effectively participate in the PPPFA?
- (iii) What is the effectiveness of the initiatives put in place by the Government to assist the construction industry SMMEs in overcoming administrative burden when filling in the tender documents?
- (iv) What is level of success of the construction industry SMEs in creating sustainable jobs?
- (v) How can the PPPFA processes be effectively aligned with the Government objective of job creation through developing the construction industry SMMEs?

(vi) What is the effectiveness of the Government initiatives to create sustainable jobs?

It is worth noting at this stage that in quantitative data analysis:

Question 1: was answered in Section C

Question 2: was answered in Section D

Question 3: was answered in in Section E

Question 4: was answered in Section F

Question 5: will be answered in Section G

Question 6: will be answered in Section H

Following the interpretations of the findings on quantitative analysis, is the presentation and the discussions of findings on qualitative data analysis, where N-Vivo qualitative data analysis software was used. The open ended questions of the questionnaire were used in line with the research questions.

4.2 Response rate

Response rate is the number of people who completed the survey divided by the number of people in the sample (Saunders et al., 2015). Response rate provides valuable insights into the accuracy of your survey data. A good response rate is needed to demonstrate the validity of the inferences or external validity of the results. A low response rate diminishes external validity and statistical conclusion validity, as it leads to inaccurate effect size of the results. However, random sampling maximises external validity and also supports statistical conclusion validity. A low response rate diminishes external validity and statistical conclusion validity, as it leads to inaccurate effect size of the results (Akinici & Saunders, 2015). A low response rate might be as a result of errors in the survey instrument, failure of questionnaire recipients to respond, a disinterested sample group or nonresponse bias. For example, the topic was sensitive to some members in the sample, or the sample was non-representative or there were inadequate sampling procedures or because of the time of the survey. There has been however several debates about what constitutes a good response rate which a researcher can use to draw final conclusions and generalisation of findings (Akinici & Saunders, 2015).

According to Rogelberg and Stanton (2007), and Saunders et al. (2016), a response rate of 50% is adequate, a rate of 60% is good, and a response rate of 70% and over is very good. Generally, a response rate of 50% and above is recommended. However, this might vary depending on the survey data collection technique employed, e.g. e-mail versus drop and collect, and so forth (Rogelberg & Stanton, 2007; Saunders et al., 2015).

In this study, a total of 420 (Four Hundred and Twenty) questionnaires were dispatched and 414 (Four Hundred and Fourteen) were returned, which gave a 98.57% response rate. Therefore the response rate in this study was more than adequate (Akinci & Saunders, 2015).

4.3 Quantitative data analysis and reporting

This chapter presents the results and discusses the findings obtained from the data analyses of the responses to the closed ended questions. The questionnaire was the primary tool that was used to collect data and was distributed to small and medium enterprises registered in the Government database of the Kwa-Zulu Natal Province. The data collected from the responses were analysed with SPSS version 24.0. The results are presented through use of descriptive statistics in the form of graphs, cross tabulations and other figures. Inferential techniques include the use of correlations and chi square test values which are interpreted using p-values.

4.3.1 The research instrument

The research instrument consisted of 34 (Thirty Four) items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 8 (Eight) sections which measured various themes as illustrated below:

- A Biographical data
- B Business data
- C Project availability frequency for SMMEs
- D Challenges encountered by the SMMEs in bidding for tenders
- E The extent to which SMMEs' can create jobs after being awarded with the tender
- F Effectiveness of the Government initiatives for mitigating tender administrative burden on SMMEs
- G Effective alignment of the PPPFA with job creation objective of the government
- H Effectiveness of the Government initiatives in sustainable job creation

4.3.2 Reliability statistics

The two most important aspects of precision are **reliability** and **validity**. Reliability is computed by taking several measurements of the same subjects. A reliability coefficient of 0.60 or higher is considered as “acceptable” for a newly developed construct. The table below reflects the Cronbach’s alpha score for all the items that constituted the questionnaire.

		N of Items	Cronbach's Alpha
C	Project availability frequency for SMEs	2	0.678
D	Challenges encountered by the SMMEs in bidding for tender	3	0.575
E	Extent to which SMMEs’ can create jobs after being awarded with the tenders	4	0.631
F	Effectiveness of the Government initiatives for mitigating tender administrative burden on SMMEs	2	0.510
G	Effective alignment of the PPPFA with job creation objective of the government	3	0.738
H	Effectiveness of the Government initiatives in sustainable job creation	6	0.654

The reliability scores for all sections exceed or approximate the recommended Cronbach’s alpha value for a newly developed construct. This indicates a degree of acceptable, consistent scoring for these sections of the research.

4.3.2.1 Factor analysis

The question may be raised as to why factor analysis is so important. Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in surveys, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. For example, the PPPFA does not restrict construction industry SMEs to bidding for only their local Government projects. Contractors are allowed to bid for Government projects anywhere in the country. Regarding the effort in addressing the problem statement of this study, participants may respond to all separate questions regarding PPPFA process, reflecting issues at the local, provincial or even at national level. Those responses may confuse the results, as the study only focuses on the construction SMEs in the Province of Kwa-Zulu Natal. Each question by itself would be an inadequate measure of a specific rating of the PPPFA process, however, together they may provide a better measure of the rating of the PPPFA using the Likert scale. Factor analysis

can be used to establish whether the three questions do in fact measure the same thing. If so, they can then be combined to create a new variable, a factor that contains a score for each respondent. Factor techniques are applicable to a variety of situations. For example, a researcher may want to know if the skills required to be a decathlete are as varied as are the ten events, or if a small number of core skills are needed to be successful. You need not believe that factors actually exist in order to perform a factor analysis, but in practice the factors are usually interpreted, given names, and spoken of as real things.

The matrix tables are preceded by a summarised table that reflects the results of the KMO and Bartlett's Test. The requirement is that the Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions were satisfied which allowed for the factor analysis procedure.

Factor analysis is done only for the Likert scale items. Certain components can be divided into smaller components. This is explained below in the rotated component matrix.

- **KMO and Bartlett's Test**

All of the conditions were satisfied for factor analysis.

That is, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy value should be greater than 0.500 and the Bartlett's Test of Sphericity sig. value should be less than 0.05.

		Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Bartlett's Test of Sphericity		
			Approx. Chi-Square	df	Sig.
C	Project availability frequency for SMMEs	0.500	125.748	1	0.000
D	Challenges encountered by the SMMEs in bidding for tender	0.589	126.656	3	0.000
E	Extent to which SMMEs' can create jobs after being awarded with the tenders	0.648	204.998	6	0.000

F	Effectiveness of the Government initiatives for mitigating tender administrative burden on SMMEs	0.500	51.265	1	0.000
G	Effective alignment of the PPPFA with job creation objectives of the government	0.629	306.549	3	0.000
H	Effectiveness of the Government initiatives in sustainable job creation	0.756	428.217	15	0.000

Rotated Component Matrix

Component Matrix^a	
C	Component
	1
	0.870
	0.870
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	
Component Matrix^a	
D	Component
	1
	0.649
	0.742
	0.816
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	
Component Matrix^a	
E	Component
	1
	0.658
	0.717
	0.662
	0.724
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	
Component Matrix^a	
F	Component
	1
	0.819
	0.819

Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	
Component Matrix^a	
G	Component 1
I still need training in order to develop my business	0.728
My business is solely dependent on Government tenders	0.879
My business has enough work to sustain the employee wages/salaries	0.820
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Rotated Component Matrix^a

H	Component	
	1	2
My business employs the stipulated number of people in its category	0.614	0.277
I often lay off employees during the idle periods	0.789	0.027
My employees benefit from the Government lay off scheme	0.784	0.135
My employees are registered with the Department of Labour	0.437	0.504
My business complies with the statutory AFS (Annual Financial Statement) requirements	-0.102	0.917
My AFS are always audited by registered accountant	0.734	-0.121

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalisation. Rotation converged in 3 iterations.

With reference to the table above:

- The principal component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalisation. This is an orthogonal rotation method that minimises the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors.
- Factor analysis/loadings show inter-correlations between variables.
- Items of questions that loaded similarly imply measurement of a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) demonstrated which effectively measured the various components. The statements that constituted sections C, D, E, F, and G loaded perfectly on a single component.

It is noted that the variables that constituted Section H loaded on 2 components (subthemes). This means that respondents identified two different trends within the section. Within the section, the splits are colour coded.

The statement “My employees are registered with the Department of Labour” explains an issue of compliance with Compensation for Occupational Injuries and Diseases (COID). This compliance is verified through the Letter of good standing (LoGS) which is a requirement when bidding for a tender. The subtheme to this statement is therefore “My business is currently in possession of the “Letter of good standing”.

The statement “My business complies with the statutory AFS (Annual Financial Statement) requirements is confirmed through the Tax clearance certificate which is a prerogative when bidding for the tenders. The subtheme to this statement is therefore “My business currently qualifies for Tax clearance certificate”.

4.3.3 The Structured Equation Model

The Structured Equation Model was used to confirm the fitness of the model used as a Theoretical Framework. These confirmatory statistics were very important to benefit the objectives of this study. The last objective seeks to establish the effectiveness of the PPPFA in enabling the SMEs in job creation. Consequentially, this creates the need for the study to contribute to the PPPFA improvement by identifying the possible weaknesses in the current model used. There are key variables of the model adopted viz. Policy and political agenda (PA), Strategic management (SM), driven by the objectives of the PPPFA (Szolnoki et al.), Process management (PrM), driven by the objectives of the Strategic Management, and Performance management (PerfM) which is driven Human Resources Management conformance to all the management processes and procedures of the PPPFA. The resultant variable is sustainable job creation ability of the SMEs participating in the PPPFA. Closed ended questions were used to confirm the model fit.

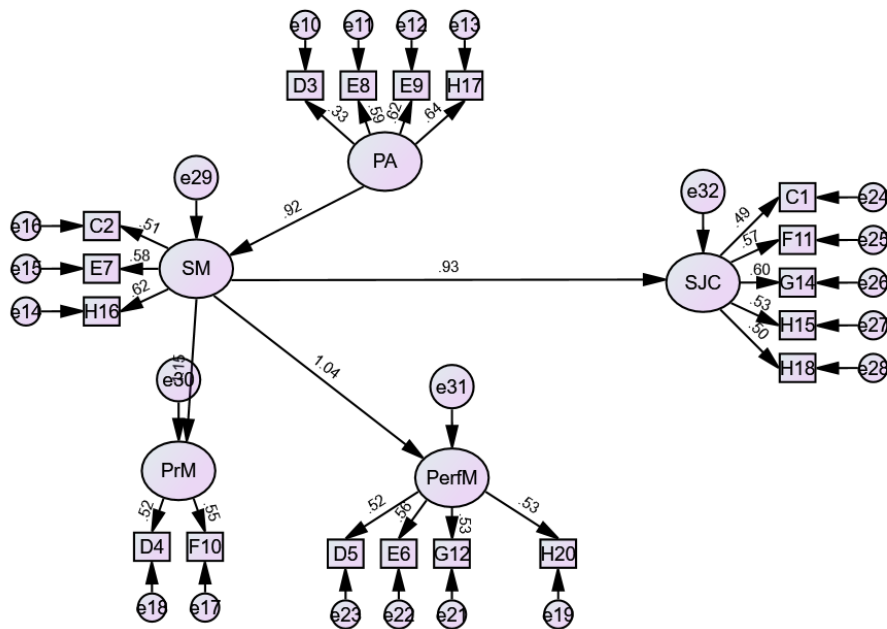


Figure 4.1: Structured Equation Model

4.3.3.1 Model Fit Summary

Chi-square = 764.414

Degrees of freedom = 131

Probability level = .000

This Chi-square tests the null hypothesis that the over identified (reduced) model fits the data as well as does a just-identified (full, saturated) model. In a just-identified model there is a direct path (not through an intervening variable) from each variable to each other variable. In such a model the Chi-square will always have a value of zero, since the fit will always be perfect. The probability should **not** be significant. In this model, the chi square p-value < 0.001.

It is however worth noting that even though, technically, the Chi-Square should be non-significant in model testing, this is very hard to achieve due to the usually large sample required for it. Hence, if it is in fact significant, that isn't a problem so long as the RMSEA, CFI, and other indicators of fit are good.

- **Maximum Likelihood Estimates**

			Estimate	S.E.	C.R.	P	Label
SM	<---	PA	1.895	.333	5.697	***	par_14
PrM	<---	SM	.967	.090	10.727	***	par_15
PerfM	<---	SM	.953	.100	9.528	***	par_16
SJC	<---	SM	.679	.082	8.259	***	par_17
D3	<---	PA	1.000				
E8	<---	PA	1.852	.321	5.768	***	par_1
E9	<---	PA	1.768	.302	5.859	***	par_2
H17	<---	PA	1.774	.301	5.885	***	par_3
H16	<---	SM	1.000				
E7	<---	SM	.772	.077	10.010	***	par_4
C2	<---	SM	.717	.079	9.028	***	par_5
F10	<---	PrM	1.000				
D4	<---	PrM	.816	.084	9.755	***	par_6
H20	<---	PerfM	1.000				
G12	<---	PerfM	.765	.089	8.594	***	par_7
E6	<---	PerfM	.847	.094	8.964	***	par_8
D5	<---	PerfM	.756	.089	8.481	***	par_9
C1	<---	SJC	1.000				
F11	<---	SJC	1.120	.141	7.940	***	par_10
G14	<---	SJC	1.188	.145	8.183	***	par_11
H15	<---	SJC	1.087	.142	7.642	***	par_12
H18	<---	SJC	.857	.116	7.382	***	par_13

The parameters are estimated by maximum likelihood (Ramlall, Al-Sabaan, & Magbool) methods, which (is an iterative procedure that) attempts to maximize the likelihood that obtained values of the criterion variable will be correctly predicted.

- **Correlations**

The higher the correlation between two independent variables in the model, the more likely it becomes that the standardized coefficient exceed one. For a classic example by Karl Jöreskog see: <http://www.ssicentral.com/lisrel/techdocs/HowLargeCanaStandardizedCoefficientbe.pdf>

- Squared Multiple Correlations

Estimate	
SM	0.846
SJC	0.86
PerfM	1.087
PrM	1.331
H18	0.254
H15	0.284
G14	0.361
F11	0.324
C1	0.239
D5	0.266
E6	0.312
G12	0.277
H20	0.282
D4	0.272
F10	0.304
C2	0.262
E7	0.337
H16	0.387
H17	0.404
E9	0.389
E8	0.346
D3	0.109

Above are the squared multiple correlation coefficients, that are observed in multiple regressions. The total effect of one variable on another can be divided into direct effects (no intervening variables involved) and indirect effects (through one or more intervening variables). These are shown below.

- Standardized Direct Effects

	PA	SM	SJC	PerfM	PrM
SM	.920	.000	.000	.000	.000
SJC	.000	.927	.000	.000	.000
PerfM	.000	1.043	.000	.000	.000

	PA	SM	SJC	PerfM	PrM
PrM	.000	1.154	.000	.000	.000
H18	.000	.000	.504	.000	.000
H15	.000	.000	.533	.000	.000
G14	.000	.000	.601	.000	.000
F11	.000	.000	.569	.000	.000
C1	.000	.000	.489	.000	.000
D5	.000	.000	.000	.515	.000
E6	.000	.000	.000	.559	.000
G12	.000	.000	.000	.527	.000
H20	.000	.000	.000	.531	.000
D4	.000	.000	.000	.000	.522
F10	.000	.000	.000	.000	.552
C2	.000	.512	.000	.000	.000
E7	.000	.580	.000	.000	.000
H16	.000	.622	.000	.000	.000
H17	.636	.000	.000	.000	.000
E9	.624	.000	.000	.000	.000
E8	.588	.000	.000	.000	.000
D3	.331	.000	.000	.000	.000

The suggested acceptable value for relative chi-square, CMIN/DF should be as high as 5 which are used to reduce dependency on sample size. However, the cut-off point for TLI, CFI, NFI and IFI is between zero to one. A good model is indicated by RMSEA value of less than or equal to 0.05 (Schumacker & Lomax, 2004)

4.3.3.2 Chi-Square X2 (CMIN)

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	58	764.414	131	.000	5.835
Saturated model	189	.000	0		
Independence model	18	2532.213	171	.000	14.808

CMIN is a Chi-square statistic comparing the tested model and the independence model to the saturated model. The ratio, CMIN/DF, the relative chi-square, is an index of how much the fit of data to model has been reduced by dropping one or more paths. The CMIN/DF is greater than the acceptable value of 5.

4.3.3.3 Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.698	.606	.736	.650	.732
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

This goodness of fit indices compare the model to the independence model rather than to the saturated model. The Normed Fit Index (NFI) is simply the difference between the two models' chi-squares divided by the chi-square for the independence model. For this data, the NFI is 0.698. Values of .9 or higher indicate good fit. The Comparative Fit Index (CFI) uses a similar approach (with a noncentral chi-square) and is said to be a good index for use even with small samples. It ranges from 0 to 1, like the NFI, and 0.95 (or 0.9 or higher) indicates good fit. The CFI value is 0.732.

4.3.3.4 PRATIO

Model	PRATIO	PNFI	PCFI
Default model	.766	.535	.561
Saturated model	.000	.000	.000

Model	PRATIO	PNFI	PCFI
Independence model	1.000	.000	.000

PRATIO is the ratio of how many paths are dropped to how many that could have been dropped (all of them). The Parsimony Normed Fit Index (PNFI), is the product of NFI and PRATIO, and PCFI is the product of the CFI and PRATIO. The PNFI and PCFI are intended to reward those whose models are parsimonious (contain few paths). A value greater than 0.900 is considered acceptable. This model has a slightly lower value.

4.3.3.5 Root Mean Square Error of Approximation (RMSEA)

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.108	.101	.116	.000
Independence model	.183	.177	.189	.000

The Root Mean Square Error of Approximation (RMSEA) estimates lack of fit compared to the saturated model. RMSEA of .05 or less indicates good fit, and .08 or less, an adequate fit. LO 90 and HI 90 are the lower and upper ends of a 90% confidence interval on this estimate. Even though the model is adequate, the PCLOSE p value that tests the null that RMSEA is no greater than .05, is significant. The RMSEA value is 0.108.

4.2.2.5 Summary of SEM

The fit indices of the model do not meet the required cut-off values, indicating that, for this set of data, the model is not the best fit.

Factor analysis and reliability were used to identify and eliminate the statements that loaded poorly along a component.

The regression weights for each of the sub-sections though are fairly high. The path coefficients are reflected on the diagram.

Even though the model exists as a framework, a limitation of the model is the allocation of the variables to the different sections, as allocation was done based on reliability and factor analysis.

4.4 Section by section analysis

The section presenting quantitative data output and thereafter the qualitative data output

4.4.1 Section A: Biographical Data

This section summarises the biographical characteristics of the respondents.

The table below describes the overall gender distribution by age.

			Gender		Total
			Male	Female	
Age group in years	0-18	Count	24	13	37
		% within Age group in years	64.9%	35.1%	100.0%
		% within Gender	10.0%	7.5%	9.0%
		% of Total	5.8%	3.1%	9.0%
	19-35	Count	122	95	217
		% within Age group in years	56.2%	43.8%	100.0%
		% within Gender	51.0%	54.6%	52.5%
		% of Total	29.5%	23.0%	52.5%
	36-65	Count	88	61	149
		% within Age group in years	59.1%	40.9%	100.0%
		% within Gender	36.8%	35.1%	36.1%
		% of Total	21.3%	14.8%	36.1%
	65+	Count	5	5	10
		% within Age group in years	50.0%	50.0%	100.0%
		% within Gender	2.1%	2.9%	2.4%
		% of Total	1.2%	1.2%	2.4%
Total	Count	239	174	413	
	% within Age group in years	57.9%	42.1%	100.0%	
	% within Gender	100.0%	100.0%	100.0%	
	% of Total	57.9%	42.1%	100.0%	

Overall, the ratio of males to females was approximately 3:2 (57.9%: 42.1%). Within the age category of 19 to 35 years, 56.2% were male. Within the category of males (only), 51.0% were between the ages of 19 to 35 years. This category of males between the ages of 19 to 35 years formed 29.5% of the total sample.

By gender, there were significantly more males than females ($p = 0.001$) and by age, there was a significantly greater number of younger respondents (< 35 years old), than older than 35 years old ($p < 0.001$). This is an indication that due to high levels in the unemployment rate, most of the youth resort to opening small businesses in order to make ends meet.

4.4.1.1 Racial composition of the sample

The figure below indicates the racial composition of the sample.

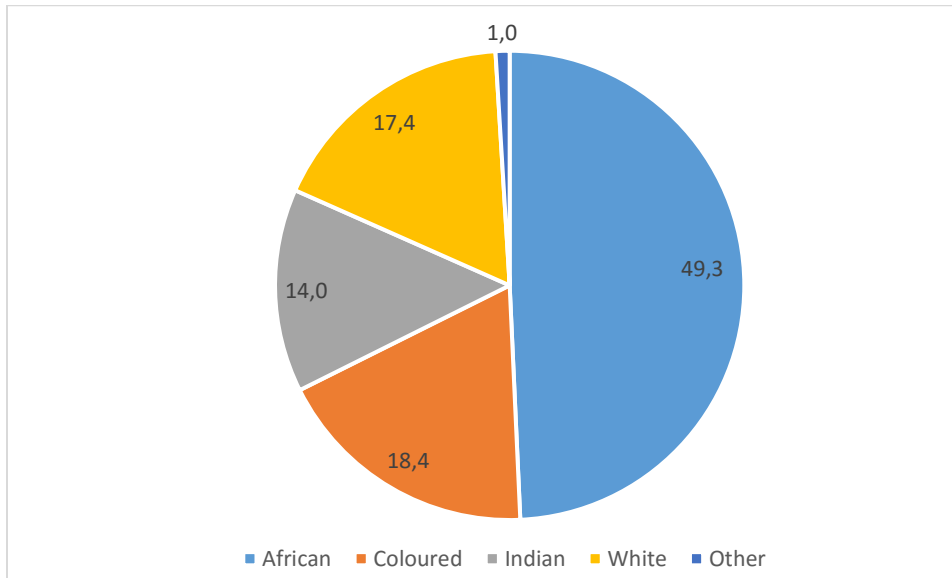


Figure 4.1: Racial composition of the sample

Approximately half of the respondents were African (49.3%), while the other 3 major race groups, i.e. Coloureds, Whites and Indians respectively shared the remaining small composition portions of 18.4%; 17.4% and 14% ($p < 0.001$). The 1% composition of the racial composition of the sample consisted of persons from other minority groups. Although not relevant to this study, the CIDB grading system seems to have a higher concentration of Indian and White companies than other races in the upper levels. These two classes of construction companies are concentrated heavily in Grades 7-9. The racial representativeness of the sample depended largely on the presence of the races in the focused business categories of the study. The high rate of infrastructural development in the rural and semirural areas of KZN is a second factor for such imbalances in the racial composition of the sample. When analysing the racial composition of the sample it was also worth noting the effect of the CIDB degrading policy on Black owned businesses.

4.4.1.2 Home language of the respondents

The table below indicates the home language of the respondents.

	Frequency	Percent
Afrikaans	31	7.5
English	177	42.8

IsiNdebele	12	2.9
IsiXhosa	28	6.8
IsiZulu	93	22.5
SePedi	19	4.6
SeSotho	17	4.1
SeSwati	10	2.4
SeTswana	12	2.9
Tshivenda	5	1.2
XiTsonga	10	2.4
Total	414	100.0

Table 4.1: Respondents’ language profile

The predominant languages were English (42.8%) and IsiZulu (22.5%) ($p < 0.001$). This is no surprise, as the racial composition points out that Africans dominate the sample. Zulu is a predominant language in the Province of Kwa-Zulu Natal, otherwise other races communicate in English. Added to this is the fact that the younger Black generation has shifted to using English in communication more than their vernacular. The dominance of English as a language of preference by most of the respondents helped speed up data collection, as there was no need to translate the questionnaire.

4.4.1.3 Educational level of the respondents

The figure below indicates the education levels of the respondents. The majority of respondents (85%) had a post school qualification. Nearly one-fifth of the respondents (21.3%) had a post graduate degree ($p < 0.001$)

This is a useful statistic, as it indicates that a fair proportion of the respondents have a higher qualification. This indicates that the responses gathered would have been from an informed (learned) source.

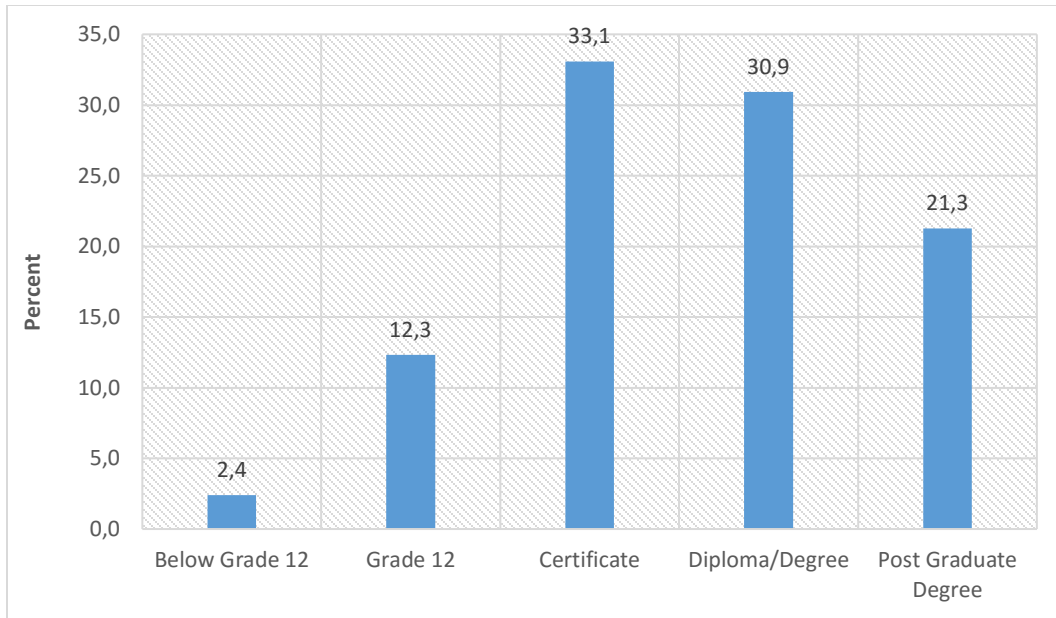


Figure 4.2: Respondents level of education

4.4.2 Section B: Business data

Business profile data analysis was important for the study in order to align the business sustainability with socioeconomic objectives. The PPPFA must provide emerging contractors with business competencies that forge growth and sustainability in order for these SMEs to create sustainable jobs. For instance, the study must establish the SMEs level of dependency on the PPPFA. Thereafter, if the frequency of winning the Government tenders is low, then those SMEs cannot be sustainable, and the impact on job creation becomes negative. Therefore, the number of businesses in the different categories (CIDB Grades) must be analysed in order to establish the relationship between business growth and the level of participation in the PPPFA.

The business profile data included:

- Ownership type: whether the contractor is a close corporation or a (Pty) company. Although not so important for this study, this information may create an opportunity for further research in this topic.
- Geographic Position: whether the contractor is located in the deep rural, quasi-rural, quasi-urban or urban area.
- Business category: whether the contractor is in the small or medium business category according to the CIDB grading system

- Number of employees: whether the contractors' employment patterns are aligned firstly with the CIDB grading requirement and secondly, the definition of the business category in South Africa.
- Government tender frequency: how often do the contractors in the SMEs category get awarded with Government tenders?
- Preferred tender value: whether contractors prefer bidding for government tenders with money value in the upper limits of their category or whether they are comfortable bidding for low value. The value of the tender can serve as a determinant for business growth.
- Source of work: Are the contractors solely dependent on Government tenders, or they are able to market their businesses in the private sector?

4.4.2.1 Ownership type

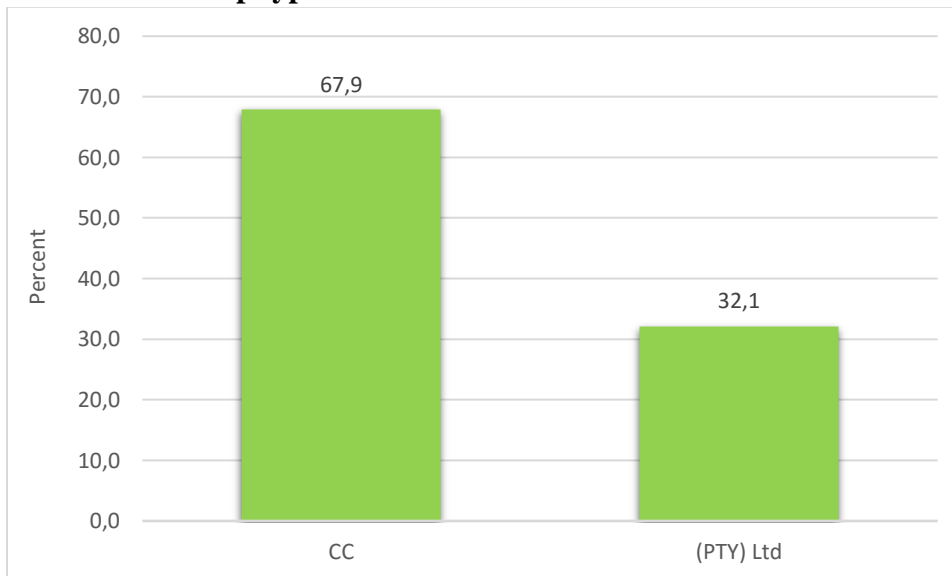


Figure 4.3: Ownership Type

Two thirds of the respondents had CCs (67.9%) with the remaining third having (Pty) Ltd. There were significantly more CC members ($p < 0.001$).

This can be attributed to the “CC Act No. 69 of 1984” that promoted the registration of small businesses as Close Corporations. Through this Act, governance of the CCs was simpler and clearer compared to the companies. Most family businesses were registered under this category. However, as of May, 2011, this Act was amended to phase out the registration of CCs with the Companies and Intellectual Property Commission (CIPC). This resulted in the rise of (Pty)

companies that are registering with CIDB lately. However, a note must be made of the fact that companies already registered as CCs would retain their registration status without any need to reregister as (Pty) companies. Having stated that, results also suggest that the fast disappearance of the CCs points out that SMEs lifespan is very minimal.

4.4.2.2 Geographic position

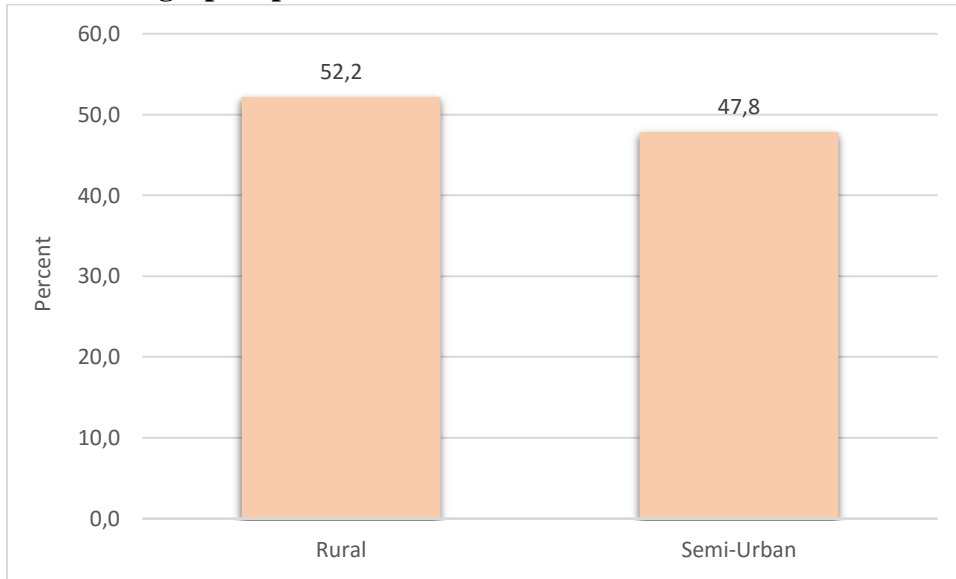


Figure 4.4: Geographic position

There were similar numbers of respondents from each of the two geographic areas ($p = 0.376$). The reasons for this split are associated with the history of the Black people in South Africa. Although most of them moved into the townships they never abandoned their residential rights in the rural areas. This has favoured Black companies in gaining acceptability in both rural and semi-rural regions. Aligned with that, Vukuzakhe projects that consist of the majority of the respondents mostly encompass some of the rural areas, and those that are regarded as semi-urban areas. Again, this may be an indication that some contractors may register their companies under different names in more than one geographic area.

4.4.2.2 Business category

There is a remarkable difference between the two business categories of small and medium enterprises.

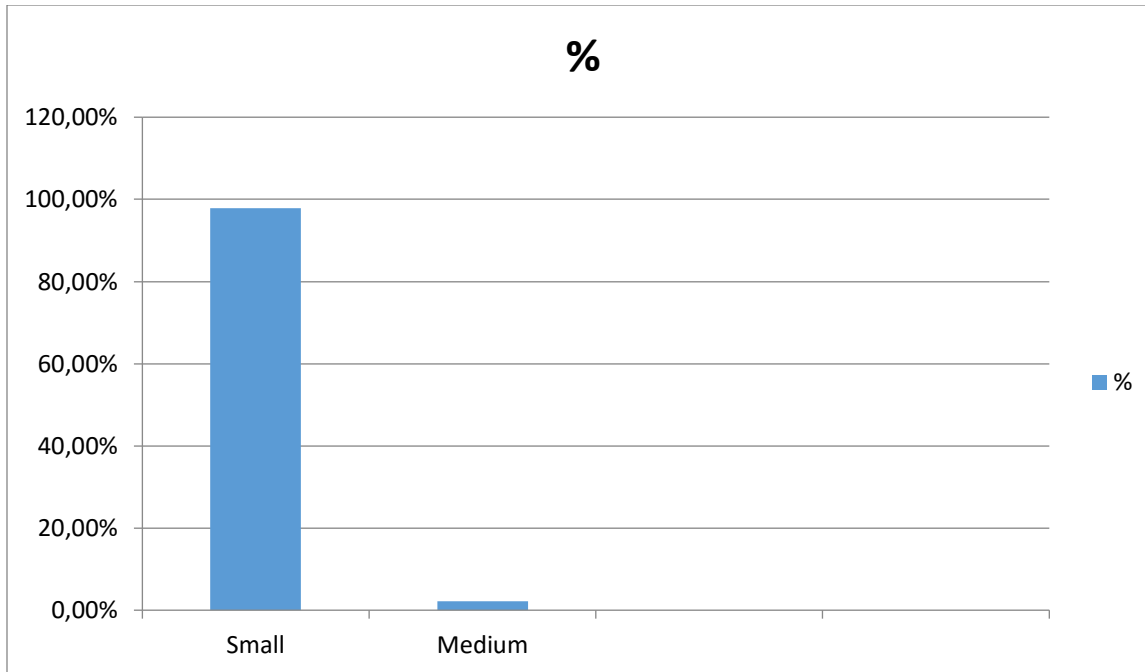


Figure 4.5: Business category

The business category split reveals 97.8% small and 2.2% medium enterprises. The CIDB rule is that construction companies that remain out of action for two years lose points, resulting in degrading. Degrading means dropping from the higher to the lower CIDB Grading. There is a lot of uncertainty about the intention of this rule. SEDA programmes incubate most small construction companies undergoing their training programmes. During this incubation period companies enjoy the privilege of some kind of “job set aside”. This propels the company upwards in the CIDB Grading system, and the company will soon fall into the Grade 4, medium size category. Thereafter the company leaves the comfort of the incubation programme and will begin struggling to get any Government tenders. These companies learn to survive on odd jobs that the owner performs personally without having to hire employees. The company loses its grade every year, and starts sliding down the CIDB Grading system. Grade 3 is categorised as a small business. This downslide quickly lands most of the construction companies in Grade 1 placing them in the small business category.

The second factor is that the CIDB Grade1 database consists of every business that has just been registered. These businesses are not necessarily in the construction industry but in the miscellaneous group that takes up every small work available from the Government. These include

mowing grass on Government premises, road verge maintenance, deliveries and so forth. Amazingly there is a high concentration of these types of businesses in the CIDB Grade 1 database. This was proved when approaching some of the businesses on the database of the KZN Transport Department. Business owners stated that they do any type of jobs including construction.

4.4.2.3 Number of employees

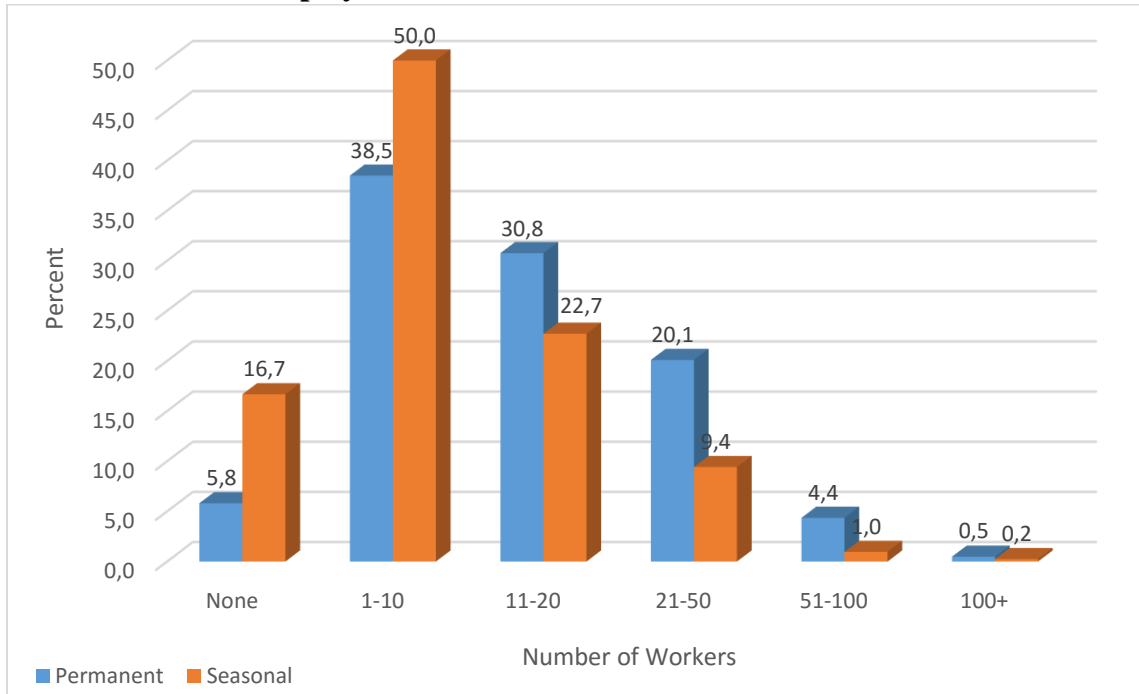


Figure 4.6: Number of employees

It is noted that there are generally more permanent than seasonal workers. The sample significantly demonstrated the presence of more seasonal workers in the smaller business category (up to 10 employees): ($p < 0.001$). Companies with 11 (Eleven) and above employees seem to have more permanent than seasonal staff.

There is rapid growth in short term employment provided by construction SMEs especially the small and medium size businesses. This is done on the premise that it is easy and cheaper to lay off employees during companies' economic difficulties (Wandera, 2011).

In South Africa, there has been an outcry to protect employees in the lower income bracket from illegal ending of their employment contracts. The practice of employing seasonal workers for non-skilled functions is common in the South African construction industry. This is encouraged by cost

savings in employee training, induction, fringe benefits and provision of safety wear which has become very costly because of the reinforcement of Safety Laws in the construction industry (Joubert & Loggenberg, 2017).

It is common that the most of these vulnerable employees in South Africa come from the previously oppressed groups of people such as workers with no skills, women and Black people. It is therefore clear that sustainable job creation cannot be achieved under such circumstances, where the majority of employees suffer the abuse in the labour brokerage market (Fourie, 2008).

4.4.2.4 Government tender frequency

Considering both the size and the total number per business category of the SMEs, it was crucial to explore facts regarding their frequency in winning the Government tenders. This would help in assessing the turnover of the construction industry SMEs. Secondly, owing to the fact that these contractors can only bid up to specific tender values, the more frequently they win the tender bidding, the better chances they have to grow and create jobs.

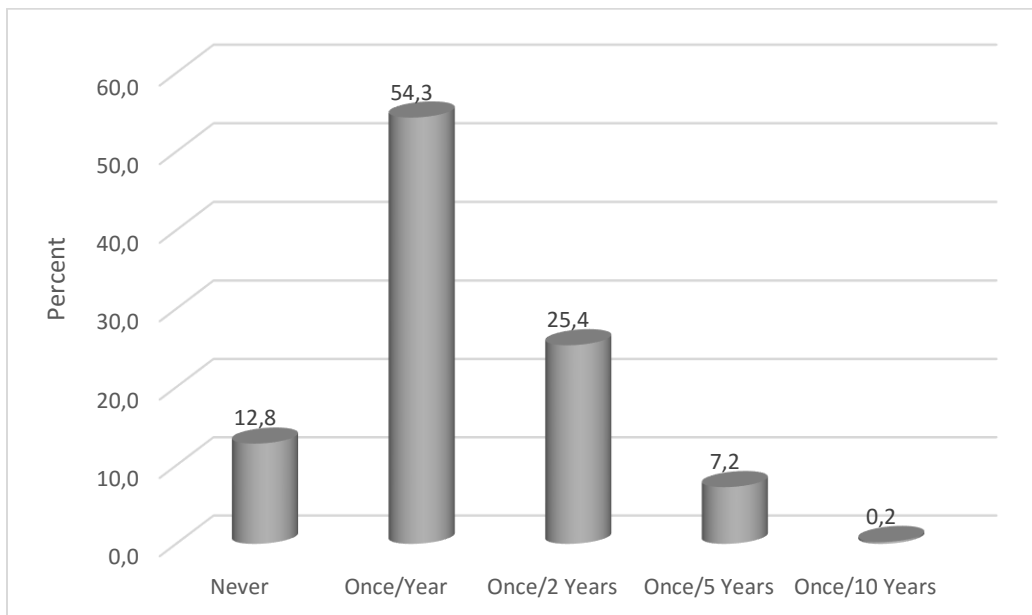


Figure 4.7: Tender frequency

A majority of 80% of respondents tender at least once per year or once per 2 years ($p < 0.0010$). This clearly indicates that the construction industry SMEs rely heavily on Government projects rather than other sources of work. The small portion of the contractors that seems to only tender less frequently than two years gives an indication that some of the contractors are able to source

their work outside the Government tenders. There is a concern though that 12.8% of the respondents have never secured any Government tender, yet they are part of the Vukuzakhe programmes. This gives an indication of the existence of subcontracting in the construction industry. This raises the question of the terms and conditions under which SME subcontract to the big players of the industry. Then the question arises of profitability and employment patterns in such companies.

4.4.2.5 Tender values

For each category, there were significantly more values at the lower end (< 500K) ($p < 0.001$). The responses are similar for each category. This is attributed to the fact that nearly 80% of businesses are concentrated in the “small” category which qualifies them to bid for projects of lower monetary value. The response rate does not necessarily mean that 80% of the SMEs get the tender awards. They still compete with the big players of the industry to which most of the time SMEs end up subcontracting.

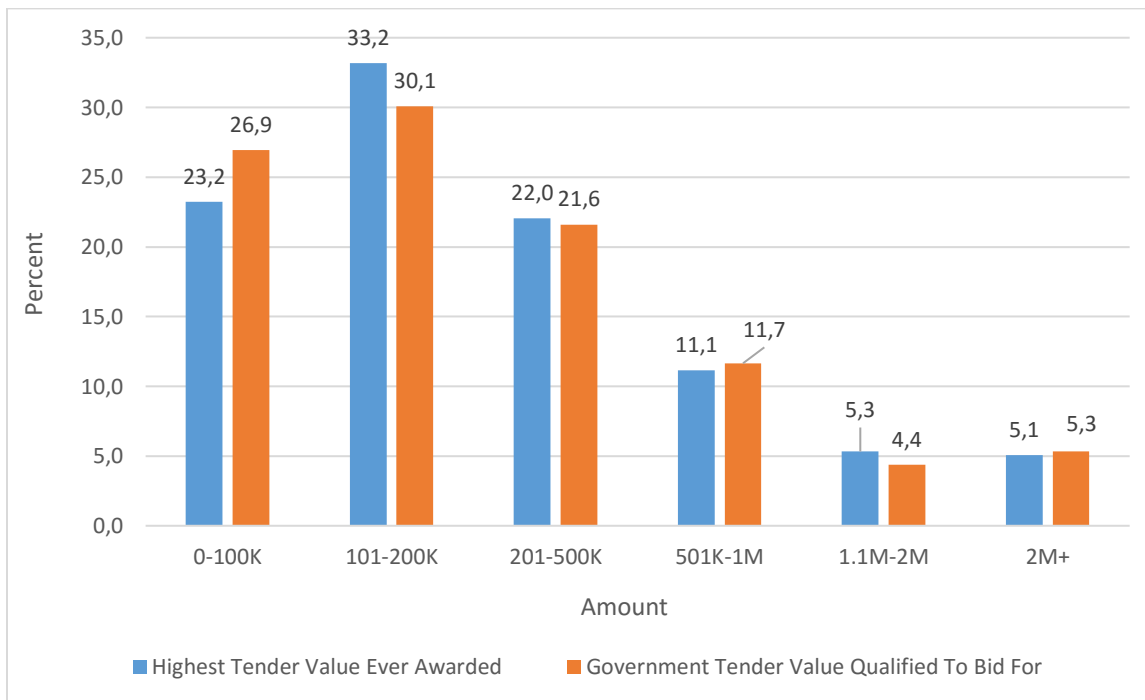


Figure 4.8: Tender values

According to the Department of Transport in Kwa-Zulu Natal, overlapping is also allowed. In other words, small companies are allowed to bid for projects of value higher than that prescribed in their business category. In order to enjoy the status of bidding for projects higher than those

specified in a specific business category, the SMEs must acquire partnership with big players of the industry. By so doing, these SMEs can leverage on bigger company capabilities. There are no clear reasons for this practice, and the justification seems very flimsy (Sithole, 2017). This opens up opportunity for some corrupt activities and has a bad economic impact on the SMEs. Only the big players reap the benefits from this practice, as they end up not deploying any labour into the projects owing to the presence of the SMEs. However, SMEs also benefit in gaining experiencing in the execution of big projects. Again, sustainable job creation suffers, where most of the companies opt for lower tender values, especially because most of the SMEs are close corporations. In South Africa, this represents a majority of family businesses. Owing to different reasons for venturing into business, SMEs tend to employ family members informally. Some businesses consist of a workforce made up of a single and close family unit.

4.4.2.6 Source of work

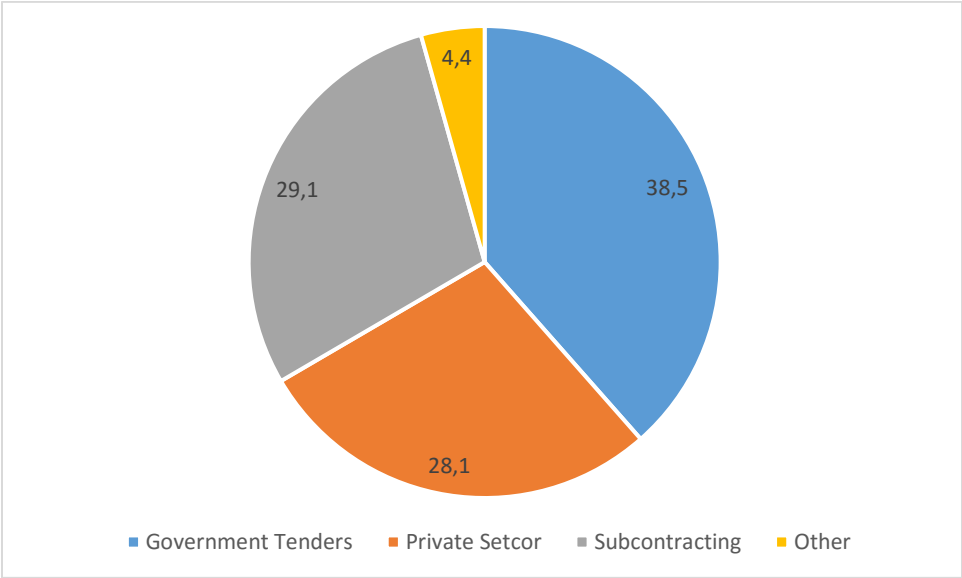


Figure 4.9: Source of work

There were similar numbers of respondents who had obtained work from Private or Subcontracting sources, with at least 10% more obtaining work from Government sources ($p < 0.001$).

It is amazing that only 38.5% of SMEs obtain direct work from the Government. The 29% obtaining work from subcontracting is obviously part of the Government tenders that are awarded to the bigger companies. It is also remarkable that although the sample consists only of SMEs in the construction industry, there is a fair amount of work obtained from the private sector.

According to the CIDB, although registered under CIDB, Grade 1 and probably Grade 2 companies can apply for other projects outside the construction. These are the companies likely to be contracted by the private sector, especially for peripheral or non-core activities like catering and lawn mowing. It is still not easy for Black owned companies to get direct contracts from the private sector, due to the BBBEE not being compulsory except for those private businesses interested in doing business with the Government. The concern again is the number of SMEs subcontracting, implying that they are distanced from directly managing the projects, as they act according to the main contractor's decisions. The whole idea of entrepreneurial development gets diluted. Subcontracting is not very different from being employed.

4.4.3 Qualitative question analysis

The section that follows analyses the scoring patterns of the respondents per variable per section. The results are first presented using summarised percentages for the variables that constitute each section. Results are then further analysed according to the importance of the statements.

4.4.3.1 Section C: Project availability frequency for SMEs

This section deals with the frequency of Government project availability to the construction industry SMEs. Most dictionaries define availability as the condition surrounding the exposure to being used or being obtained, as well as the liberty to participate in a particular activity (www.businessdictionary.com/definition/availability.html). In short, it is not sufficient to advertise Government tenders, when conditions surrounding the projects are not conducive for the SMEs to participate, or being awarded the tender to carry out that particular project. The section consists of responses to the closed ended questions, where respondents had to show their level of agreement or disagreement with the statements. The table below summarises the scoring patterns.

Table 4.2: Section C Chi-square analysis

	C	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	p-value
My business has a bright future for growth	1	37	9.0%	28	6.8%	82	19.9%	186	45.0%	80	19.4%	0.000

In KZN, all businesses do not benefit equally from the Public procurement policy framework	C 2	22	5.3 %	46	11. 1%	99	24. 0%	17 4	42. 1%	72	17. 4%	0.000
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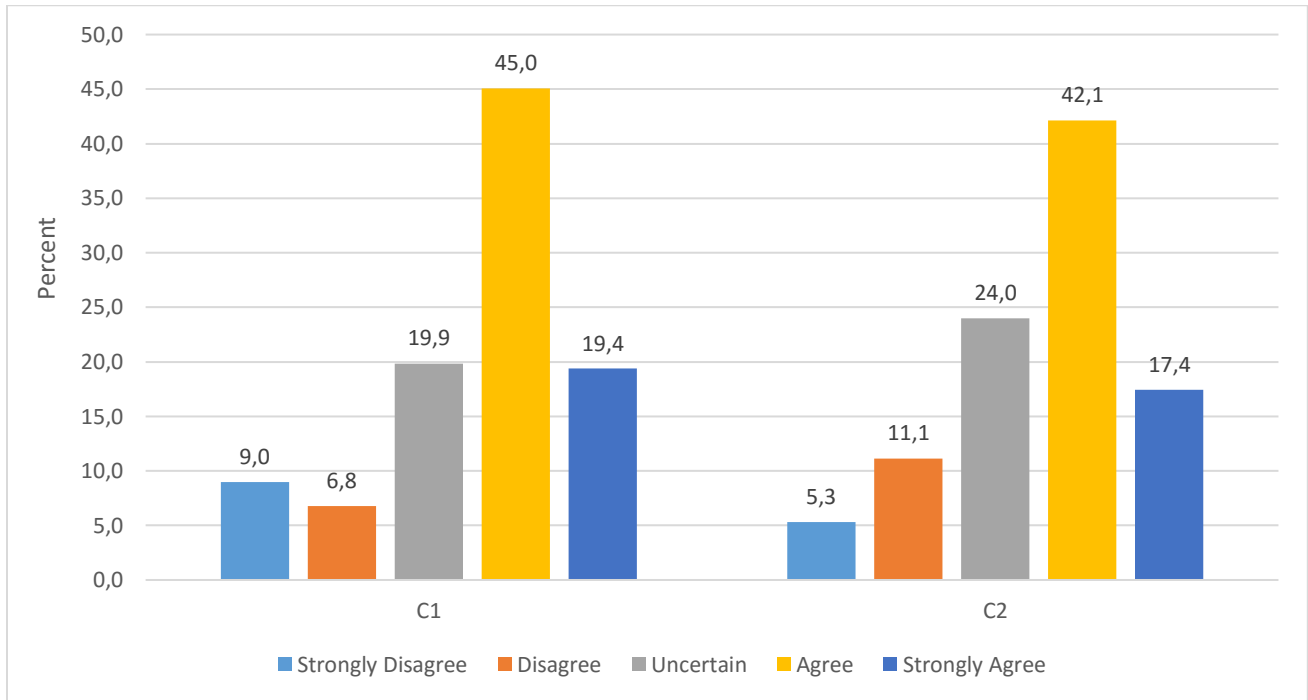


Figure 4.10: Section C response scoring patterns

The following patterns are observed:

- Both statements show (significantly) higher levels of agreement with items (64% and 60% respectively).
- The significance of the differences is tested and shown in the table.

Responses are in agreement with the first statement, for the obvious reason that every businessman looks on the brighter side and focuses on the prospects. The second statement is very subjective and direct. Respondents agree strongly with this statement as a result of low frequencies in the Government tender availability.

To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate hypothesis states that there is a significant difference between the levels of agreement and disagreement.

The results are shown in **Table 4.3**. The highlighted sig. values (p-values) are less than 0.05 (the level of significance), it implies that the distributions were not similar. That is, the differences between the way respondents scored (agree, uncertain, disagree) were significant. This statistically proves that instances of the scoring patterns are different which is obviously because of the respondents' different experiences. Statement C1 indicates a lower agreement, and also C2 demonstrates the same trend. This is not by accident, as in statement C1, the medium size companies constitute a very small portion of the sample. This is the business category that has seen some level of success and their future looks promising. Furthermore, small sized companies range from Grades 1-3, and by nature of their entrepreneurship skills, these companies do not compete for the same projects. As an example, Grade 1 companies include jobs other than construction that are available. Within this category of companies, there are some dissimilarities in the interpretation of the statement.

Statement C2 is a negative statement, therefore, there is a great likelihood that smaller sized companies will strongly agree with it, as opposed to the medium size companies of the sample.

Without any intent to pre-empt the results, there is generally more agreement with **all** of the statements in **all** of the sections.

The results indicate that project availability for SMEs rates very low in the construction sector.

4.4.3.2 Section D: Challenges encountered by the SMMEs in bidding for tenders

Section D deals with challenges encountered by the SMMEs in bidding for tenders. A keyword in this section is “challenge” and in the dictionary, it is defined as an invitation or willingness to compete for superiority in situations where specific abilities and strengths decide on the winner (Business Dictionary, 2017). Competition can be standard, with fairness or can be completely unfair. Similarly, challenges for SMEs competing in the PPPFA must be identified for the mitigation of unfairness, if the objectives of sustainable job creation were to be achieved (Brooks, 2016). The section consisted of three statements.

Table 4.3: Section D Chi-Square analysis

Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Chi Square p-value
Count	Row %	Count	Row %	Count	Row %	Count	Row %	Count	Row %	

			N %	u nt	N %	u nt						
There is no political interference in the Government tender system	D3	21	5.1 %	47	11.4 %	71	17.2 %	169	40.9 %	105	25.4 %	0.000
I do not understand the procedures followed by SMMEs when bidding in the Government tenders	D4	13	3.1 %	29	7.0 %	65	15.7 %	187	45.3 %	119	28.8 %	0.000
Filling in the tender document is not an easy process	D5	15	3.6 %	33	8.0 %	69	16.7 %	188	45.5 %	108	26.2 %	0.000

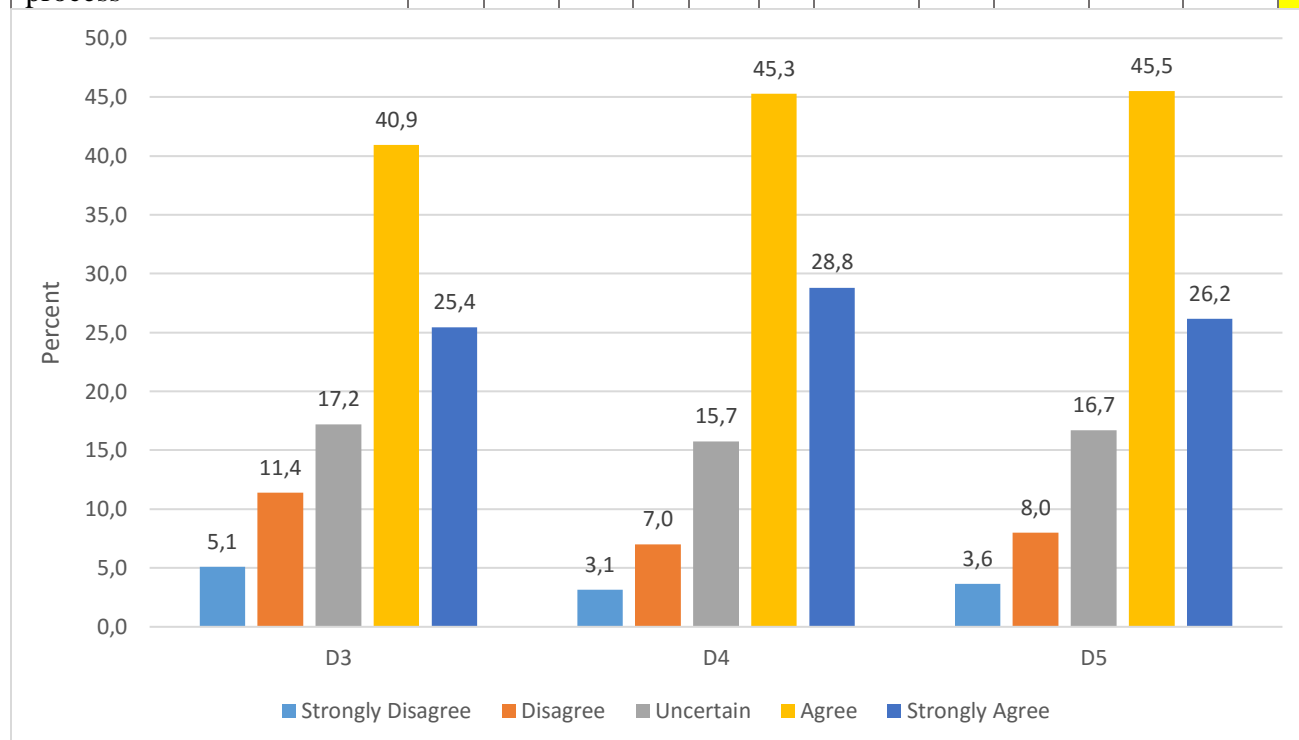


Figure 4.11: Section D response patterns

Section D responses also demonstrate significantly higher levels of agreement, with all three statements (D1-D3) showing 66%, 74% and 72% respectively. The majority of respondents agree with D1 statement that there is no political interference in the Government tender system. This comes as no surprise, as in most cases politicians have a background influence and only the procurement practitioners are compelled to manipulate the tender processes in favour of those pre-identified suppliers of goods and services. Failure to carry out the mandate of the powerful politicians results in the practitioners losing their jobs. More often than not the key functions in the procurement divisions are occupied by politically appointed officials. This is where and when

any existing management control system are bypassed. The political interference in the awarding of the tenders becomes discrete, and the SMEs do not realise it as a problem except through speculation as to why certain businesses are awarded tenders frequently.

D2 and D3 look into both the understanding of the tender procedures as well as the filling in of the relevant documents when SMEs bid for the Government projects. The results reveal that most SMEs battle to complete tender documents.

4.4.3.3 Section E: To determine factors affecting the growth of construction industry SMEs in KZN

Section E deals with the extent to which SMEs’ can grow and create jobs after being awarded with tenders. However, SMEs need certain capabilities first before they can participate effectively in Government tender projects. In order to survive in the market, the business must possess certain skills that define its market advantage. In the literature review, it emerged quite vividly that understanding both internal and external business environments as well as the market is fundamental for business survival. Within the internal environment, it has been proved universally that development of entrepreneurship skills leads to high levels of business growth with resultant job creation (Adetayo, Oke, & Aderonmu, 2015). Therefore, the development of business technical, business management and personal skills becomes the mainspring for sustainable businesses and job creation. The first statement highlights the most important technical skill of filling in the documents. The third, second and fourth statements are those management and personal skills for driving the entrepreneur to seek the relevant information and strive in the competition (Adetayo et al., 2015). It is virtually impossible to grow a business and create sustainable jobs for people, where entrepreneurs lack the necessary skills.

Table 4.4: Section E Chi-Square analysis

		Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Chi Square p-value
		C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	
I do not personally fill in my tender documents	E 6	1 3	3.1 %	3 6	8.7 %	9 0	21. 8%	1 5 0	36. 3%	1 2 4	30. 0%	0.000

SMEs have no access to the Government tender adverts in order to bid.	E 7	1 2	2.9 %	4 5	10. 9%	5 8	14. 1%	2 0 1	48. 8%	9 6	23. 3%	0.000
I do not know how to appeal and receive elements of my business application deficiency in the tender process	E 8	2 2	5.3 %	7 7	18. 6%	5 4	13. 1%	1 7 4	42. 1%	8 6	20. 8%	0.000
The Government does not set aside projects for emerging contractors	E 9	1 0	2.4 %	4 5	10. 9%	7 1	17. 2%	1 6 3	39. 5%	1 2 4	30. 0%	0.000

Table 4.3: Section E response scoring patterns

In this section again a high level of statements agree with E6-E9, scoring 66%, 72%, 62% and 69% respectively. These patterns indicate that:

- A total of 66% of SMEs cannot fill in their own tender documents. This is a serious lack of business administration skills. Besides costs that SMEs cannot afford, outsourcing such skills leads to unnecessary delays in meeting the tender cut off times, resulting in late submissions and outright disqualification of the application. Above all, SMEs cannot afford the luxury of hiring technically skilled administrators.
- Similarly, the 72% that have no direct access to the tender adverts are running a high risk of losing out on important opportunities. Identification and grasping of business opportunities promptly sets one business apart from the others, and plays a major role in the success of every entrepreneur. Having registered in the database of the Government makes the relevant adverts to becoming the nexus for that particular business. Within the framework of entrepreneurship, business opportunities play a pivotal role (Renko, Shrader, & Simon, 2012). Due to the seriousness of the statistics, cross-tabulations results were used as a comparison. Also, the cross-tabulations below show the relationship between this finding and other statistics. The relationships as shown by asterisks indicate that this finding relates to the geographic position of the SMEs. The geographic position statistics indicate that about 52% of the SMEs are registered in the rural areas while 48% being registered in the semi-urban areas like the old townships. This is no surprise that tender adverts do not reach such a large number of SMEs. In summary, having no access to tender adverts has a relationship with the employment patterns of the SMEs and the same applies to the value of the tenders they qualify for as indicated by the cross-tabulations in the corresponding Columns. See Table 4.4 below:

		Pearson Chi-Square Tests													
		Gender	Age group in years	Race	Home language	Education	Ownership Type	Geographic Position	Business Category	Number of Permanent Employees	Number of Seasonal Workers	Government Tender Frequency	Highest Tender Value Ever Awarded	Government Tender Value Qualified To	Source of Work
My business has a bright future for growth	Chi-square	6.978	16.656	12.978	44.706	38.188	10.934	11.288	4.022	64.746	34.432	29.022	34.674	21.093	31.972
	df	4	12	16	40	16	4	4	4	20	20	16	20	20	12
	Sig.	0.137	0.163	0.674	0.281	.001*	.027*	.024*	0.403	.000*	.023*	.024*	.022*	0.392	.001*
In KZN, all businesses do not benefit equally from the Public procurement policy	Chi-square	4.871	16.017	21.641	35.085	38.079	7.251	8.870	15.027	58.590	32.286	24.755	47.122	33.970	29.871
	df	4	12	16	40	16	4	4	4	20	20	16	20	20	12
	Sig.	0.301	0.19	0.155	0.691	.001*	0.123	0.064	.005*	.000*	.040*	0.074	.001*	.026*	.003*
There is no political interference in the Government tender system	Chi-square	1.947	14.667	18.745	29.460	18.380	3.731	1.726	3.167	17.545	19.167	23.209	37.454	27.749	16.625
	df	4	12	16	40	16	4	4	4	20	20	16	20	20	12
	Sig.	0.745	0.26	0.282	0.89	0.302	0.444	0.786	0.530	0.617	0.511	0.108	.010*	0.115	0.164
I do not understand the procedures followed by SMMEs when bidding in the Government tenders	Chi-square	2.895	18.418	21.467	35.241	34.690	1.586	5.689	5.967	34.300	37.820	15.812	23.188	42.143	24.830
	df	4	12	16	40	16	4	4	4	20	20	16	20	20	12
	Sig.	0.575	0.104	0.161	0.684	.004*	0.811	0.224	0.202	.024*	.009*	0.466	0.28	.003*	.016*
Filling in the tender document is not an easy process	Chi-square	3.126	8.639	17.958	43.086	20.943	2.786	5.815	4.798	39.307	25.596	13.370	25.127	34.025	25.842
	df	4	12	16	40	16	4	4	4	20	20	16	20	20	12
	Sig.	0.537	0.733	0.326	0.341	0.181	0.594	0.213	0.309	.006*	0.18	0.646	0.197	.026*	.011*
I do not personally fill in my tender documents	Chi-square	5.575	16.461	19.505	33.067	30.631	2.911	7.809	0.344	24.800	19.958	19.174	30.754	32.775	22.480
	df	4	12	16	40	16	4	4	4	20	20	16	20	20	12
	Sig.	0.233	0.171	0.243	0.773	.015*	0.573	0.099	0.987	0.209	0.461	0.26	0.059	.036*	.032*
SMMEs have no access to the Government tender adverts in order to bid.	Chi-square	3.972	14.816	21.522	41.217	17.716	4.796	19.368	1.485	35.079	32.967	16.478	30.976	36.497	10.634
	df	4	12	16	40	16	4	4	4	20	20	16	20	20	12
	Sig.	0.410	0.252	0.159	0.417	0.341	0.309	.001*	0.829	.020*	.034*	0.42	0.056	.013*	0.56

Table

4.4: Cross-tabulations (Access to tender adverts vs Geographic position, Employment patterns and Tender value qualified for)

- Similarly, 62% of SMEs do not understand the appeals process that can help them in applying for Government tenders. If the SMEs were regarded as important service providers, they would deserve a feedback, as all other stakeholders in the business receive feedback on their shortcomings. Feedback to business participants is a topic that most academics consider most important (Minelli & Ruffini, 2018). Feedback is the most important tool for continuous improvement, whether negative or positive. Both types of feedback contain useful information that can be utilised in making crucial business decisions. Throughout the organisation, feedback plays an important role as it unearths specific shortfalls and challenges that can be transformed into opportunities (Minelli & Ruffini, 2018).

- Further, 69% of the SMEs feel the loss, as the Government does not set aside projects for emerging contractors. Set asides are popular in other countries in order to reserve certain Government projects for SMEs. This serves as an incubation period for the SMEs to get a foothold in the market and obtain work so that they can gradually grow and create jobs. It also helps the SMEs grow and develop into big market players.

The responses to the questions in this section indicate that SMEs' growth is critically retarded by business environment factors from both internal and external as well as those factors in the market and economic environments.

4.4.3.4 Section F: Effectiveness of the Government initiatives for mitigating tender administrative burden on SMEs

Section F consisted of two statements aimed at dealing with the effectiveness of the Government programmes that were set up to minimise or eliminate the major drawbacks of SMEs when competing for Government tenders. These initiatives ought to address problems that have been identified above as well as those highlighted in the literature review.

Table 4.5 Section F Chi-Square analysis		Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Chi Square p-value
		C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	
CIDB registration is an easy process	F 1 0	2	4.8%	6	16.7%	5	13.6%	1	6.7%	1	24.3%	0.000
I have benefitted from the Govt. development programmes by agencies like CIDB, Seda and others	F 1 1	2	5.8%	3	9.2%	4	11.9%	1	9.9%	1	24.2%	0.000

The first statement refers to the first step of the entrepreneurs when entering the construction industry. About 69% of the respondents agreed that the CIDB registration process is simple. The second statement refers to the agencies of the Government that were established to assist SMEs grow and develop. Again, about 73% of the respondents agree that they are benefitting from such initiatives.

The results indicate that SMEs are well aware of the Government initiatives, but the outstanding problem is that such initiatives are not effective enough to produce the required results.

4.4.3.5 Section G: Effective alignment of the PPPFA with job creation objectives of the government (clarity of goals to the SMEs)

Section G deals with the core issue of this study, that is, the South African Government’s reason behind engaging the SMEs in the PPPFA. The focal point of the socioeconomic objective is to ensure that all citizens benefit equally from economic resources. Coupled with that is the issue of job creation. Through their participation in the PPPFA, the SMEs are expected to grow and create these jobs. In short, SMEs need to understand the goals and the intentions of the Government. Therefore, the statement explores the SMEs’ level of understanding this important objective. If any of the important stakeholders in the PPPFA do not understand the job creation objective and how important it is to effectively align their business objectives thereof, the PPPFA processes will never be able to achieve their purpose. Ever since its assumption of power, one of the main tasks of the South African Government was job creation. SMEs were identified as one of the possible vehicles to achieve this objective (Hlakudi, 2015). Therefore, the subject of job creation is one of the most important goals of the PPPFA processes.

This section consisted of three statements pointing out the most important attributes of an entrepreneur and job creation. Successful entrepreneurs must acquire skills in growing business, growing the market scope of the business and have financial management capabilities.

In this section, all the three response categories indicate a high level of agreement with the statements. All responses are in the 80% zone agreement to statements G₁₂ – G₁₄. It follows that construction industry SMEs are stagnant if not experiencing a negative business growth. Both circumstances are not favourable to job creation.

Table 4.6: Section G Chi-Square analysis

Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Chi Square p-value
Cou nt	Ro w N %	Cou nt	Ro w N %	Cou nt	Ro w N %	Cou nt	Ro w N %	Cou nt	Ro w N %	

I still need training in order to develop my business	G 1 2	13	3.2 %	29	7.1 %	43	10. 5%	18 0	43. 9%	14 5	35. 4%	0.00 0
My business is solely dependent on Government tenders	G 1 3	16	3.9 %	30	7.3 %	24	5.8 %	17 4	42. 2%	16 8	40. 8%	0.00 0
My business has enough work to sustain the employee wages/salaries	G 1 4	16	3.9 %	33	8.0 %	22	5.3 %	12 0	29. 1%	22 1	53. 6%	0.00 0

4.4.3.6 Section H: Effectiveness of the Government initiatives in sustainable job creation

This section deals with SME compliance to statutory obligations of employer as specified by the laws of the Republic of South Africa. The Labour Relations Act of 95 is a good reference for the protection of employees from unscrupulous employers. Such statutory obligations become useful in the management of SMEs employment patterns.

This section consisted of six statements as indicated by H₁₅ – H₂₀.

Table 4.7: Chi-Square analysis		Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Chi Square
		C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	C o u n t	R o w N %	p- val ue
My business employs the stipulated number of people in its category	H 1 5	2 5	6.1 %	4 6	11. 2%	4 5	10. 9%	1 8 9	45. 9%	1 0 7	26. 0%	0.0 00
I often lay off employees during the idle periods	H 1 6	2 2	5.3 %	7 3	17. 7%	6 1	14. 8%	1 3 3	32. 3%	1 2 3	29. 9%	0.0 00
My employees benefit from the Government lay off scheme	H 1 7	1 0	2.4 %	4 2	10. 2%	7 0	17. 0%	1 6 9	41. 0%	1 2 1	29. 4%	0.0 00
My employees are registered with the Department of Labour	H 1 8	1 2	2.9 %	2 8	6.8 %	7 7	18. 8%	2 0 5	50. 0%	8 8	21. 5%	0.0 00
My business complies with the statutory AFS (Annual Financial Statement) requirements	H 1 9	4 8	11. 7%	6 4	15. 5%	5 1	12. 4%	1 3 8	33. 5%	1 1 1	26. 9%	0.0 00

My AFS are always audited by registered accountant	H 2 0	3 9	9.5 %	7 7	18. 7%	4 8	11. 7%	1 3 9	33. 7%	1 0 9	26. 5%	0.0 00
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Statement H₁₅, looks into the employment patterns of the contractors. It compares the SMEs' definition with the contractors' understanding of the number of employees they must register.

The respondents scored 71% in agreement with this statement. According to CIDB, after every company has been awarded a Government tender, the cycle must be completed by reporting back the number of people employed according to both the project and the business categories (Perumal Pillay, 2017). This exercise determines the future of the business in the Government tenders. Also, the Vukuzakhe projects have specifications of skills needed to carry out specific activities. Inspections on the progress of the project includes determining the fulfilment of such skills obligation as well as the correct number of employees engaged in the project. The specified number of employees in the project serves two purposes. Firstly, it is to ensure job creation and secondly to ensure timely project completion. Taking the responses to the statement, the observation is that respondents agree that their SMEs have employed the stipulated number of people as per their category (Grade) definition.

Statement H₁₆ looks into the issue of tender dry season, especially for those SMEs dependant solely on the Government projects. A total of 62% of the respondents agree that they lay off employees when there is no work for them. Depending on the circumstances and the severity of the economic position of the business at that juncture, lay-offs can either be temporary or permanent. Permanent lay-off are usually referred to as downsizing or retrenchment. The most commonly known lay-off is the one referred to as the suspension of employment or time-off (Ramlall et al., 2014).

Statement H₁₇ looks into the SME use of State benefits which prevent unemployment during the dry season. The Department of Economics, Tourism and Environmental has set aside a fund for supporting construction industry SMEs employees during their lay off period. That is, when SMEs have no employment at all. This benefit helps take the burden off the SMEs so that they do not need to retrench their employees. As emerging businesses, the SMEs can hardly afford lay-off payments to employees. In an effort to retain as many people as possible in employment, the Provincial Government of Kwa-Zulu Natal has designed this assistance to the SMEs. Employees

can earn an income when their UIF has been exhausted. This benefit tests the SME compliance with the statutory requirements, as employees not registered with the Labour Department do not qualify for such benefit. A total of 60% of the respondents agreed to the statement.

Statement H₁₈ brings in the discussion of SME compliance with the South African Department of Labour requirements, as specified in the Labour Relations Act (Sookram & Kistow) 66 of 1995 (Kruger & Tshoose, 2013). In terms of employee registrations, the LRA demands that every employee engaged in a job for 24 hours per month must be registered with Department of labour (Kruger & Tshoose, 2013). It is in the interests of every SME to register their employees with the Department of Labour, as failure to do so may result in the penalties that may run the business into the ground. This statement is a reinforcement of the latter discussions.

Statement H₁₉ checks on the compliance of SMEs with the South African Revenue Services (SARS) requirement of companies' declaration of their financial performance in a specified period. The respondents scored 60% in agreement with the statement. As per the PPPFA requirement for bidding in the Government projects, all companies must present a copy of their tax clearance certificate. Failure to do so constitutes on the spot disqualification from bidding for the project. This statement is the reinforcement of the latter discussions.

On **statement H₂₀**, the respondents scored 60% in agreement. The SARS requirement is that only financial statements audited by registered accountants are authentic and regarded as conforming to the legal requirements (Smulders, Stiglingh, Franzsen, & Fletcher, 2012). Therefore, it is important for SMEs to comply in order to qualify for Tax Clearance Certificates. In the absence of the audited statement, the business owner can submit an affidavit stating that the company has been dormant during that specific financial year. SARS may request an official company bank statement in this regard (Smulders et al., 2012).

The results indicate that these documents do not meet the fundamental requirements of job creation measuring tools. In the quest for qualifying in the tender process the authenticity of these documents is highly compromised. In general, the compliance documents are required when applying for the Government tenders, however they are highly ineffectual in confirming the creation of employment after or before the contractors are awarded with the tenders.

4.4.4 Cross tabulations and correlations

The traditional approach to reporting a result requires a statement of statistical significance. A **p-value** is generated from a **test statistic**. A significant result is indicated with "p < 0.05". These values are highlighted with a *.

A second Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs columns). The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association. The table summarises the results of the chi square tests. **See Appendix 5** (Excel sheet – Cross tabulations).

For example: The p-value between “Education” and “My business has a bright future for growth” is 0.001. This means that there is a significant relationship between the variables highlighted in yellow. That is, the education of the respondent did play a significant role in terms of how respondents viewed the future of their companies.

Pearson Chi-Square Tests															
		Gender	Age group in years	Race	Home language	Education	Ownership Type	Geographic Position	Business Category	Number of Permanent Employees	Number of Seasonal Workers	Government Tender Frequency	Highest Tender Value Ever Awarded	Government Tender Value Qualified To Bid For	Source of Work
My business has a bright future for growth	Chi-df	6.978	16.656	12.978	44.706	38.188	10.934	11.288	4.022	64.746	34.432	29.022	34.674	21.093	31.972
	Sig.	0.137	0.163	0.674	0.281	.001*	.027*	.024*	0.403	.000*	.023*	.024*	.022*	0.392	.001*

Frequency tables beginning in line 65 show the actual scoring patterns (Appendix 5).

4.4.5 Correlations

Bivariate correlation was also performed on the (ordinal) data. The results indicate the following patterns:

4.4.6 Summary of the responses

Summary of responses	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree	Combined	Disagree	Agree
	Row N %	Row N %	Row N %	Row N %	Row N %			
My business has a bright future for growth	9.0%	6.8%	19.9%	45.0%	19.4%	C1	16%	64%
In KZN, all businesses do not benefit equally from the Public procurement policy framework	5.3%	11.1%	24.0%	42.1%	17.4%	C2	16%	60%
There is no political interference in the Government tender system	5.1%	11.4%	17.2%	40.9%	25.4%	D3	16%	66%
I do not understand the procedures followed by SMMEs when bidding in the Government tenders	3.1%	7.0%	15.7%	45.3%	28.8%	D4	10%	74%
Filling in the tender document is not an easy process	3.6%	8.0%	16.7%	45.5%	26.2%	D5	12%	72%
I do not personally fill in my tender documents	3.1%	8.7%	21.8%	36.3%	30.0%	E6	12%	66%
SMMEs have no access to the Government tender adverts in order to bid.	2.9%	10.9%	14.1%	48.8%	23.3%	E7	14%	72%
I do not know how to appeal and receive elements of my business application deficiency in the tender process	5.3%	18.6%	13.1%	42.1%	20.8%	E8	24%	63%
The Government does not set aside projects for emerging contractors	2.4%	10.9%	17.2%	39.5%	30.0%	E9	13%	69%
CIDB registration is an easy process	4.8%	16.2%	13.6%	40.4%	24.9%	F10	21%	65%
I have benefitted from the Govt. development programmes by agencies like CIDB, Seda and others	5.8%	9.2%	11.9%	48.3%	24.8%	F11	15%	73%
I still need training in order to develop my business	3.2%	7.1%	10.5%	43.9%	35.4%	G1 2	10%	79%
My business is solely dependent on Government tenders	3.9%	7.3%	5.8%	42.2%	40.8%	G1 3	11%	83%
My business has enough work to sustain the employee wages/salaries	3.9%	8.0%	5.3%	29.1%	53.6%	G1 4	12%	83%
My business employs the stipulated number of people in its category	6.1%	11.2%	10.9%	45.9%	26.0%	H1 5	17%	72%
I often lay off employees during the idle periods	5.3%	17.7%	14.8%	32.3%	29.9%	H1 6	23%	62%
My employees benefit from the Government lay off scheme	2.4%	10.2%	17.0%	41.0%	29.4%	H1 7	13%	70%
My employees are registered with the Department of Labour	2.9%	6.8%	18.8%	50.0%	21.5%	H1 8	10%	71%
My business complies with the statutory AFS (Annual Financial Statement) requirements	11.7%	15.5%	12.4%	33.5%	26.9%	H1 9	27%	60%
My AFS are always audited by registered accountant	9.5%	18.7%	11.7%	33.7%	26.5%	H2 0	28%	60%

Fig. 4.1: Summary of the responses to closed ended questions.

The summary of the responses indicates that most questions were answered in agreement with the statements. There is both negative and positive connotation to this pattern. Firstly the negative connotation is that respondents may have misinterpreted negative questions for positive questions. Secondly, the positive connotation can be the fact that most of these SMEs have been working together at one point while subcontracting for the big companies. The Vukuzakhe project also shares a lot of common information during the SME regional meetings. This can lead to sharing of the same perceptions and experiences regarding the PPPFA. In that case, SMEs can interpret the statements alike and also responding in the same pattern.

4.5 Summary of the outputs

Wentzel, Smallwood and Emuze (2016), state that SMEs in the construction industry put a lot stress on tendering for Government projects, however, the consequences are not always commensurate with the efforts. Another factor that lowers the rate of being awarded Government projects is that construction industry SMEs are challenged in many business management areas. These must also be dealt with so that the construction industry SMEs' business performance in general can be enhanced(Wentzel, Smallwood, & Emuze, 2016).

In **section D**, the correlation value between the statements “I do not understand the procedures followed by SMEs when bidding in the Government tenders” and “Filling in the tender document is not an easy process” is 0.370. This is a directly related proportionality. Respondents indicate that the more they do not understand procedures, the more difficult it is to complete documentation, and vice versa. The relationships of such statements prove that the respondents' responses (high level of agreements in the statements) indicate the presence of “*challenges encountered by the SMEs in bidding for tender*”.

Section E consisted of four statements under the theme “*Extent to which SMEs' can create jobs after being awarded with the tenders*”.

In the same pattern, the correlation value between “I do not personally fill in my tender documents” and “SMEs have no access to the Government tender adverts in order to bid” is 0.365. The subsequent correlation value with the third statement “I do not know how to appeal and receive elements of my business application deficiency in the tender process” is 0.228. All the statements in the theme have a direct relationship with each other. The evidence in the responses to statements

in the theme proved a very low level of SMEs access to projects, hence their shortfall in employing the expected number of people as per their grading in the CIDB.

Section F consisted of two statements under the theme “Effectiveness of the Government initiatives for mitigating tender administrative burden on SMMs”. Checking on the correlations of the statements, it is observable that the correlation value between the statements “CIDB registration is an easy process” and “I have benefitted from the Government development programmes by agencies like CIDB, SEDA and others” is 0.358. Subsequently the correlation value between the former statement and “I still need training in order to develop my business” is 0.492.

Again, the section analyses indicated a high level of agreement in these statements. It is understandable after the SMEs have been offered help through front desk filling of forms at the CIDB offices (Perumal Pillay, 2017). With the SEDA as well, their incubators are of great assistance to SMEs, however, the minute the incubation period finishes, SMEs find it very hard to survive in the business environment. It clearly shows that such benefits are only makeshift with no sufficient skills for entrepreneurs to grow their businesses. Therefore, the key point is that SMEs still lack business management skills.

Section G consisted of “*Effective alignment of the PPPFA with job creation objectives of the government*” and was made up of three statements.

The correlation value between the statements “I still need training in order to develop my business” and “My business is solely dependent on Government tenders” is 0.423, and subsequently with “My business has enough work to sustain the employee wages/salaries” is 0.523. The same pattern of responses showing a high level of agreement to statements reflects the absence of alignment between PPPFA and the Government objective of sustainable job creation. The evidence is drawn from the fact that only businesses with sustainable sources of work can offer sustainable employment to people. Also, entrepreneurs with business management skills are more likely to grow their businesses than those that still need training.

Section H was made up of six statements which were all directly related. The theme of this section is “Effectiveness of the Government initiatives in sustainable job creation”. All of the statements have a high level of correlation. The responses in this section also show a high level of agreement. All of the statements in this section are related to the questions in the qualitative section of the

questionnaire. The reason for this was to verify the reasons behind the construction industry SMEs compliance to the statutory requirements, while at the same time, they have so many complaints about the PPPFA processes. Any tender document omitting the necessary statutory compliance documents is disqualified without even reaching the adjudication stage.

The level of subcontracting has gradually increased in South Africa. This has had different effects on the construction industry labour markets as well. Subcontracting initially increased the need for SMEs to outsource their labour to the big contractors at the end of short contracts that they always sign with big players. In that case, some employees are able to keep the same jobs but under different companies. The subcontractors often cannot meet the basic wage requirements as stipulated in the labour Relations Act (Sookram & Kistow) of 1998. Trade Unions do not view such non-compliance favourably. Therefore, outsourcing of labour is also ideal to diminish the level of interference from the Trade Unions. It is clear that SMEs only comply because they do not employ anybody on a permanent basis.

4.6 The qualitative data presentation

The qualitative section D of the questionnaire consisted of six open ended questions. These were developed from the last two objectives of the study. The objectives are firstly to establish whether respondents view their participation in the PPPFA as an effective empowerment phenomenon for the development of the SMEs to achieve the goal of sustainable job creation. Second is the objective to develop an inclusive model that will increase the momentum in developing the construction industry SMMEs through the PPPFA. The envisaged model can be a complete approach to the secondary objectives of the PPPFA or tweak the existing model with control systems that will produce a desired outcome.

The crucial issue is the PPPFA and the SMEs job creation potential. Due to the importance of the topic of this study in the socioeconomic pressures of the public domains, it was important to probe into the perceptions, feelings and experiences of the business owners in the construction industry SME sector. These two necessitated the use of the same themes from the quantitative data collection instrument in collecting and analysing qualitative data as the demand for the Mixed Methods (Carcary, 2011). **Table 4.8** below summarises all the six questions according to their themes.

Carcary (2011), states that the progression of qualitative data analysis can be onerous when researchers try and engage manual processes hence nowadays researchers’ option to apply “Computer Aided Qualitative Data Analysis Software (CAQDAS). This study followed suit and adopted the software N-VIVO for the qualitative data analysis.

Number	Theme	Research Question
1	To establish the frequency of tender availability for the SMEs	How do Government tenders (through PPPFA) help you grow your business?
2	To establish the frequency of tender availability for the SMEs	What tender value do you prefer to bid for?
3	To establish problems encountered by SMEs in bidding for the public projects	What problems do you encounter when bidding for Government tenders?
4	Effectiveness of the Government initiatives in sustainable job creation	What obstacles do you encounter when employing people?
5	Extent to which SMMEs’ can create jobs after being awarded with the tenders	What are the main reasons for your failure to employ the CIDB expected number of employees?
6	Effective alignment of the PPPFA with job creation objectives of the government (goals clear to the SMEs)	What do you do with your employees when your business does not get any Government tenders?

Figure 4.5: Qualitative data themes

Livesey (2002), states that qualitative data analysis involves an array interpretive techniques or skills necessary to describe by decoding and translating the meanings behind respondents’ hidden feelings. Such meanings must be presented in the form of artifacts of narratives presented in the forms of different data. This therefore demands a high level of data management from the arrangement stage, coding, checking the relevance of codes, ignoring or recapturing some codes into the system until the data output can be interpreted in line with the themes of the research instrument (Livesey, 2002).

The questions were coded Q1-Q6, then captured in the N-VIVO programme that produced three nodes known as “Word Clouds and Tree Maps”. **Word Cloud** produced words frequently used to show the most frequently used words across all the responses to the open ended questions. The

Using the first question as an example again, the following words were highlighted, but in this time in their order of importance:

The Tree Maps picked up two sub-themes of the question. These are “tenders” and “grow”. These words form the roots of the maps. The word “tender” developed the word “getting” and from the word “grow” develop the branch “business”. These sub-themes serve as explanations to firstly the importance of accessing the Government tenders and secondly the resultant business growth.

From the two main words (tenders and grow) developed a common branch, that is the word “grow”. From these branches grow words “work, Government and help” which subsequently develop their branches of words such as “company, time, awarding, jobs and value”.

tenders	getting	work	company	consiste	subcon	subcon	lower	small	many	steady					
				little	money	expect	less	rare	elevate	even	const				
			time		registe	gain	enga	aroun	low	proje	unab	enou			
	grow	government		always		posse	flow	uplift	offer	end	govt	henc			
			awarding	comes		much		make	high	health	goes	pad	prog	exp	
growth					therefo	oppo		meas	bigge	exp	far	give	indu	lear	
	businesses	help	jobs	allow	better	skills		witho	differ	med	shar	app	bas	exp	
			value	continuo	big	grade		just	due	mer	fun	ped	sel	tak	an
						need		ment	giver	pers	kn	rel	dire	mdov	
									level	prog	oc	sec	extr	prdu	
													gen		

Figure 4.4: Data Output: Tree Maps

4.6.1 Question by question analysis

The questions were analysed in the same sequence as they were on the questionnaire. The presentation of qualitative data output was inherently in the form of words that were common in most of the responses. These words were highlighted by Word Cloud and Tree-Maps. Evidence of the presence of these words will be extracted from a few responses. These responses will be verified for validity through brief discussion in relation to literature of the previous studies. The qualitative data (Q1 –Q6) output is attached as Appendices 6 -11.

The systematic presentation of the data output in this section is achieved by identifying the common words as identified by N-Vivo, and highlighting them as the key to the meanings of explanations of the respondents. A few of the responses will be discussed to find meanings behind the explanations.

4.6.1.1 Question 1 (Q₁)

The first Question probed the feelings and perceptions of the respondents about growing their businesses through the Government tender systems.

- **The Word Cloud** highlighted the top 10 (ten) words. When arranged in the order of their boldness, these words are “**tender, growth, getting, work, government, company, business, help and time**”.
- **The Tree-Map** also picked up two sub-themes of the question. These are “**tenders**” and “**grow**”. These words form the roots of the maps. The word “tender” developed the word “**getting**” and from the word “grow” develop the branch “**business**”. From the two main words (tenders and grow) developed a common branch, that is the word “grow”. From these branches grow words “**work, Government and help**” which subsequently develop their branches of words such as “**company, time, awarding, jobs and value**”.

Both Word Cloud and Tree-Map outputs demonstrate a relationship in that they have identified the same word as common in most of the responses to the first question. To verify the presence of the words in the responses, few of the answers were reviewed. Those responses with the words are analysed and evidence can be seen in following quotes:

Respondent₁: stated “*the Government tenders are not consistent. So there is no business **growth** from them. We always subcontract to big **businesses** even for lower **tender** values*”.

Respondent₃: stated “*The Government tenders do not **help** us grow because we only get low value tenders stated (Jaksic & Jaksic:). We always subcontract to people we do not know in the area*”

Respondent₄: stated “*We do not get tenders to **grow** our businesses all the **time**. **Government** tenders only get awarded once*”

Respondent₄₁₂: stated “*you always get the minor overlooked **jobs** that makes (Jaksic & Jaksic:) no difference*”

Respondent₄₁₄: stated “Government tenders are not consistent, so there is no **business growth** from the tenders.

The presence of identified words can be noted in bold.

The evidence from the majority of the responses shows that SMEs do not relate the growth of their businesses to the Government tenders. They seem to have a notion that the amount of work that they get through participating in PPPFA is not sufficient to grow their businesses. The words identified from the responses above give explanation to a number of perceptions and how the SMEs feel about the PPPFA processes. These explanations point out that infrequent and inconsistent awarding of tenders to the SMEs is a major contributor to the failure of the construction industry businesses participating in the PPPFA.

The public officials responsible for the implementation of the PPPFA have been criticised heavily for failure to deliver on the key performance areas of the policy. They have been labelled as incompetent and negligent in dealing with the SMEs. It is therefore by no surprise that the respondents feel aggrieved that their businesses can never grow if they are only dependent on Government tenders (Phoebe, 2016).

4.6.1.2 Question 2 (Q₂)

Question 2 looks into the tendency of the SMEs in choosing the tender values. It is important to check on the SMEs owner level of ambitions and determination to grow, as this has a positive impact on their competitiveness and job creation. Bolton (2016) states that entrepreneurs with the drive to grow always display a high level of innovation and end up competing internationally. The revenue generated from the Government tenders contributes to the financial capabilities of the business and that is a consequence of the promotion of SMEs from the lower to the upper grades of the CIDB (Chimucheka & Mandipaka, 2015). Contractors that consistently bid for the small projects with lower value jeopardise their chances of financial improvement, however, SMEs may have reasons for doing this. The only possible way through is to bid and win far more than one tender in a year.

- The Word Cloud identified the top ten words as “tenders, lower, grading, bid, apply, higher, value, always, and chances”.

- Tree-Maps identified “tenders and lower” as the roots for words that were often used in the responses. The first branch of these words was “grading and bid” followed by “apply, small and always” and subsequently “big, higher, value and chances”.

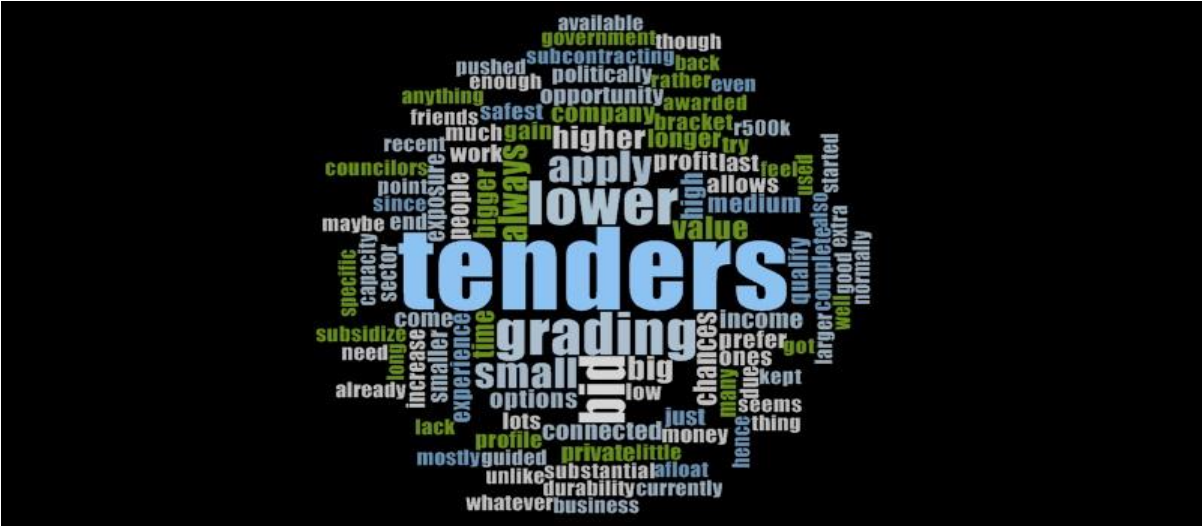


Figure 4.4: Q2 Word cloud Data Output

tenders	grading	apply	big	high	time	bigger	options	profit					
				medium	allows	experien	prefer	qualify	gain				
			higher	company	ones	last	opportu	just	private	brack			
		small		longer	work	low	try	compend	incre	profil			
	bid		value	connecte	come	lots	mor	end	use	see	cap	coun	frie
lower		always	income	expos	many	polit	poir	larg	pus	afl	alsan	bu	
			chances	people	smalle	sector	little	sub	god	unl	math	alre	ava

Figure 4.5: Q2 Tree maps Data Output

Again, both Word Cloud and Tree-maps identify the same words that appear often or are highly favoured by the respondents. Following are the responses made up of the identified words:

Respondent₃₉₄: stated “I only **apply** for **small tenders** to increase my chances of getting tenders”

Respondent₃₉₃: stated “My profile only allows me to **bid** for medium tenders. There is more opportunity (Jaksic & Jaksic:) there”

Respondent₃₂₃: stated “My Company does not have the capacity to bid for **big tenders** so I only **bid for small tenders**”

Respondent₂₅₆: stated “I prefer **lower tenders** because **higher** ones are for politically connected people”.

Respondent₁₀₀: stated “I always prefer lower bracket tender **values**, because the higher bracket **values** are for the politically connected people”

The dominating feeling and the perception by the SMEs is that bidding for lower value projects gives them a better opportunity to win the tender. This may be true, however, cognisance must be taken of the fact that big companies are not restricted to any size of Government projects. With that in mind and considering the big players’ capabilities, SMEs concentrating in bidding for small value projects becomes a worthless exercise. In essence, SMEs have a ceiling for tenders that they can bid for, therefore making use of that opportunity makes more sense than remaining at the lower end of the scale.

Aigbavboa and Thwala (2014) state that SMEs in South Africa face a myriad of factors leading to their failure. The construction industry seems to be faced with more complex hindrances, since it lacks the bargaining power when tendering for the Government projects. SMEs end up opting for lower paying projects, and as a result have shown a very low growth rate (Aigbavboa & Thwala, 2014). Their cash flow is further debilitated by delays in payment of projects after completion. The most discouraging factor is that Public Procurement officials always perceive SMEs as informal businesses with very little experience. These officials’ perceptions discourage the SMEs from bidding for projects of the maximum value of their business category or CIDB Grading. The question remains as to how the construction industry SMEs will be able to create sustainable jobs if they do not open the scope of their source of work. The responses simply point out that construction industry SMEs prefer to play it safe in their participation in the PPPFA. They would rather run the risk of stagnation in their businesses. Consequently, there will either be no growth, or growth realised through participation in PPPFA will be too small, thus leading to continued failure of the SMEs to create jobs.

Because of the business risk and volatility of the markets, most SMEs prefer sticking to what they have instead of exploring further scope and possibilities to grow their businesses. Companies that

find it risky to pursue growth opportunities are always encouraged to do so by business news headlines. These always highlight the failures of businesses that take risks in quest for growth. Machado states that theories developed for business growth often focus on big businesses. This has incorrectly created the perception that a low risk business approach is absolutely safe. There are well known cases where this approach has forced many companies to file for bankruptcy. Other top business gurus refer to this approach as a conservative move to keep the business on a steady growth path. It is true that not many of such theories for growth can be applicable for both big and small businesses, however, there is certitude that growth is decisive to the survival of the business. SMEs must be visible on the radar in order to be considered for the lucrative business offers (Machado, 2016). Too many business opportunities can slip away easily if the company has never been exposed to somewhat fierce markets. If construction industry SMEs in KZN keep settling for low value Government projects instead of going for greater value, they will be setting themselves for a slow march to failure.

4.6.1.3 Question 3 (Q₃)

The third question examines the SMEs' experiences when they engage in tendering for Government projects. The most important facet of this question is the aptness of the contractors' reaction to business challenges. Risk in business is often taken as a recipe for success in the entrepreneurship world. Without risk and other business challenges, entrepreneurs experience very slow growth in their businesses. Perceptions of many academics and the public opinions are that SMEs do not benefit as expected from the existing PPPFA (Botha, Smulders, Combrink & Meiring, 2020; Giddy, Idahosa & Rogerson, 2020; AMBE, 2019). There are many factors contributing to such adverse results. Many that are commonly cited as bad experiences for the SMEs include but are not limited to incompetent Public Procurement personnel, corrupt officials and unwarranted political interference (Sarawa & Mas' ud, 2020; Botha, Smulders, Combrink & Meiring, 2020). As mentioned earlier on, the administration requirement adds to these difficulties (Aigbavboa & Thwala, 2014).

- **Word Cloud** picked up quite a few words such as “**tenders, forms, time, people, companies, change, bid, always, awarding, corruption, process, much and documents**”.

- **Tree-Maps** picked up the same words, having the first three main ones as “**tenders, forms and time**”, then the first branch being “**people, companies, much and change**” and subsequent branch is “**bid, always, corruption, awarding, pay and process**”

The appearance of the words can be identified up from the majority of the responses. Just a few responses are quoted as evidence below:

Following is some of the evidence as extracted from the responses:

Respondent₁ stated that “*There too many **documents** to fill in and only certain people win the **tenders**. Most **companies** must subcontract to those who win the **tenders** all the **time**. We are also expected to **pay** for documents even when we have no money”*

Respondent₂₁ stated that “*The **corruption** is too **much**”*

Respondent₁₅₈ stated “*The selection **process** tends to be questionable, because sometimes **people** are **awarded** tenders not based on merit but associations”.*

Respondent₃₃₅ stated “*We are expected to **pay** for **forms** that constantly **change**”.*

Respondent₃₄₄ stated “*It helps having someone on the inside to help your **bid** to be considered”.*

Respondent₄₀₃ stated “*The money for buying the **forms** is the first problem. Thereafter the forms are not the same all the time”*

Most respondents seem to claim that the application forms are difficult to fill in and are always modified with little or no explanations to such changes. Another problem common to most of the SMEs is the competition against big players in the construction industry. They claim that due to having sufficient resources, it is easier for the big companies to always offer the lowest prices when they bid for the same tender. The bigger companies have an advantage of competing at all levels of projects, while SMEs have a set ceiling. There is also an allegation that the Public Procurement officers intentionally do not explain to everyone the changes made to the application forms. These changes are only explained to those companies already earmarked to win the tender. There are other corruption allegations made through the responses to this question.

The flaws in the Public Procurement are so profound that even the South African Government Treasury Department acknowledges that some of the forms and tender documents are unnecessary

(Lungisa, 2015). The element of corrupt officials administrating the PPPFA stands out in this section. It is worth noting that some corrective measures must be taken to eliminate such acts of irresponsible individuals.

Harris and McCaffer (2013) state that every organisation has a business model of which business process management forms a key component. Business process management controls the elaborate intricacies of the standard operating procedures and how every process of the business should work. Some of the key elements of process controls focus on:

- Consistency of the procedures in different departments to ensure the conformity of the processes with the required outcome
- Identification of the training and induction requirements for the employees in order to minimise or eliminate common failures

Sound business process management is modelled around continuous improvement. This is done by exploring different options for performing tasks. Continuous improvement pinpoints exactly the impact of inefficiencies and where they exist. It is thus important to keep consistent control over efficiencies(Harris & McCaffer, 2013).

4.6.1.4 Question 4 (Q4)

This question looks into SMEs and their commitment to job creation. This question first seeks to uncover human resources problems such as skills shortages, steep statutory requirements or any issues preventing the construction industry SMEs from contributing to fighting problems of unemployment. Second, the question looks into the SME's perceptions about the significance of sustainable job creation for the growth of the economy of the country so that more business opportunities may be created.

Irrespective of the business size, when it comes to business needs, human resources become of first importance. The primary human resources objective of every business is to hire, develop and maintain of a strong workforce that helps the business in gaining competitive advantage ahead of other players in the industry. In South Africa, SMEs are defined by the number of people they employ, specifically the construction industry CIDB grading. Therefore, human resources are not

only the SMEs valuable assets but also a requirement for growth and development, as they qualify the business to be upgraded.

Cant and Wiid (2013) state that it is important for the business, regardless of its magnitude, to adopt human resources practices that ensure development of employees in order to increase their productivity. However, SMEs lack interest in this important function, as they often regard effective Human Resources practices as additional cost (Cant & Wiid, 2013). The number of employees stipulated in the CIDB definition of SMEs is thus perceived as a bureaucratic decision that adds more administrative burden to the operations.

Fatoki (2014) divides the ability for SMEs to create jobs into two distinct constituents. These two distinctive elements are internal and external to the business. Internally, most entrepreneurs need formal business training so that they can devise effective functional strategies to plan, organise, lead and control their businesses. The business becomes highly competitive when both management and workforce understand those factors impacting favourable on customer service. Highly competitive businesses are susceptible to growth and creation of more jobs (Fatoki, 2014). External factors include costs involved with doing the business, non-availability of work, competition as well as crime related activities. In most cases, SMEs have no control over these external factors (Fatoki, 2014).

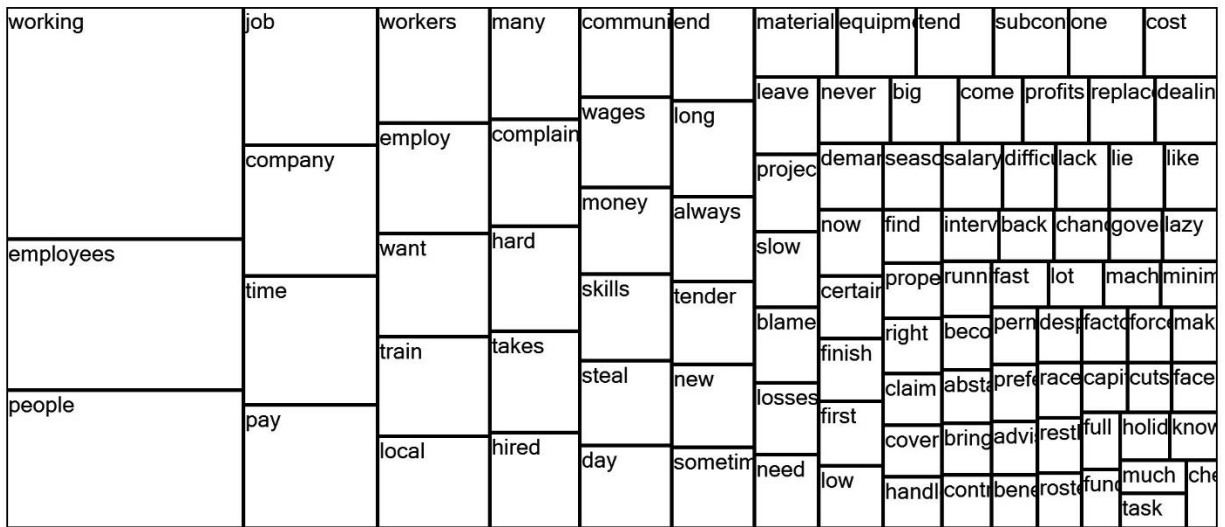


Figure 4.8: Q₄ Tree Maps Data Output

Following is the evidence from some of the responses associated with the words picked up for analysis:

Respondent₂ *“The communities intervene when you employ local people. It is better to bring your own people and only employ those brought to your company by the local Councillor”.*

Respondent₆ *“Employees to subcontractors are difficult to handle because it is not permanent and therefore you have to lay off a few people once the job is done. Sometimes the people do not do a proper job and complain when you terminate their work contract, (now you have to deal with legal and finish the required job)”*

Respondent₂₀ *“At times the employees steal equipment and material and that has to be replaced. Insurance does not pay all the time”*

Respondent₂₁₅ *“to work for subcontractors because when the main contractor does not pay, employees of the subcontractor get no wages. It is also difficult to get skilled people like bricklayers as they always prefer working for big companies, and their payment terms are ridiculous”.*

Respondent₂₂₅ *“Seasonal employees are not to be trusted because they change companies all the time and drop you fast. When big jobs come about it hard to find trained employees for the job”.*

Respondent₄₁₃ *“They are not reliable employees. They try to do the littlest of work for a full day’s pay”*

Most of these words appear in the responses, where experiences, perceptions and feelings of entrepreneurs suggest that SMEs get most of their work from sub-contracting. Subcontractors do not attract skilled and reliable employees, as people prefer working for the main contractors. In most employees’ minds the pay is more important than a job, meaning that the labour market for SMEs is infested with unmotivated employees. There are also issues of political interference where counsellors of the wards where projects are concerned bring their people for employment. This forces the SMEs to live with mediocre workers. The issue of subcontracting was dealt with in the discussion of quantitative analysis above.

In South Africa, the Labour Relations Act, was promulgated in 1995. On realising that SMEs would crumble under most of the regulations under the Act, it was agreed in 2005 that an arrangement would be made to review the Act and provide exemptions where necessary. These exemptions were aimed at reducing financial burdens on SMEs. They included taxes, levies and registration of employees (Benjamin, 2006). After tense political debates, SMEs realised that such a review only dealt with administrative issues pertaining to red tape in employee registrations. That was the only law requirement which was made SME friendly. The rest remained as they were (Benjamin, 2006).

The most important labour laws that impact on construction industry SMEs are those intended to protect employees from working longer hours, ensuring that minimum wages are paid and the right of affiliation to trade unions (Benjamin, 2006). Responses indicate that SMEs are not keen in registering employees, which raises a question of the authenticity for compliance certificates that are necessary when bidding for the Government tenders.

4.6.1.5 Question 5 (Q5)



Figure 4.9: Q₅ Word Cloud data Output

employees	company	requires	permanent	government	money	next	one	uncertain	maintain	make	officials				
			staff	cidb	current	often	private	time	used	want	grade	paid			
	number	afford		become	projects	flow	provide	capital	hire	list	training	high			
			small		available	income	season	enforce	howe	infraspay	posse	subcc			
employ	people	amount		constant	due	unders	take	guide	also	depe	effor	extra	imp	lazy	
			workers		know	hard	difficult	force	mand	appl	like	rath	rece	rend	roste
			enough		need	must	inspec	force	much	awa	mad	sav	tell	trans	unbe
many	tenders	work						sustain	strict	cash	min	stan	unne	worth	bee
								always	treat	ched	over	stea	usel	bough	dor
														cost	

Figure 4.9: Q₅ Tree Maps data Output

Most literature points out that SMEs are reluctant to adhere to the employment quotas as specified in the definitions of their grades. This question looks into the SME compliance with the CIDB requirement to employ a specific number of people. Irrespective of the problems associated with the type of labour market, SMEs are required to commit to the specified numbers. SMEs are

internationally renowned for job creation. Therefore, the South African Government SMEs definition includes the number of jobs created. It is also known that SMEs fail to grow and most of them disappear at the infant stage due to difficulty in accessing necessary resources. It is for this reason that the Governments focus on the development of the SMEs so that they can survive, grow and create jobs (Pellissier & Nenzhelele, 2013). The question is how SMEs persuade the CIDB for upgrades if they are not compliant with the employment definition of upper grades. For analysis, both Word cloud and Tree-Map picked up the following words in the order of their importance to the respondents:

“employees, employ, many, company, number, people, tenders, requires, afford, amount, work and government”

Following are some of the responses where these were picked from:

Respondent₁- *“One cannot employ permanent employees due to uncertainty as to when the next Government tender will be available. It is important to save money for making application for tenders rather than employing people. The inspectors also understand that we cannot employ many people”.*

Respondent₄ *“CIDB does not force us to employ any number but we know from the Government officials that we must employ. However, these officials understand that we are always subcontracting”.*

Respondent₄₈ *“Having that number of employees requires that you a constant flow of tenders/private projects but we do not possess that infrastructure”.*

Respondent₉₁ *“As a small company we cannot afford to sustain more than the employees I currently have”*

Respondent₁₆₂ *“There is not enough work to hire as many people as desired by the CIDB”.*

The responses indicate clearly the reluctance of SMEs to employ the numbers specified by the CIDB. The other concern is the lack of control measurements for such an important objective. This evidence shows that the control measures set up in place by the CID are not synchronised with the procedures of the other Government Departments responsible for infrastructural development.

CIDB publications are still reporting an increase in the number of jobs created. The job creation multiplier is lately calculated on jobs created per R1 million investments. This means that every tender project offered to the contractor will yield jobs which defies the meaning of sustainable job creation. The same contractor can use the same employees in the next project and the report will keep reporting jobs added (Perumal Pillay, 2017).

The construction industry SMEs sees the existence of the CIDB as causing the attrition in their growth and development, rather as assisting in that same regard. As a result, the SMEs have crafted ways of getting around the issue of employment and compliance when they apply for upper grades. Contractors also understand the lack of proper controls that ensure CIDB has access to project review documents (Perumal Pillay, 2017). There are number of loopholes in the system, and SMEs easily get away with unregulated labour practices.

4.6.1.6 Question 6 (Q6)

The Government in Kwa-Zulu Natal has an employee lay off scheme through which employees registered for UIF can apply through the Department of Labour for an income while being temporarily laid off due to the scarcity of Government projects for the SMEs. This lay off scheme serves as a relief for SMEs workers and others, as and when there is no work available. It is therefore imperative for SMEs to register for UIF so that the employees can subscribe to such benefits. The UIF subscription is 2% of the individual employee's wages. The 2% subscriptions are split between the employee and employer at 1% each. The employers are responsible for making the employees' contribution deductions and submitting them to the South African Revenue Services (SARS).

This question explores two most important aspects of this scheme. Firstly, the SMEs understanding of the existence of such schemes, and secondly the SME experiences and perceptions of such schemes. Following are the words that were picked up by the Word Cloud and Tree-Map for analysis:

“working, home, stay, employees, company, projects, workers, jobs, tenders, employ, seasonal and Government”.

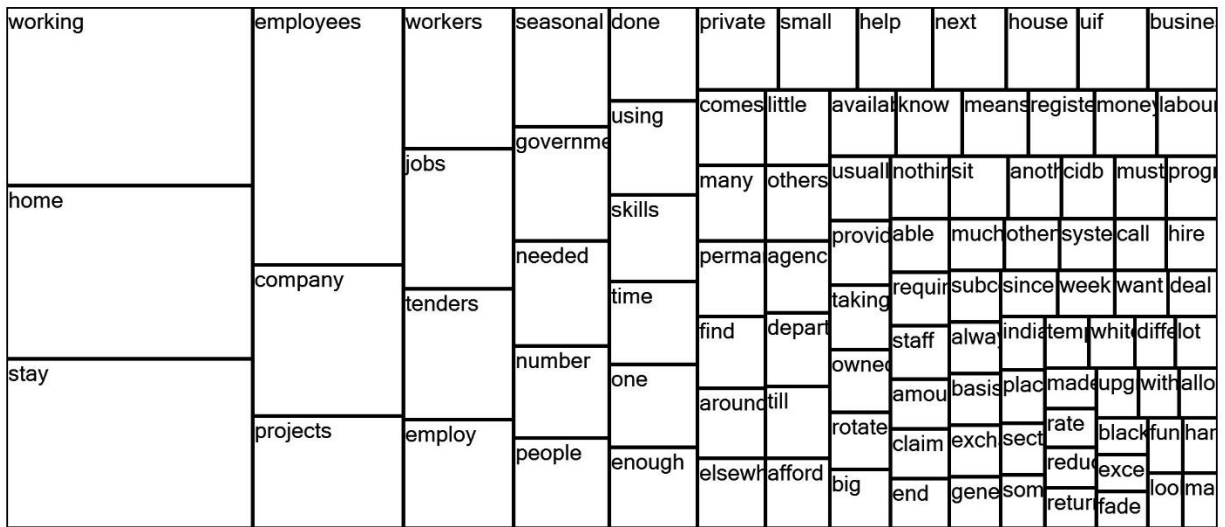


Figure 4.12: Q₆ Tree Maps data Output

Respondent₂ *“The employees know that they must stay at home until the business is able to get another Government tender. All contractors do the same”.*

Respondent₆ *“Since their skill set is labour work that they are able to find work elsewhere till we have more projects”*

Respondent₅₁ *“Most of the workers do brick-laying work for other construction company. When there is no work, they stay at home. If they are registered with Department of labour, they go and claim from UIF”.*

Respondent₇₀ *“To keep their skills up I usually ask other companies to employ them and I subsidise their salary”*

Respondent₉₀ *“The majority of the people working for me stay home unless there is a big enough project to include them”*

Respondent₉₁ *“I have little workers that I need so the rest of the seasonal workers are deployed elsewhere to other companies till they are needed. Most of the employees end up staying home (Jaksic & Jaksic:)”.*

The analysis of these responses indicates that most SMEs are not registered, and only a few of them register their employees with the UIF. This is another evidence of the effect of the high level of subcontracting in the construction industry SMEs.

Conclusion

In summary, through the application of mixed methods of both qualitative and quantitative research, the study has produced a wealth of meaningful information. With the help of the computer software packages i.e. SPSS for quantitative data analysis and N-VIVO for qualitative data analysis, the chapter was able to present output from both analyses in a scientific manner. In quantitative analysis the variables were described as correlations and cross-tabulations. The Structures Equation Model also helped confirming the fitness of other items that could not be confirmed through confirmatory factor analysis. The descriptive data were presented independently but following the same objectives of the study. The data outputs in the form of Word Clouds and Tree-Maps were presented with the relative analysed responses.

For quantitative data analysis, themes were formulated from the research objectives. These themes were not designed to specifically separate quantitative and qualitative data. In other words, some information solicited by closed ended questions could also be solicited by open ended questions as the idea was to get both types data. Qualitative data used the research objectives as the framework for designing open ended questions used in the questionnaire. The results presentation was in both tables and graphs. Explanation of some terms was done with the help of the readily available literature.

Summary of the results, conclusions and recommendations will be contained in the following chapter.

Chapter 5

The summary of the key findings

5.1 Introduction

In the previous chapter, both quantitative data outputs were displayed separately. Since this study applied a mixed methods approach, the findings need to be converged and integrated. In this chapter both data will be summarised using joint displays that array the quantitative and qualitative results simultaneously (Guetterman, Fetters, & Creswell, 2015b). By so doing, the key finding summary will conclude by presenting a single summary of results. This is a choice made by this study as there is no specific stage forcing the study to integrate the results (Rai, 2018).

The first step will be displaying the quantitative results under the six Theoretical Framework components, i.e. the policy/political agenda, the strategic management, process management, performance management and sustainable job creation. Qualitative data findings will be linked to each component according to the qualitative data collection instrument. In summary of the chapter, the results will be displayed uniformly as findings (Guetterman et al., 2015b) .

5.2 The summary of key findings

On reviewing the literature, a number of theoretical perspectives and models on public procurement were observed and the acknowledgement was made of their contribution to different fields of business management. For the purposes of this study, the Theoretical Framework for Public Procurement Performance Evaluation by Schapper, Malta and Gilbert (2006), was adopted. The most important components of this model are Policy and Political Agenda, Strategic Management, Process Management and Performance Management (Juszezyk, Kozik, Leśniak, Plebankiewics, & Zima, 2014). Underpinning these components are important coordinates that ensures interconnectivity of the functions so that the overall goals of the public procurement are achieved. These coordinates are objectives of the public procurement, efficiencies, accountability, conformance and management. It was clear that achievement of the objectives is attributed to the efficiencies of the processes, while accountability is contingent on conformance via performance management. Working conjointly with the purpose of the research, the components of the Framework made a clear focus on sustainable job creation.

Furthermore, Structured Equation Modelling was used in loading the data collection instrument as well as the sustainable job creation as a resultant factor into the Theoretical Framework. It was through the Theoretical Framework that the key findings of the research were summarised.

5.2.1 The component - policy and political agenda

Dawar and Oh (2017), highlighted two important factors to be taken cognisance of whenever policymakers embark on socioeconomic development through job creation. These were firstly the participation of small to medium sized businesses in Government sourcing of goods and services. The second element was the State interventions in driving growth and development in those SMEs (Dawar & Oh, 2017b)

Four factors loaded into this component and those were:

Policy/Political Agenda			
Positive Connotation	Response Rate	Negative Connotation	Response Rate
There is no political interference in the Government tender system:	Agreed: 60%	I do not know how to appeal and receive elements of my business application deficiency in the tender process	Agreed: 63%
<ul style="list-style-type: none"> My employees benefit from the Government lay off scheme 	Agreed: 70%	The Government does not set aside projects for emerging contractors	Agreed: 70%
Qualitative Findings			
Number Research Question		Findings	
1. How do Government tenders (through PPPFA) help you grow your business?		1. Obtaining Government tender awards is not easy, consequently there is no business growth from them. Mostly SMEs subcontract to big businesses	
2. What do you do with your employees when your business does not get any Government tenders?		2. During idle periods, employees fend for themselves to find income from UIF or other schemes.	

There are two important categories of issues raised by the findings related to policy and political agenda, firstly statements with positive reflection on the PPPFA policy and the other two reflecting the negative connotation thereof. The first category consists of two statements, the first

one confirming the existence of good policies that keep political influence away from interfering in the Government tender system. The second one confirms the existence of the Government employee lay off scheme that benefits construction industry SME employees during the dry season. These findings opportune the policymakers to reinforce its policies in both regards. In particular, the policymakers must ensure sustainable controls for keeping out any politicians from interfering in the public procurement processes. Studies conducted in other countries indicate that political influences on public procurement systems are the common drawback in socioeconomic developments worldwide (Flynn et al., 2015; Musa, 2015). Most of the non-politically appointed Public Procurement Officers become aware of these practices but in fear of losing their jobs, they do not make any attempts to redress the situation. In most cases, those officers with ambitions to advance their careers are discouraged by the fact that key functions in the procurement divisions are occupied by politically appointed officials. This brings about a compromise to and bypassing of any existing management control systems happens (Musa, 2015). The political interference in the awarding of the tenders is discrete, however, the discrepancies in the frequency of tender availability to certain sector of the SMEs becomes transparent. Politicians influence from the background and procurement practitioners are compelled to reluctantly carry out the obligation of manipulating the tender processes in favour of those pre-identified suppliers of services (Flynn et al., 2015). The concern in countries where findings of studies similar to this is always that the criterion for passing through the pre-selection category is being connected to people sitting in high chairs in politics (Munzhedzi, 2016a).

The second category of the findings related to policy and political agenda is that of two statements that raise a concern in terms of helping the SMEs growing their businesses to the level where they can create jobs. These statements reveal that SME owners do not understand what procedure to follow when they need to challenge the outcomes of the bidding process. In conjunction with the lack of understanding the appeal procedure is the lack of feedback on deficiencies leading to the failure of their applications. As much as the government officials responsible for the adjudications of the tender documents are capable of making errors, the bidders also commit errors that eliminate the chances of bidding successfully in the tender.

Smith (2019) points out to the number of errors resulting from the shortfall of good practice in public procurement process designs. These errors are in no way referring to fraud, corruption or

deliberate bias. These are errors in the sense of an outcome that could be challenged through the appeals procedure or even legally. Such errors can be assigned to both the bidders and the officials preparing the tender documents. In the absence of the appeals procedure to be followed, these errors may accumulate within the system to the point where cracks start to appear, and by that time they may have cost the state billions of money through inferior quality work or lawsuits (Smith, 2019). The most common errors that can be committed by the officials responsible for tender document preparation are faulty processes, process not being followed and amendments after the projects have commenced.

An example of the faulty process is that a formula for calculating scores in the assessment of bidders could be logically incorrect (Smith, 2019). On reviewing such formula on appeals can save both the Government and the businesses. Logically incorrect processes normally result from an out of date set of figures such as the Net Present Value (NPV) of money, inflation rates and in some other countries the socioeconomic status change of the community. An example of the socioeconomic status change of the community is when certain groups of people are included or excluded from the previously disadvantaged people. The documents instead remain the same even when the exclusion/inclusion clauses have been reviewed (Smith, 2019).

At times processes are misinterpreted, especially the new employees responsible for the technical aspects of the tender documents. A single misinterpretation can lead to disqualifying eligible and competent bidder. The same applies to the amendments that follow after the projects have commenced. Bidders with potential are excluded on the bases of different aspects that were not necessary or very important in the first place. This is very common when health and safety risks unexpectedly come into play during the project execution.

Other errors can be inadvertently committed by the bidders during the filling in of the documents. On appeal, the business, especially the SMEs can be able to correct themselves and stand a better chance when bidding for the Government tender in future.

Juszezyk, Kozik, Leśniak, Plebankiewics, and Zima (2019), point out to four most common errors committed by the bidders. Firstly, the scope of project design highlights specific skills and qualification levels needed in the execution of the project. In most cases SMEs do not possess highly qualified skilled employees. Some employees take advantage of that and present themselves to be employed in places where they are less qualified. The appeals procedure can

identify such shortcoming and the contractor will in future find suitable skills for relative to the requirements of the projects (Juszezyk et al., 2014). Secondly, bills of quantities are often too complexed and demanding of specific methods of calculations. Without such expertise, the bidder will always run a risk of inadequate materials identified in the bidding document. Thirdly is the health and safety requirements of the projects and fourthly the complications of technical specifications. These are mostly misinterpretations either by the lack of technical expertise leading to a mere omission of important items (Juszezyk et al., 2014).

The second statement of concern is that the Government does not set aside projects for emerging contractors. In conjunction with the finding from qualitative analysis where SMEs state their frustration caused by lack of tender opportunities, this finding brings up the issue of subcontracting which has a very low growth opportunity. It is understandable that SMEs lack capabilities to compete with big players in the industry. Projects set aside can increase the chances and the number of SMEs participating in the PPPFA. Currently SMEs in the construction industry in South Africa source their work predominantly from the Government. Japanese Government had the same problem as the private sector had many concerns about using SMEs as they categorically fail in supply chain management principles. The Government then decided to model the Japanese procurement policy around the consistent supply o set aside projects for the SMEs. Realising the importance of expanding the market for SMEs within the public procurement, the set asides had a budget of 50% of the Japanese Government purchase of goods and services (Shimizu, 2013).

Murphy (2017) states that in any business, the market performance outcomes determine its sustainability (Murphy, 2017). It is in this regard that market regulations help influencing business rivalry to ensure that big business do not bulldoze the smaller ones by unfairly dominating the market, especially the Government market existing for socioeconomic development. Big businesses always boast about their financial capacity by pricing their services and products very low. This is their grand plan to exert pressure on vulnerable small businesses to lower their product prices in order to be the best in price competitive in the market (Murphy, 2017). Smaller businesses are consequentially forced out of the market. It is for these reasons that in America, as far back as the 1930s, certain Government projects were defined as set-asides for SMEs (House-Soremekun, 2007). When subjected to measurements such as the number of

years in business and profitability, SMEs participating in the Government set-aside programmes were found to be far better off than those that did not. A warning is sounded though, that sometimes these set-asides breed a time of content, where SMEs do not bother about an aggressive approach to the markets. Clearly, no entrepreneur can put the fate of his/her business growth on job set asides (House-Soremekun, 2007).

From the qualitative analysis, the policy is weak on creating opportunities for permanent employment as the SMEs consistently lay off employees during idle times where no subcontracting opportunities occurs.

In summary, the feedback of both the successes and the glitches in the PPPFA system is of crucial importance to the policymakers and the politicians. Policymakers are responsible for the policy reviews to strengthen the success factors as well as addressing the weaknesses in the system and reestablish those factors. Politicians must also report accurately on the success and failures of the agendas designed to improve socioeconomic status of the country.

5.2.2 The strategic management component

Strategic Management plays a key role as a component of the public procurement model in that, it capacitates the public procurement system and fulfils the needs of the strategic planning elements (Madira R Selomo & Krishna K Govender, 2016). Such important role must be visible in the delivery in key performance areas of the PPPFA. In short, strategic management develop and cascades **the policy** objectives, analyse and prepares the environment to be conducive to the demands of the operational strategies, as well as ensuring that management plays its role across the organization.

Mamiro, (2010) states that strategic management of the public procurement provides a strong support to the policy which is the caretaker of the strategic objectives and the realization of the fulfilment of both value for money and socioeconomic agenda. It is therefore compelling that strategic management formulates procurement plans that will deliver on policy. Among other things the procurement plans must outline aggregate procurement requirements to integrate bid processing activities from the

initial to the final stages. Above all, strategic management function must incorporate the mechanisms to actively manage risks associated with the project (Mamiro, 2010).

The model shows that three statements of the questionnaire loaded well into the strategic management component as follows:

Strategic Management		
Theme	Statement	%
H16	I often lay off employees during the idle periods	62% Agr.
E7	SMEs have no access to the Government tender adverts in order to bid	72% Agr.
C2	In KZN, all businesses do not benefit equally from the Public procurement policy framework	59% Agr.
Qualitative Analysis Findings		
What tender value do you prefer to bid for?	SMEs usually apply for small tenders to increase chances of getting tender awards	

The first statement may not be that important in the results as it demonstrates the importance of the Government lay-off schemes which does only benefit construction industry SMEs but other sectors as well. The two statements of concern are firstly the SMEs inability to access the government tender adverts, and secondly the discrepancy in business benefits from PPPFA. Responses to both statements indicate that these two statements correlate and can be treated simultaneously. This is deducible from the fact that SME experiencing difficulty in accessing the adverts lose out on the most crucial opportunities and as a result they will not stand the chance to benefit equally as those accessing the adverts with ease. This finding may reveal a breach of terms of the principle of Government transparency in their dealing with the public.

The lack of transparency in the public procurement policies can be highly depressive to the small business owners and that can bring about a feeling of despondency. Akenroye and Aju (2013), state that the significance of the public procurement policy for SME development always becomes a topic of debates when the procurement officials do not make certain that the very same SMEs gain access to the adverts of the Government tenders and the access to the bidding documents is

guaranteed. Where social sustainability policy prevails as the objective of the public procurement, this accountability lies in the hands of the policymakers and the strategic management teams. Consequently where SMEs drive job creation efforts, the public procurement practices must be unquestionably SME friendly (Akenroye & Aju, 2013). Bawole and Adjei-Bamfo state that prominence of the SMEs in doing business with the Government pivots on the processes that guarantee equal treatment, principles of non-discriminating procedures from the project proposal stage to the final stages of awarding the tender. Transparency is always key in the proportionality for the SMEs to choose any particular project advertised (Akenroye & Aju, 2013).

In the public procurement, advertising tenders and other communication strategies aimed at broad distribution of information about tenders are regarded by the procurement officials as typical sunk costs (Bawole & Adjei-Bamfo, 2019; Mamiro, 2010). As a public entity, the Government must always be aware of the public's greater concerns about transparency, fairness and equity in the public procurement activities (Thai, 2015)

To show a concern for distributing information about the tenders, advertisements must be posted at least twice in media of relative circulation, be it local or national, depending on the category and magnitude of the tender (Bawole & Adjei-Bamfo, 2019). In the remote and rural areas of Tanzania, simple adverts that can be easily accommodated on a single page are always posted in the centres used as polling stations. What is important is the description of the tender and the size of the company qualifying to bid as well as the closing dates. The rest of the information is obtainable from the Government websites and the central procurement offices on the collection of the tender documents (Mamiro, 2010).

Qualitative analysis also indicates that businesses do not benefit equally from the PPPFA. As a result, most SMEs have opted to only bid for tenders of lower values which has an adverse effect on job creation. In conjunction with finding from quantitative

data analysis, where tender adverts are an issue to the SMEs, it is of a serious concern that SMEs lose out on greater opportunities for growth. There seems to be a lack of information on how to bid for the Government tenders.

5.2.3 Process management component

Jeston (2014), highlights a very important aspect of process management in that whether in public or private sector, process management is underpinned on achievement of objectives through improved efficiencies (Jeston, 2014; Tregear & Jenkins, 2007). The alignment of process management with other business disciplines such as the strategic objectives, governance, updated methods, information technology, people and the culture (Rosemann & vom-Brocke, 2015) is of high importance in order to deliver on the overall business strategic plan (Jeston, 2014).

Process management also includes concepts that constitute the fundamental building blocks of all the processes followed in the function execution, methods that should be followed to attain the expected output as well as the techniques, in particular because procurement function often requires high level of technical skills where applications require scientific methods. These concepts are necessary to support the project designs (Randelović, Milojević, & Radosavljević, 2018). Due to their engineering and other specifications, construction projects particularly dictate what specification and relevant skills form part of the process management. Moreover, process management consists of a certain amount of administration, configuration of different procurement models and analysis of business processes that will come into play during the project execution (Randelović et al., 2018).

The results of this study indicate that two items that loaded into process management function and these are shown below:

Process Management		
Theme	Statements	%
F10	CIDB registration is an easy process	65% Agr.
D4	I do not understand the procedures followed by SMEs when bidding in the Government tenders	74% Agr.

<p>What problems do you encounter when bidding for Government tenders?</p>	<ol style="list-style-type: none"> 1. The process of filling in the tender documents is not easy. 2. Corruption is a hindrance obtaining tender awards. 3. Payment of start-up fees e.g. tender documents and registration with CIDB.
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The first item refers to the mandatory requirement set out as a condition in the tender document specifications that SMEs meet. Without exception all SMEs desiring to bid in the Government tenders must be registered with the CIDB. Coupled with a number of requirements constituting the red tape to register with CIDB is the complication of filling in the application forms.

Although not part of the findings, apart from that, KwaZulu-Natal only has one central CIDB office in Durban that opens and closes during normal office hours. This means that people travelling as far as from the rural areas of Manguzi must sleep over in Durban in order to avoid standing in a long queue for the whole day. In spite of all these challenges, the results indicate that CIDB registration requirement is not that hard to fulfill.

The second item directly links with the PPPFA process management. The finding reveals a critical situation where SMEs do not fully understand the procedures followed when they bid for the government tender. Combined with that is the lack of expertise of filling in the tender documents as revealed in qualitative data analysis.

Rong (2014), states that understanding the requirements of the projects is the first step to master the application procedures, documents required and form to be filled in for bidding. In most cases the CIDB Grade that is specified in the tender adverts is based on the financial capabilities of the SME. Therefore, often than not, the comprehensive strength of the business in technology and extensive management expertise are required to clearly understand the process to be followed when bidding for a certain tender. Other factors that business owners disregard is the work capability especially the technical skill requirement for the project. In short, the SME can be a Grade 3 according to CIDB, however, work capabilities may not be specific to the type of construction demanded by the project. An example is that a tender for building low cost houses may be advertised for Grade 3 Construction Company, so as another tender for constructing a low level bridge crossing a stream. The experiences required relative to each tender are completely different. Because of the difference in the scale and technical abilities of these

projects, one company may find it easy to understand the procedure to be followed but the next will fall short of understanding the procedures (Rong, 2014).

Furthermore, different procedures are updated or fit to specific projects in different times. Whether the company has the awarded with the same type project tender before, it is important to check the specifications as they may have changed. There are many factors that lead to changing the specification, more so, in the construction sector projects as they are controlled by specific engineering specifications (Huang, 2015).

Huang (2015), identifies four important factors to be considered by the SMEs before bidding for the Government projects. If the responses to these factors are positive, the company surely will subsequently understand the procedures to be followed in bidding for that particular project.

These factors are:

- Does the scale and technical requirements for the project require extensive engineering experience that may exceed the technical abilities of the company?
- Is the project of an engineering scope that may exceed the business capacity of the company?
- Considering current project missions, does the company have spare capacity to take on the project if they are awarded with the tender
- Regarding technical capabilities of the competitors and the company's work performance references, can the owner be honest about the business construction abilities?

The last point needs the owner to conduct competition research and see how competitors stay on top of their game in understanding the procedures (Huang, 2015).

It is also understandable from the qualitative data analysis that SMEs find financing the business as one of the problems especially when the business is still at the infantry stage. Doh and Kim (2014), state that innovation and technical skills development must form part of the process management and must serve as a proxy for Government policy in supporting SME growth. The positive relationship between the policy and the success of the SMEs in achieving growth is reaffirmed through effective financial management skills that rely less on external financial assistance of the business. This statement does not preclude the SME need for external financial assistance and it in no way disputing that start-up costs can be of concern for the SMEs, but, it

stresses the importance of business acumen before concluding that there is a need for financing the business from externally (Doh & Kim, 2014).

5.2.4 Performance Management

In the literature review performance management was defined as the process based on an established measurement system consisting of tools, indicators and procedures that are best suited to the specific characteristics of each organisation. Performance Management focusses on the updated management of and is mainly oriented at employees as pillars of creating wealth within the organisation. Wealth is created by adding value to goods or services as planned by the organisation (Jaksic & Jaksic:, 2013).

Public procurement functions that regularly conduct continuous evaluation of their personnel by the application of Performance Management that systematically track progress in the realisation of strategic plan, are able to gather data that are very useful in the identification of weaknesses whether in the areas of process or conformance to the set objectives. Furthermore, the literature also revealed that performance measurement data can be used to identify operational weaknesses and allocate resources accordingly (Sabiou et al., 2017).

The findings revealed that four items of the questionnaire loaded into component performance management of the model used a Theoretical Framework. These items are demonstrated in the **Table 5.4** below:

Performance Management		
Theme	Statement	%
H20	My AFS are always audited by registered accountant	60% Agr.
G12	I still need training in order to develop my business	79% Agr.
E6	I do not personally fill in my tender documents	66% Agr.
D5	Filling in the tender document is not an easy process	71% Agr.

Qualitative data analysis findings	
What are the main reasons for your failure to employ the CIDB expected number of employees?	Business uncertainty is the main reason for not employing the stipulated number of people.

Table 5.4: Performance Management Component Items

The four items show a great relationship in the correlations table as well. The first item alluded to the compliance with the statutory requirement which is also a prerequisite in submissions of the bidding documents. It is therefore not easy for the SMEs to ignore it as the tender document without tax clearance certificate attachment means an outright rejection from participating in that particular bid. Most SMEs regard this as a red tape as compilations of the financial statement is an expensive exercise. This has prompted most SMEs to shun ethical processes of obtaining tax certificates in preferences to obtain their tax certificates through bribing the tax officials (Maseko, 2014). This item therefore can constitute a study outside the parameters of this research, however, it still remains a critical finding as its purpose was to measure the effectiveness of the Government policy of job creation through SME development. Findings in the second item identifies training as an issue of concern. The literature review of identified quite a number of SME training interventions sponsored by the Government, in whatever way it is thought these interventions are appropriate, the results in this study reveals a serious need of training in the construction industry SMEs. The findings from the last two items can be conjunctive to the second statement as filling in tender documents and understanding the meanings of specific phrases therein can only be mastered through extensive administration training. Filling in of tender documents must be simplified and be specific to the adjudication process, as the bidders are already registered in the Government national database. The modern information management consists of robust processes that can sufficiently store most of the information about companies. Whenever these companies wish to bid for any Government project, the database can provide comprehensive information that already captured. Shortly, most of the company information is already available in the system and that can reduce the amount of repetitive capturing of data whenever bidding documents are submitted (Maseko, 2014).

However, the complexity and difficulty experienced by SMEs in completing tender documents is not isolated to South Africa. It has been cited a few times that in some of the Federal States of America, SMEs are bailing out from participating in the State Procurement Programmes. This is because the Request for Proposal (RFP) as they call the document, is more extensive in comparison with private sector markets (King, 2017). The document is loaded with high level technical terms as well as complexities of statutory compliance requirements. It is thus virtually impossible to fill

in the document without assistance from Accountants and Business Administrators. SMEs cannot afford to pay for the high costs of professional consultants. It is correct that the SA Government has made provisions to assist SMEs in filling in these documents. However, such development assistance is offered through specific centres that are not adequately manned. More often than not, contractors stand in long queues waiting for assistance from the Government agencies which may lead to missing the deadlines for submitting the documents (Ambe, 2016).

The question remains as to how the SMEs' performance management findings affect the performance management of the PPPFA especially the lack of understanding key issues of the administration processes. Sabiu et al. (2017), relates the use of PPPFA performance management data in the identification of weaknesses in the process and subsequently the allocation of necessary resources as an improvement effort (Sabiu et al., 2017). Therefore, the lack of administration training result in SMEs losing out on the awarding of the Government projects which slows down SME growth and development with consequences of failure to create more jobs. If SME participation in PPPFA is linked to the sustainability policy of job creation, then more appropriate Government intervention in the form of relevant administration training must be devised.

Lack of administrative skills is one of the major concerns leading to failure and demise of small businesses (Kamunge, Njeru, & Tirimba, 2015). Administrative training is a peremptory reply to the poor performance of the SMEs in the public procurement. Inadequate technical skills as simple as downloading documents from the internet, filling in the forms and important record keeping affects the business performance and often leads to negative growth in the business (Mathews, Maruyama, Sakurai, Perks, & Sok, 2019). In whatever market the entrepreneurs wish to compete, they must ensure that their businesses are well equipped in the administrative function as most of the processes in the business environment nowadays involve technology. If accessing the information on internet and filling in of tender documents are still a challenge to the SMEs, it is clear that they will always perform mediocrely to under par (Mathews et al., 2019).

Mole, North and Baldock (2017), indicates that whether a small or a big business, it is individual business management's orientation to entrepreneurship development that influences the internal assessment of ability to come to grips with challenges and problems facing the business. This assessment determines whether or not an external assistance is needed. Due to the absence of such audits, most of the unresolved problems in the SME sector results from the lack of certainty

whether they are able to run their businesses effectively or not (Mole, North, & Baldock, 2017). Those entrepreneurs realising the need for training have two choices to make, that is either seek formal external assistance from the Government agencies or from the private practitioners. In the developing countries, it is still hard to convince SMEs to use external assistance as they are still inclined to undervalue the training benefits and they are also reluctant to pay for the service (Mole et al., 2017). Most small business owners in a developing country seem to believe that the finance aspect of external help supersedes everything and such assistance can bring about success in the SMEs. However, entrepreneurship and the will to undergo training and development in the areas showing weaknesses in the management of business has produced more positive results than financial assistance alone (Mole et al., 2017)

Another question that needs to be answered is that since the performance of the SMEs directly affect the performance of the PPPFA in delivering job creation, how can the Government intervene? It is agreed that the Government has put in place some different training programmes and other efforts, however, it is clear that the SMEs are not responding positively to these interventions. Mole et al. (2017), state that the Government SME support programmes must be based on the foundation of specific information regarding their common performance challenges (Uvarova & Vitola, 2019) so that the programmes become attractive to only those business owners in need of that particular intervention. It is not advisable to conclude that all SMEs need an external assistance due to particular performance weakness as the external assistance needs are not as straightforward as the performance based view may be (Mole et al., 2017).

Uvarova and Vitola (2019), states that the owner/manager antecedents play a vital role in the decision making process followed in a specific company, and that can determine whether that particular SME will appreciate and participate the assistance offered by the Government. An example is that since Government processes are always viewed through the political perspective, the business owner's political background may be of a negative influence of the ruling party. The decision to accept use of public assistance may not be a business priority (Uvarova & Vitola, 2019). The Government objective of sustainability through job creation must still be met whether SMEs propensity to use external help from the public agencies is positive or not. Therefore the provision of SME support remains on the shoulders of the Government. The Government agencies providing such external help to the SMEs must be able to analyse the feedback on the

success and failures of their intervention, and by so doing the failure of SME performance in the PPPFA can be pinned down to specific concerns. Improvement to the SME performance in the Government tenders will result on performance improvement on the PPPFA alike.

Qualitative data analysis identified lack of business uncertainty as the reason for the SMEs performance to be low in the PPPFA. Gul (1991), states that performance of any business becomes affected by high level of uncertainty in its external business environment. The low performance can be observed in most areas especially, process efficiencies, human resources motivational levels and financial resources controls. The drop of business performance has a serious bearing on the performance of the business in its markets, in this case the PPPFA which is the main business source for the SMEs. The results will therefore snowball and impact negatively on the job creation policy (Bhuiyan, Baird, & Munir, 2020; Gul, 1991).

5.2.5 Sustainable job creation

The literature review in this study highlighted a few issues with regard to the social sustainability intent of the PPPFA. Firstly, the responsibility of developing the strategic plan with clear objectives guiding the public procurement function and why particular processes are important in the policy was identified with the policymakers (Flynn et al., 2015). Secondly, for social sustainability objective of the public procurement, there must be clear and consistent goals in the agenda's pursuit in the improvement of small and medium sized enterprises access to public procurement (Loader, 2018). Thirdly, as opposed to the previous Government of Apartheid procurement system which excluded businesses owned by what is termed as previously disadvantaged group of people, the improved procurement principle must identify Government interventions aimed at bringing such businesses up to speed with the older businesses that are already competitive and cost effective (Bolton, 2016). By so doing, the policy would be fair and protective of the newly formed SMEs (Turley & Perera, 2014). Lastly, apart from clear and consistent goals, the measurements of successes and failures of the policy are critical for continuous improvement as well as the alignment of actual results against the set objectives of sustainability through job creation (I. M. Ambe, 2016; Phoebe, 2016).

From the Government articles, the literature review identified the key aims of the social sustainability intent of the PPPFA as SME development, empowering and improvement of the SME performance in the PPPFA system. The Government interventions of SME protection and advancement can be the overriding factor to ensure the achievement of such important purpose

(Public-Enterprises, 2014). Unfortunately, the Treasury Department which is the custodian of the PPPFA has not been able to disclose statistics showing the performance of the PPPFA against the empowerment targets. This is disappointing and is leaving the void in the success of the policy and its key focus areas (Public-Enterprises, 2014; M. R. Selomo & K. K Govender, 2016).

With reference to the sustainable job creation component in this study, five items loaded into this component of the model as shown in **Fig 5.5** below.

Sustainable Job Creation		
Theme	Item	%
C1	My business has a bright future for growth	60%r.
F11	I have benefitted from the Govt. development programmes by agencies like CIDB, Seda and others	73% Agr.
G14	My business has enough work to sustain the employee wages/salaries	82% Agr.
H15	My business employs the stipulated number of people in its category	72% Agr.
H18	My employees are registered with the Department of Labour	71% Agr.
Sustainable Job Creation		
What obstacles do you encounter when employing people?	Subcontracting creates many HR problems, mainly incompetent, unskilled and untrustworthy employees	

All the statements indicate a positive response to the questionnaire. The responses indicate that SMEs has positive future growth, business owners having benefitted from the development programmes offered by the Government. Consequently, the SMEs employ the stipulated number of employees to be registered with the Labour Department in their category.

Such response is highly contradictory of the belief that SMEs do not benefit from the training initiatives designed by the Government in its effort to the developmental needs of the SMEs (Kamunge et al., 2015).

Nhlumayo (2017, states that SMEs in the lower grades of the CIDB rankings are the ones experiencing more performance challenges. In spite of being aware of the Government initiatives specifically designed to develop SMEs, the business owners in this category fail to make use of such free services. Instead, most of the SMEs lock themselves into the business relationship with

informal business development consultants (Anthony, 2019; S. P. Nhlumayo, 2017). This is contrary to the findings of this study, however, other studies confirm that public procurement may target certain business categories for sustainability efforts including job creation and only find that some companies within those same business categories will perform unevenly while others make use of every public assistance at their disposal in order to achieve the intended performance improvement (Patil, 2017; Rebecca, 2018).

In line with the findings of this study, is the theory that the entrepreneurship orientation of the SME owners is highly associated with business propensity to grow. Business owners rating low on entrepreneurship orientation are satisfied with operating at lower levels of the grades. In particular, South African businesses at lower levels of the CIDB grading are opportune to bid for projects across the business spectrum without any restrictions to specific sectors (Nicholas & Fruhmann, 2014). This behaviour of SME owners is detrimental to the PPPFA objective of social sustainability as it creates a picture that the minimum standard they set for their businesses have a positive impact on the socioeconomic development initiatives. This also leads to the false measurement of the effectiveness of Government support initiatives for SME growth and development. Similarly the positive responses to these particular items may be referring to the low entrepreneurship orientation of the SME owners (Nicholas & Fruhmann, 2014). Neneh and Van Zyl (2017), state that business growth is a good measure of business success and key measure of the employment creation. It is for this reason that the South African Government maximizes its efforts directed at SME growth. On the contrary, most SME owners deliberately refrain from such an important entrepreneurship measurement and this raises a question of why the person ventured into the business and what happened to that drive that the same person had subsequent to the launch of the business (Neneh & Van-Zyl, 2014, 2017). The findings will help identifying feedback mechanism that can help policymakers identify SMEs with a high level of enthusiasm to grow and those with a low propensity to grow. Other studies can also identify the reasons behind other business owners' preference to remain stagnant at lower grades (Schachtebeck, Groenewald, & Nieuwenhuizen, 2019).

The qualitative data analysis findings also indicate that due to the SME failure to participate effectively in the PPPFA, they have resorted to remain at low levels of employment. This

tendency to play it safe in avoidance of human resources problems impacts on the actual Government drive of creating employment through SME participation in the PPPFA.

Schachtebech, Gorenwald and Nieuwenhuizen (2019), states that factors that motivate some of the entrepreneurs to grow are strongly related to the business owners' antecedents that have shaped their behaviour, attitude and managerial skills. It may happen that the entrepreneur has in the past worked for a small stagnant company that did well in terms of profitability, or, the business has always run within the family environment with no growth orientations. There is quite a list of elements that further studies can explore in order to discover underlying factors to the problem (Schachtebeck et al., 2019) .

Conclusion

The chapter presented the key findings by firstly combining both quantitative and qualitative findings. The summary of the key findings indicates that:

Firstly, findings on the policy/political agenda component indicate that the SME growth and development policy is hindered by

- Either the lack of or weakness in the PPPFA appeals process. The reinforcement of the appeals procedure can help addressing errors that may be committed by either SMEs or the procurement officers.
- The systematic organization of the projects in such a way that SMEs are not affected badly by capabilities of the big players in the industry.
- The Government does not set aside projects for emerging contractors. For effective SME growth, the policy must address the subcontracting process in such a way that SMEs do not remain permanent subcontractors to the big companies.
- The SMEs' famine regarding the Government tender awards appears to have a big negative impact on their growth. There is a lot of feedback that needs to help policymakers ameliorating the SMEs current suffering in their participation in the PPPFA.

Secondly, strategic management lacks a communication method that will give assurance that tender adverts are accessible to all SMEs to increase their opportunities in winning them.

Opportunities of winning tenders will enhance SME growth as well as the promotion of equity among the businesses participating in PPPFA.

Thirdly, the problems encountered by the SMEs in the process management of the PPPFA boil down to training in both entrepreneurship skills as well as the administration functions of the business.

- The element of efficiencies and competencies in the public procurement personnel is also indirectly highlighted in the findings.
- There is also a lack of utilisation of the PPPFA database, as the amount of forms filled in during tender application seems to be an arduous process of repeating information already captured in the Government system.

Fourthly, findings indicate that performance management of the PPPFA depends heavily on the success of process management. Addressing most of the issues highlighted in the findings referenced in strategic and process management components will enhance performance management that will be linked to the policymakers. Performance management will then be able to achieve continuous improvement in the PPPFA system.

Lastly, the findings show that sustainable job creation as the resultant of all the other components, is heavily linked with the policy/political agenda component. Due to the lack of feedback to the policymakers, job creation has suffered. This has deteriorated by the SME owners seeking unethical ways that would qualify them to bid in the Government tenders. Business owners have also found it comfortable to operate at low levels of the CIDB grades. That is detrimental to the fulfilment of the social sustainability policy objectives. The findings identified a dire need of the model with job creation feedback mechanism so that policymakers can realign the focus of the policy where necessary.

The following chapter covers conclusions and distinctive recommendations based on the findings of the study.

CHAPTER 6

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This study set out to examine problems related to the failure of public procurement policy in stimulating development in construction industry SMEs. The South African Government's logic behind SME development is that prodigious business growth has a major impact on economic growth which results in meaningful and sustainable job creation. Kwa-Zulu Natal is one of the provinces despairing of job creation in South Africa. As this chapter celebrates the final milestone of the study, it is crucial to provide an abridged thread of the study for systematic convergence of all the discussions from the first to this last chapter. The chapter will therefore:

- (i) Firstly, give the synopsis of the study.
- (ii) Secondly the conclusion with focus on the implications of the findings in theory, research and practice.
- (iii) Thirdly, the discussion of limitations regard elements that might have impacted on the credibility or generalisation of the results and
- (iv) Finally, the recommendations for action as well as recommendations for further study on possible gaps in this study

6.2 Summary of the study

The two most important elements of this thesis are firstly, the SMEs and their role play in vivifying the economy of the country and secondly, the PPPFA as a Government policy to stimulate growth in the SMEs sector. The success in synchronising these two elements resulted in a positive impact in changing the probabilities for sustainable job creation. As a background, the first chapter clarified the South African situation that led to the need for this study. Included were the Government efforts and policy interventions in its quest to induce a favourable business environment for entrepreneurship development as well as for growth and development in the SMEs sector.

Sustainable job creation is not only necessary to counteract the ever-rising unemployment rate but to address the emerging undesirable social ills inclusive of poverty, family disintegration and a host of emotional displays which constitute abuse of others (Bartik, 2015).

6.2.1 The location of the study

The study encompasses all construction industry SMEs in the database of the Department of Transport within the Province of Kwa-Zulu Natal during the span of three years, from 2016 to 2018. Knowing that the public procurement, specifically the PPPFA comprises a National Policy for the SMEs sector in general, it was difficult to restrict some of the factors to the construction industry or specifics to the Province of Kwa-Zulu Natal.

6.2.2 The study focus

In order to achieve an in-depth analysis of the factors affecting the success of the construction industry SMEs participation in the PPPFA, the study outlined six specific areas as its focal points.

Firstly, the study examined the construction industry SMEs' level of participation in PPPFA. Having established quite a number of facts through the review of the empirical evidence, it was logical to select the construction industry, as it is one of the highly active sectors in the PPPFA due to its high value infrastructural projects. It was also established through the review of other similar studies that SMEs are internationally recognised to have played an important role in the economic prosperity of many developing countries which boosted sustainable job creation.

Aligned with the purpose of the study was the need to identify any problems making it difficult for the SMEs to participate successfully in the Government tender system as prescribed in both primary and secondary objectives of the PPPFA. It must be recalled that the primary objective of the PPPFA is the achievement of supply chain management efficiencies through effective process management. The secondary objective requires the achievement of socioeconomic accountability conformance through effective performance management. Therefore, as a second focal point, identifying hindrances to the achievement of both objectives illuminates the area of consideration when making recommendations.

The third focal point of the study was the study was to determine factors affecting the growth of SMEs in the Province of Kwa-Zulu Natal. The empirical evidence reviewed highlighted SMEs business environment as the crucial attribute to the success of SMEs. The study therefore focussed on identifying factors retarding the growth of the SMEs in both internal and external business environments. The most prevalent problem in the internal business environment was the inadequate entrepreneurship skills that impact strongly on the external business environment

factors such as market penetration and expansion, technology and political influences on Government policymaking.

Coupled with the identification of the above three problem areas, there was also substantial evidence that the SMEs mortality rate is consistently escalating. On account of all that, it was consequentially important for the study to assess the success of the Government current interventions that have been introduced to help support the SME as emerging contractors to grow and participate effectively in public procurement.

As a fifth area of focus, there was also a need for the study to establish the construction industry SMEs' level of understanding of the need of job creation. Finally the study focussed on determining the interventions that can best mitigate the challenges facing the SMEs in their participation in the PPPFA. Mitigation of these challenges is believed to be a catalyst for both positive growth and sustainability of SMEs in the construction industry. The study pledges that if such interventions are understood and correctly followed, the Province of Kwa-Zulu Natal will reap the benefits of SME growth and sustainable capacity to create jobs.

6.2.3 The literature review

The literature review formed the intrinsic part of this research and there was a good reason for that. It helped illuminating the areas of the topic that have been covered by previous research. By so doing the findings of the study can be inherently integrated into the existing body of knowledge. Through the review, this study was able to identify the gaps in similar studies conducted on SMEs growth initiatives used by different Governments. The literature review highlighted the strength and challenges of these interventions in fulfilment of SMEs' growth for job creation.

With the help of a theoretical framework adopted in this study, the Government policies and critical objectives of the public procurement were studied and the spotlight was turned on the strategic management, process management, performance management and policymaking issues. The literature reviewed highlighted some important issues pertaining to social sustainability through job creation objectives

The search was done using various databases such as Google Scholar, EBSCOHOST and libraries. Keywords used included SMEs, Socioeconomic development, SMEs and Government current interventions, SMEs and employment, sustainable job creation, entrepreneurship and public

procurement policies and now and again other keywords were used to search for further studies during the research process.

6.2.4 Theoretical framework

There were three key variables in this study that guided the research in choosing the relevant theoretical framework from many. Those were construction industry SMEs, the PPPFA and job creation. The engagement of SMEs in the public procurement is expected to forge growth and development. Essig, Amann and Boerner (2010) describe pillars of the public procurement process as firstly the competing objectives of the political influence on its Strategic Management. Secondly, public procurement is largely guided by Process Management which is basically company efficiency in driving the process to achieve value for every cent spent on purchases. Thirdly is Conformance Management which means conforming to Ethical Management issues. (Essig, Amann, & Boerner, 2010). Therefore for answering the research question of this study, the theoretical framework used was developed by Schapper, Veiga-Malta and Gilbert, in 2006 for performance evaluation of the public procurement mechanism (Essig et al., 2010). As highlighted above, the key elements of the theory were discussed and its fit was tested through Structured Equation Modelling (SEM) confirmatory statistics. Objectives derived from the problem statement were used in formulating themes for the research instrument. These research instrument items were aligned with the components of the Theoretical Framework and loaded before loaded on SEM for confirmatory statistical fit test. From this, new variables for the model have been established which is a remarkable contribution to the Theoretical Framework.

6.2.5 The critical review method

Through the guidance of the Theoretical Framework the study was able to critically review a fair amount of relevant material regarding different Government policies on SMEs development. Key components of the Framework were the political agenda driving the SME growth through public procurement policy, the strategic management, process management and performance management. Material on social sustainability through job creation was reviewed as the resultant output of the Framework components. These materials included policies in general and later the focus was put on material from local Government archives, specifically the PPPFA. Public procurement as the vehicle for promoting growth for the local SMEs was analysed through different academic and Government sources. The evidence was summarised giving rise to the

existing gaps. Finally, a critical review of literature contributed to the choice made the best research methods for the study.

6.2.6 The research method

The study employed a pragmatic philosophy entailing Mixed Methods combining both qualitative and quantitative methods. The study was cross sectional, where both forms of data were collected roughly at the same time, analysed separately and the information was integrated in the interpretation of the overall results. This is known as a convergent mixed method and was applied throughout this study (Creswell, 2015). The study focused on the problems that exist within the PPPFA process, thus the research strategy was the one which examined the process within the three dimension framework. The three dimensions were efficiency in the strategic management of the policy, secondly the performance management ensuring the achievement of the Supply Chain Management principles, and finally the process management of accountability through conformance. Moreover, considering the mixing of both qualitative and quantitative data, the study was conducted within an embedded case study.

The study population was made up of all the construction industry SMEs in the database of the Province of Kwa-Zulu Natal. On the advice from both the CIDB and the KZN Treasury Department, it was established that the Department of Transport database has most of the construction industry suppliers. Furthermore, the two major departments with a high level of construction activities are the Public Works and Transport with the broadest database of similar SMEs. It was therefore logical for the study to focus on only one list of these two. Comparing the two, the Department of Transport demonstrated a high level of professionalism and made a better choice for the study while the Department of Public Works was disorderly with no role clarity. The Province of Kwa-Zulu Natal Transport Department is divided into the zones of Durban and South Coast, Stanger and North Coast and finally Pietermaritzburg to Newcastle. The objectives of the study and the composition of the study population was carefully considered when choosing the sampling strategy. The crucial decision was the choice of appropriate sampling techniques which would yield results of the desired accuracy. The sample therefore had to be representative of the diverse population of the study. Diversity means the small size contractors, medium size contractors and all the different regions of the Province. Therefore, a probability sampling method would guarantee that elements of the target population would have an equal chance of being

selected into the sample. However, considering the size category and the regions of the Province, the study adopted a three step sampling method of stratified random sampling. The first step was to separate the SMEs by regional strata. The second step was to group the SMEs into size categories. Finally, the simple random sampling was conducted from small size category of each region and also from medium size category of each region. There were 5184 small size companies in total and 123 medium size companies.

6.2.6.1 The size of the sample

The effective sample size calculation is the underlying principle in the planning of the research. Giving insufficient attention to such computation may result in the dismissal of significant findings (Gupta et al, 2016). In order to determine a fair, representative sample of the given population, this study adopted the National Education Association (Neagu) formula created for this purpose. ($S = \frac{X^2 NP(1-P)}{d^2(N-1) + X^2 P(1-P)}$). The sample size was calculated to include 361 small size companies and 8 medium size companies. Martinez-Mesa et al. (2016) advises that sample sizes are usually inflated by 10% - 15% in order to cater for poor responses. This was considered and the sample size was recalculated to 420 consisting of 410 small size companies and 10 medium size companies.

6.2.6.2 Data collection

A questionnaire with both open and closed ended questions for data collection. The questionnaire comprised four (Kutlina-Dimitrova & Lakatos) sections of demographic questions, business information, closed ended questions for quantitative data collection and open ended questions for qualitative data collection. Section A, consisted of the demographic information of the SME owners, section B, the demographics for the business, while Section C consisted of six research instruments. Section D consisted of open ended questions. The questionnaires were hand distributed to the respondents that had attended one of the SMEs' regular meetings in their respective local halls. The respondents were made to sign the consent forms which spelled out their rights, and they were also assured of anonymity in case they were not comfortable with their names being divulged. The completed questionnaire forms were collected, counted and packed in boxes after each session. The process was carried out in all the regions of the Province.

6.2.6.3 Statistical tools for data analysis

Sections A-C of the responses to questionnaire consisted of descriptive data. After the preparation of data, the Statistical Package for the Social Sciences was applied to analyse the quantitative data. Biographic data were tested for frequencies so as to make valid comparisons of the responses' patterns. Also, the Chi-Square Test was conducted with the P* value as an important determinant of both cross-tabulations and correlations. Cross-tabulations were used for making the best comparisons between the Biographic data and the statements in section C. For instance, if "the statement of problems experienced when filling in the tender forms" is compared with the respondents' "level of education", it is evident that education plays a vital role when responding to this statement. However, if we check the same statement against "Gender" it is evident that gender cannot play any important role when responding to such a statement. Other variables that can be compared are "geographic position of the businesses with the frequency of tender availability to the business". Availability of tender projects to the businesses in the rural areas may not be as frequent as it is in the semi-rural areas and townships.

Data were analysed for "Correlations" by comparing the Likert scale with any other Likert scale in the statement section. For instance, if the statement on the "business understanding of the PPPFA processes" correlates with the statement of "problems experienced when filling in of tender documents", it will enable the study to determine whether the understanding of the tender processes have a bearing in the business owners' ability to fill in the tender documents. This may prove that the business owners that do not understand the PPPFA processes are finding it difficult to fill in the tender documents.

The study made use of N'Vivo as the qualitative data analysis tool. Two important features of the N'Vivo outputs i.e. Word cloud and Tree Maps outputs were analysed and results were merged with the Quantitative results thereafter.

6.3 The key findings of the study

The study findings revealed that without effective and successful participation in the PPFA, there is no growth and development in the construction industry SMEs. Without growth in the SME sector, the achievement of social sustainability through job creation objective is an indeterminate amount of guesswork. Five findings in support of this statement follow below:

6.3.1 Policy review issues

The PPPFA policy must review strategic plans for PPPFA as a social sustainability tool for job creation. Such plans must pay great attention to appeals procedure, availability of projects to SMEs, formalization of the subcontracting process. The PPPFA job creation policy by SMEs to be a focus area of the policymakers through constant feedback from all PPPFA management levels as well as the job creation results statistics.

6.3.2 Strategic focus issues

Secondly, strategic management to address equity issues such as SME access to tender adverts and fairness in the awarding of tenders to all qualifying SMEs.

6.3.3 The process management focus issues

The two process management issues of focus are:

- Firstly, the issue of process weaknesses specifically bringing to prominence the efficiencies of the administration process as well as well as the edification of procurement competence through skills training.
- Secondly, process management must feedback to the policymakers by highlighting important shortcomings and challenges of the SMEs in that minimize the SMEs' effective and successful participation in the PPPFA.

6.3.3 Performance management feedback issues

Fourthly, performance management must enhance continuous improvement in the PPPFA system. It must link with the process management in the identification of SME challenges, weaknesses in the PPPFA processes, competency challenges of the procurement officers. There is an urgent need of devising effective feedback mechanism that specify actions and behaviour as well as the effect they have on the PPPFA objectives. Policymakers need this information to be incorporated in the strategic plans reinforcing good practices and foster continuous improvement in the PPPFA.

6.3.4 Sustainable job creation model

The sustainable job creation through SMEs' participation in the PPPFA must be seen as part of the procurement model advocating the achievement of the socioeconomic objectives of the Government.

6.4 Conclusions

To conclude this study, it is crucial to align and relate the fitness of the results into firstly the research questions and objectives, the results' implications on theories of public procurement abilities to develop SMEs for job creation, the consistency of the results with the Theoretical Framework chosen for the study and lastly prove that the study warrants a buy in by audiences of the study field, that is the SMEs and the policymakers. Buy in from the study field audiences depends largely on whether the problem was clearly identified, the implications of the key findings and practicality of the recommendations in order to resolve the problem.

The study has made endeavours to contribute into the advancement of the research methodology in terms of new confounding variables, issues of measurement as well as issues of design. The study has also been nourished with highly collaborated academic evidence in the field of public procurement and other management fields so that it stands as one of the great trees constituting the academic forest. Very few studies have been conducted in the field of job creation through public procurement policies, therefore, reporting on the findings of this study will advance the opportunities for other researchers to explore and find new theoretical constructs that can account for and explain public procurement capabilities to empower SMEs for job creation.

Knowing that the research questions of this study relate very closely with its objectives, it is safe to conclude that implications of the findings on the objectives bears the same effects as the implications on the research questions. Below are the six research questions that were answered by the findings of the study:

- What is the frequency of the Government project availability for the SMMEs in the construction industry?
- What are the problems encountered by the construction industry SMMEs in their effort to effectively participate in the PPPFA?
- What are the factors hindering construction industry SMEs growth in KZN?
- What is the effectiveness of the initiatives put in place by the Government to assist the construction industry SMMEs in overcoming administrative burden when filling in the tender documents?
- What is the level of success of the construction industry SMEs in creating sustainable jobs?
- How can the PPPFA processes be effectively aligned with the Government objective of job creation through developing the construction industry SMMEs?

6.4.1 Reflection of the findings on the research questions

The implications of the findings of this study on the research questions are viewed from the perspectives of the Theoretical Framework components. This was not a challenging exercise as the research questions formed the basis for the research instruments loaded on the model components. In short, for systematic reflections, a question was asked as to how each component finding relate to each of the six questions. An example, if a check is done on the reflections of the findings under policy/political agenda component on the first question, that is how appeals procedure, availability of projects to SMEs, formalization of the subcontracting process reflect on the “level of success of the construction industry SMEs in winning the Government tenders” and so as the reflections of same findings on each of the subsequent questions.

The first question: probes into the frequency of the construction industry SMEs in winning the Government tenders. With reference to the responses to statements of the questionnaire all respondents indicated a high level of satisfaction with the current frequency of winning the tenders. However, when specific variables were assigned to the Theoretical Framework component, the findings indicate that it is not the case. The constant low frequency in SMEs tender awards has manifested low morality of the business owners in this sector hence their dependence on subcontracting to bigger players. The findings related to the policy/political agenda highlights the importance of the feedback mechanism on identified items from different management levels of the PPPFA so that policymakers can review key policy factors influencing the frequency of tender awards to the SMEs. Without a fair amount of work, SMEs cannot grow and develop to fulfil the objectives of the social sustainability objective of job creation. It is therefore important for SMEs to be kept productive with Government project available consistently. Low frequency in projects availability is detrimental to the sustainability of any business, particularly the SMEs. Mahadea and Kaseeram (2018), confirm that businesses that cannot regularly source work end up scoring low on “Total Enterprise Activity” (TEA). If no effort is made to improve the TEA, the companies become dormant and finally shut down resulting in job losses (Mahadea & Kaseeram, 2018). Grandia and Meehan (2017), states that public procurement policy must be underpinned by strong strategic plans to ensure the proper evaluation of its success in achieving socioeconomic goals. For SME development, the policy must incorporate issues of public procurement processes that will enhance fair allocation of work thereto. Therefore the importance of feedback on challenges

impacting on the frequency of work allocation to the SMEs cannot be overstressed.(Grandia & Meehan, 2017). On receiving feedback from all the management levels, the policymakers will be able to address issues related to corrective measures raised in appeals of bids that were not processed satisfactorily. The PPPFA policy strategic plan with guidance to, and formalised subcontracting principles will elevate the frequency of project availability in that SMEs will get opportunities of participating in big projects which will enhance their work capabilities. Policymakers' attention to findings referenced in Policy/political agenda component is deemed appropriate to address the first research question.

Findings from the strategic management component has a serious reflection on the frequency of tender availability to the SMEs. Kutlina Dimitrova and Lakatos (2016), recommends the open advertising procedure that reaches potential participants as wide as the geographical area where the projects activities are planned to commence. The planning of the project must take into consideration businesses located in the remote areas lacking modern infrastructure such as internet coverage and other electronic communication media network. A specific official means of advertising tenders must be devised to ensure fair accessibility of adverts to all the SMEs (Kutlina-Dimitrova & Lakatos, 2016). Fairness in advertising Government tenders widens the SME participation base in the public procurement system and minimises the scope of concerns of side lining SMEs that has a potential of winning tenders (Gitari & Kabare, 2014).

The findings also indicate that process management plays an important role in elevating the rate of tender awarded to the SMEs. Process efficiencies and competencies of the procurement staff largely determines the success of the SMEs' participation in the PPPFA process. Performance management is a useful tool in addressing shortfalls in the processes and dutifully feedback to the policymakers will further increase the opportunities of the SMEs in their participation in the PPPFA. Lastly if public procurement is driven by the socioeconomic goal of job creation, transparency plays an important role for the policies to be aligned with national development goals. Transparency though feedback is important for the policymakers so that regulatory factors on the availability of projects in the SME sector can be reviewed and be aligned accordingly (Muthomi, 2019).

The second question: probes into the challenges encountered by the SMMEs in bidding for Government tenders. In general, responses to the question revealed two major challenges that SMEs are confronted with in their efforts to win the Government tender projects. Both problems are process management related. Firstly, the challenge encountered by the SMEs is the administrative burden associated with the filling in of the tendering documents. This includes the complication of the tender application procedures as well as profiling of the business every time the tender gets advertised.

With reference to the second problem, the burden of filling in administrative documents is the complexity that has been identified in other countries on different continents. In the United States of America, SMEs tender more often for projects in the private sector than Governments. The commonly cited reason is that the *Request for Proposal* (RFP) documents are complicated by a lot of technical terms. Hence, they are relatively more extensive in the Government sector than in the private sector market (Gitari & Kabare, 2014). The application forms design is also challenging, with lot of complexities inclusive of statutory compliance requirements.

The success on the implementation of any Government policy Government rests on the quality of employees in the procurement department. In the quest for conformance with process management, the public procurement officers must possess both technical skills as well as personal attributes which empower them to handle SME queries (Kutlina-Dimitrova & Lakatos, 2016).

Kutlina-Dimitrova and Lakatos (2016), also highlights the need of identifying the challenges of the SMEs. These challenges must feedback to the proponents of the policy to devise relevant interventions that may help improving both entrepreneurship and administrative skills of the SME owners (Kutlina-Dimitrova & Lakatos, 2016). Findings on the second question identify the dire need of addressing administrative issues of the PPFA process and consequently consistent performance management in order to reduce administrative problems affecting the SMEs when bidding for the Government projects.

The third question: aimed at finding out factors affecting the growth of construction industry SMEs in KZN. The responses to this question highlighted areas of concerns regards performance management of the SMEs participating in the PPPFA. There is a conclusive evidence that there are so many SME shortfalls when bidding for tender problems but there seem to be no follow-up

to any of the errors except disqualifying the businesses from getting awarded with the tenders. The results highlight the lack of entrepreneurship in the business owners of the construction industry SMEs. Secondly, the lack of administrative and technical skills are also a retarding factor for construction industry SMEs growth. Although SMEs' hope for business source in the Government projects, they still lack the business acumen necessary for enhancing growth. Kickul and Lyons (2020), states that business acumen enables entrepreneurs to innovate their processes by seeking opportunities to pursue current technical knowledge and business expertise in the changing world of business. This is an explanation of entrepreneurship, and, viewed from the perspective of findings, SMEs lack cognitive processes and actual practical know-how in identifying and seizing variable business opportunities (Kickul & Lyons, 2020). In pursuit of opportunities for growth through public procurement participation, most entrepreneurs ensures accessing the Government procurement manuals which assists them identifying projects of which their companies can qualify (Muthomi, 2019). The findings highlight lack of entrepreneurship skills as a major cause for slow growth in the SMEs in spite of their participation in the public procurement.

Murithii (2017), developed a model that focuses on the SMEs before participating in the public procurement. In other words, only SMEs that fit certain categories are adopted for Government developmental programmes so that the policy such as the PPPFA can be tailor-made to the expected results. The model also resulted in the development of an assessment tool for assessing the level of entrepreneurship skills in the SMEs before engaging them in the public procurement processes. It is only thereafter that specific strategies can be formulated to boost SMEs for growth and job creation for the communities at large (Muriithi et al., 2017).

Fourth question: was designed to check on Government initiatives that already exist in support of the SME contractors' mitigation of problems leading to their low rate of participating in the public procurement. The responses to the statements indicated that the Government current interventions have a positive impact on efforts to address problems hindering SMEs' effective participation in the PPPFA. However, viewing the overall results, outcomes are very flimsy to justify the capacitation of SMEs in delivering on job creation. The Theoretical Framework analysis indicates that the findings in this question constitutes performance management and sustainable job creation aspects of the study. Performance management findings reflect negatively on this research question as it points out to the lack of PPPFA performance measurement data. This again

insists on the weakness or absence of feedback mechanism which allows policymakers an insight of SME performance in the PPPFA. Policy makers can only strengthen the policies through effective strategic plans after analysing relevant feedback highlighting where the system does not support the intended goals.

Flynn et al (2016), states that the significance of communication between the procurement officers and the SMEs cannot be overemphasised when policy focus is on growth and development of small businesses through public procurement. Open communication lines in the respect of feedback between the SMEs and the Public Procurement Officers during the tender adjudication process can assist addressing further training needs of the small business owners. Exchange of ideas regarding the failure of the SMEs in getting tender form bases of performance management leading to the identification of a specific training requirement of the business owner (Flynn & Davis, 2016). Performance management tools help bring about SME-friendly policies that promote business growth which is paramount to social sustainability through job creation orientation (Flynn & Davis, 2016). The reflection of findings on this question is not by any means a single sided blade focusing only on SMEs, but the same reflection can be used in the identification of the procurement staff training needs.

The fifth question: was to check on PPPFA control measures aimed at ensuring that when SMEs are awarded with Government tenders, they understand their part of working towards the same goal of social sustainability of job creation. With reference to the findings in this particular question indicate two issues, and those are lack of administration from both the business owners of the SMEs as well as the officers of the PPPFA, and secondly the inadequate entrepreneurship skills in the construction industry SME sector. The reflection of findings in this question is similar to the one above. Proper training in administration processes and enhancement of entrepreneurship skills for the SME owners can only come about through performance management and feedback to the policymakers who are the custodians of the policy and at the level where full accountability of any policy improvements or changes can be realised.

The sixth question: was formulated with the aim to establishing whether there is a need for interventions that can increase capacity of the construction industry SMEs so that they can participate successfully in the PPPFA. The effectiveness of the SMEs participation can be measured through their business sustainability and the downscaled unemployment rate in the country. With the improved frequency in getting tender awards without any contribution to the

goals of the socioeconomic policy, SMEs cannot claim their business celebrity status in the PPPFA, but only when they contribute to the sustainable creation of more jobs resulting in the downscaling of the unemployment rate can they be worthy of regarded successful in the PPPFA. The main objective of the Government policy in promoting SMEs is to help them grow and acquire capabilities to employ people on a sustainable basis. The statements in this question probed the most important attributes of an entrepreneur and job creation. The results indicated that there is a need for an intervention that would promote the success of the construction industry SMES when bidding for tender projects through the PPPFA. The study findings indicate that there is a stagnancy if not negative business growth in the SME sector, and that business sustainability through growth seems highly unlikely. The most important area of concern with reference to this question is the absence of the feedback mechanism as part of the PPPFA model. The model with an open two way feedback can complete the communication loop between the SMEs and the policymakers. The policymakers need feedback about the reasons behind the failures of the SMEs in achieving growth so that they can be sustainable and be capable of job creation. In short, the PPPFA model must be complementary and address both the SME developmental needs and the PPPFA performance measurement against its objectives.

6.4.2 The results implications on practice

The results have unearthed some key discrepancies that may impact on future research. Most studies have dwelled too much on identifying discrepancies in the PPPFA processes. The recommendations then focus strongly on the elimination of symptoms by reversing the process responsible for the damage. The theoretical framework adopted in this study has clearly demonstrated that Government policies can only be improved through strategic management principles that are reviewed in line with the political agenda that established the need for that specific Government policy. Therefore, future research on the public procurement policy influence on SMEs growth should be conducted within the framework of the correlation between political influences and strategic management in the infrastructural departments responsible for the implementation of the policy. Future research must separate and clarify the reporting on two objectives of the PPPFA. Most reports focus on the primary objectives entailing the achievement of Supply Chain management goals, and very little is reported on the failure to achieve socioeconomic goals.

Another example of superficial reporting often occurs when unethical management issues are discussed. The magnitude of financial losses is important, however, reporting repeatedly the issues without any conjunctive analyses of both the policy and management issues will be a futile exercise.

The implications of these results will assist the researchers in adopting frameworks that holistically assess both policies and processes which can also be practically applied in other provinces. Also, the PPPFA interventions for promoting SMEs Growth are not only confined to the construction industry. Consequentially the results of this study can be practically accepted in other SME sectors as well.

6.4.3 The result implications on research

Two of the most important implications of the study results on research were first, the confounding variables identified as the falsification of the statutory compliant documents such as the Tax Clearance Certificates and Letters of Good Standing. This habit indicates the lack of alignment in control measures with the PPPFA process. However, being aware of such malpractice made it possible to evade the influence of such a confounding variable on the study results.

The second confounding variable was the SMEs' option of subcontracting to other big companies as opposed to bidding directly in the PPPFA process. The influence of such a confounding variable would also ruin the results if it was not evaded through specifying the focus of the study to the respondents. The focus was on the PPPFA, and subcontracting to other companies is a process with its own variables. Most studies have given too much attention to the PPPFA in the light of performance management and very little attention has been given to conformance management issues. It was imperative therefore to ensure confounding variables are addressed for ensuring reliability of the results.

The second implication on research was the uniqueness of this case study in comparison with a lot of others carried out with the SMEs as the objects for Government charity. The results of this study launch a different viewpoint. This is that SMEs can be developed as enterprises with capabilities to build their financial resources through entrepreneurship skills development. The mixed methods also contributed strongly to the reliability of the results. Quantitative data played an important role in quantifying the SMEs' problems, while qualitative data gave clarity on how the SMEs perceive the entire PPPFA policy. These perceptions incorporated how the SMEs view the Government

initiatives as well as the recommendation of the need for more intervention that can forge growth and development in the SMEs sector.

6.4.4 Possible audience for the findings of this study

The policymakers: The findings of this research draw the interest of Government policymakers particularly on the issue of synchronising interventions aimed at enhancing growth of the SMEs. The Government policymakers can also draw on the results regarding the importance of holistic policy reviews to sustain processes that exist, instead of reinventing the wheel every time there is a change in the Government dispensation.

The strategic teams: from different Government Departments engaged in the procurement of goods and services by means of tender system can benefit a lot from this study. The need to cascade the policy objectives in the form of procurement strategies cannot be overstated. There must be a balance between Supply Chain Management strategies and socioeconomic development strategies in the execution of the PPPFA. In that case, the adjudication process for the Government tenders can focus on both process and performance management issues.

Process and performance management: are two processes of the PPPFA that must be managed in conjunction but with two distinctive outcomes. Process management outcomes are project efficiencies while performance management outcomes are conformance oriented.

The Department of Small Business Development: must be updated with the achievement of job creation goals as part of the project evaluation. In that way policymakers will be able to continuously review their policies in line with the new Small Business Development Department. The greatest achievement will be the appointment of the Small Business department to take charge of all policies related to SMEs.

SMEs: can draw a wealth of knowledge in the sense of acquiring entrepreneurial skills for managing both their internal and external business environments, as identified in the results.

Researchers: can also benefit from the results of this study firstly by taking interest in analysing the identified compounding variables. Secondly, researchers can benefit through the need for concrete evidence on the establishment of measurements necessary in the quantification of the secondary objective of the PPPFA.

6.5 Limitations

The study focus was only on SMEs participating in the PPPFA and therefore in the database of the Government suppliers. On interaction with these SMEs, it was discovered that there is a fair number of SMEs that have opted out of bidding for Government tenders due to different reasons. Due to the topic and research strategy adopted for the study, those SMEs were excluded. However, the three step random sampling method gave strength to both internal and the external validity of the results. Another advantage of this study over this limitation was that the sample size was inflated in expectation of low response rate. However, on the day of data collection in other regions, the opposite happened when SMEs originally excluded from the sample and those not in the Government database or even SMEs from other business sectors turned up. They were still excluded from participating in the study, as the sample size was highly important for the validity of this study results.

The design of the questionnaire was in English which is not the home language to most of the respondents. Earlier in this study, this was cited as a potential threat. The demographics section of the questionnaire however reflects that most of the respondents are younger in age and fairly educated to understand the questions on the questionnaire, thus mitigating the limitations and eliminating many negative perceptions.

6.6 Recommendations

Accessing the Government archives was not difficult, however live observation of the PPPFA process in action was denied. This limited the chances of reporting on data collected through first-hand information. Again, the case study design and high level of randomisation in sample selection had already fortified the study against such a limitation.

Recommendations of this study are categorised into two parts, i.e. the proposed action to address the issues as they have been identified and discussed in the research. The conclusions and implications of the results constitute the point of departure for the recommendations for action. Second phase recommendations consist of gaps that have not been addressed in this research, however being important in the subject of sustainable job creation through SMEs development. These gaps are herein recommended for further research.

Recommendations for action have been by far simplified as practical suggestions that will improve the PPPFA by including a job creation focus in performance management of the whole public procurement system. Consequently, the recommendations will be able to address the failure of the

SMEs to create sustainable jobs. As indicated in the conclusion, the recommendations for action require a serious cognisance of Government Policymakers, the Strategic and Operational Management Teams from the infrastructural departments of the Government, the Department of Small Business Development, the SMEs and other researchers from different academic spheres. The results of the study may be disseminated via literature which may be in the form of electronic search engines, academic journals or possibly the book format. The results can also be disseminated through conference presentations, seminars and training, as well as other host of academic information distribution channels.

6.6.1 Recommendations for action

The critical review of literature in this study created insights from the pioneers of some of the still existing institutional theories to help solve problems of a similar nature to those that existed before. In that regard, the recommendations for action in this study are based on the same theoretical framework used as the guidance throughout the research process. Following is the summary of the simplified framework recommended for action. See Table 6.1.

With reference to the framework summarising the action steps recommended by this study, the first is the apprehension of the need to develop SMEs through the PPPFA so that they can create jobs. Secondly is the need as identified by this study to consolidate and synchronise the Government current interventions to develop SMEs. That highlights the topmost part of the framework as the responsibility for the Government policymakers. Following are key points and explanations on the logic of the recommendations for action.

6.6.1.1 The Government Policymakers

The PPPFA objectives need to be explicit regarding what the Government endeavours to achieve by engaging the SMEs in the public procurement process. The primary objective sets the scene for the achievement of SCM principles for efficiencies in delivering goods and services. It is crucial that the SCM principle be part of the PPPFA policy. Policymakers often review policies and therefore identification of weaknesses leading to the achievement of the objectives and goals of the policy forms part of the review. As indicated in the framework, there are four important key elements of the SCM principles.

Table 6.1: Framework for PPPFA Strategic, Process and Performance Management. Source: Schapper et al. (2006)

THE SME POLICY		
Primary Objective	Secondary Objective	
Service Delivery	Support and Business Growth	Employment Creation
<ol style="list-style-type: none"> 1. Deliver on specification 2. Deliver at the right time 3. Deliver in right quantities 4. Deliver within cost 	<ol style="list-style-type: none"> 1. Financial support 2. Non-financial support <ul style="list-style-type: none"> • Entrepreneurship skills development • Administration skills • Contractor Incubation 	<ol style="list-style-type: none"> 1. Alignment with the CIDB Grade definition 2. Compliance documents must indicate specific numbers in respect of employees
STRATEGIC MANAGEMENT (Government Infrastructural Department)		
<ol style="list-style-type: none"> 1. Work capabilities 2. Financial capabilities 	<ol style="list-style-type: none"> 1. Project manipulation <ul style="list-style-type: none"> • reduction of projects into SMEs' manageable sizes • identification of project sub-contractable portions, • specification of skills required 2. SME needs analysis <ul style="list-style-type: none"> • Categorisation of project portions subcontract-able to Small and Medium size businesses • Establish what financial support will each business category respectively need • Determine the relevant invoice payment term 	<ol style="list-style-type: none"> 1. Job creation standards Contrivance of job creation results by formulating a template which includes tender application documents
PROCESS MANAGEMENT	PERFORMANCE MANAGEMENT	
Efficiencies	Conformance	Accountability
<ol style="list-style-type: none"> 2. On-site inspections (quality) 3. Project management <ul style="list-style-type: none"> • adherence to project timelines and milestones • review of timelines and milestones 4. Budget control (Invoice paid versus project milestones) 	<ol style="list-style-type: none"> 1. Number of SMEs participated in the project 2. Assessment of SMEs idle period between current and the last project 3. Feedback report to CIDB 	The policy forms part of the review. As indicated in the framework, there are a number of important key elements of the

5. Identification of best performing SMEs	4. Compilation of SMEs growth index	socioeconomic objectives of the PPPFA. Bidders' anonymity plays a major role. Thereafter, the total number of jobs created, (Number of new employees retained in the company).
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Firstly, the feedback to policymakers on the completion of projects within the designs and other specifications is important so that data may be kept on the progress in delivering services to the public. Delivery on specification assists the policymakers in the alignment of future expenditure in similar Government projects. An error in conformation to specification may compromise the lifetime of the project hence the need to adjust and bring forward some of the budgets for replacement expenditure. Alternatively, the compromise on specification may require additional budget on sustainability through maintenance of the project.

Secondly delivering of projects at the right time helps policymakers in reporting accurately on the achievements made on Government promises. This instils hope to the public and help minimising the staging of protests that cause high disturbances in the public. Delivering on time also keep costs of the project within the budget controls. Achievement of projects within the budget controls can have a positive effect on many aspects of the PPPFA.

Thirdly, delivering the right quantities is an important feedback to the policymakers, therefore consideration of project timelines and handover phases must form part of the policies. At the times of financial constraints, some projects require completion in phases hence the requirement to report on specific quantities delivered or completed at certain times. Alternatively, unforeseen circumstances may hinder the progress of the project execution resulting in the completion delays. Completed sections or phases of the project may be handed over for use and the records kept as to what is still outstanding.

Lastly, the primary objective of the PPPFA hinges around delivery of projects within the specified costs or budget. The policymakers would not have completed their task if they cannot measure the actual costs of the project against the set budget. Actual costs helps project future project cost and experience teaches the policymakers to shape up their skills in developing policies based on practical financial decisions. Therefore, delivery of projects within costs can be achieved but only with the integrated effort by the fulfilment of all the other three elements mentioned above.

The achievement of the secondary objective of the PPPFA sets the scene for the achievement of socioeconomic goals of SMEs growth, entrepreneurship development, other socioeconomic goals as revealed in the review of literature and job creation. For the first time this study has claimed the recommendation to split the SMEs growth and development initiatives and job creation as two distinct separate goals of the PPPFA secondary objective. This will help policymakers in tracking the number of jobs created by Government projects while at the same time help improving SMEs development policies.

The Government has made a remarkable effort in establishing agencies and other interventions aimed at developing the SMEs. It is for this reason that the policymakers must consolidate these interventions into SMEs business growth initiatives and job creation initiatives under the secondary objective of the PPPFA. The two objectives cascade as three key performance areas to any Government Department advertising for the tender projects. The tender evaluation process will continue as current, however the prequalifying criteria will also focus on the job creation plan for the bidders. It is crucial that the policymakers speed up the coordination of functions of SME development agencies under the newly formed Department of Small Business Development. It is also crucial to collaborate all the CIDB responsibilities with the goals of the PPPFA secondary policy to complete the loop in SMEs development. As the custodian of construction company grading, CIDB needs to contribute to policymaking to speed up the process of growth within the construction industry SMEs.

6.6.1.2 Strategic teams from Government infrastructural departments

The success of the Government initiatives rests in the practical and clear interpretations of the policies. There must be a team of experts in the subject in order for the policy to cascade as clear action plan to be carried out by different departments as required by the execution of different types of projects.

The Provincial Government must establish a strategic management team, which will be a composite structure of relevant stakeholders within the PPPFA. The departments such as Small Business Development, the Treasury, Supply Chain Management, Engineers and the specific department sponsoring the project will make a major contribution to the functioning of such a team. The responsibility of this team is mainly to formulate strategies that will help all concerned

divisions in formulating their operational strategies within the boundaries of the policy requirements.

The Strategic Management Team will be responsible for the entire design of the projects following the policy guidelines. However, the main function of this Strategic Management Team will be the synchronisation of all the key performance areas as defined in the policy. The Engineers will help in hewing the big projects objectively to cater for SMEs capabilities. The strategic management team will define the frame for accommodating SMEs where they exhibit a serious lack of expertise required for the project execution. In essence, the Government current interventions for SMEs development will be identified at the design phase of the project. An example is when the project design stipulates the requirement of a Civil Engineer which is unaffordable by the SMEs. The direction must be given to the SME bidding for the tender as to where and how such expertise can be available through the Small business Development interventions. Financial capabilities required for the projects must be inclusive of where and how the SMEs can source external financial help. The strategic management team will also give estimates of the number of jobs expected to be created by the company that wins the tender. In summary, the Strategic Management Team does not only design the project specifications but also formulates a template for the Tender Evaluation Committee.

6.6.1.3 Process Management Team

The Process Management Team carries the responsibility for managing controls ensuring efficient delivery of the projects. These efficiencies are guided and directed by the Supply Chain Management goals such as sourcing of acceptable quality goods and services at the correct price, from the correct source and at the correct quantities as well as the socioeconomic goals of growing and developing SMEs for sustainable job creation. Therefore quality checks form the control thread running through the entire project execution as required by the policy and goals of the PPPFA primary and secondary objectives of the PPPFA. This recommendation is remarkable of the thread that runs from policy down to the execution of the project, measurements of process efficiencies, measurements of staff competencies and measurement of SME performance as effective participants in the PPPFA processes.

By virtue of sourcing the acceptable quality goods from the correct suppliers, the development of a supplier becomes one of the responsibilities for the Process Management Team. Considering that most of the suppliers fall into the SMEs category, weaknesses revealed about the failure to deliver on specifications form part of their development needs. The same responsibility applies in measuring the performance of the SMEs in their participation in PPPFA. This is an important feedback constituting the actions highlighting interventions of the performance management responsible for the two way feedback designed for the completion of the loop from the top to bottom and back to policymakers.

6.6.1.4 Performance management Team

The Performance Management Team takes full responsibility for the assessment of conformance of the tender process to socioeconomic objectives to grow and develop SMEs so that more businesses are established and more jobs are created. The performance management team must ensure proper measurements are in place for process efficiencies, public procurement officials' competencies as well as the performance of the SMEs in the PPPFA. These factors must form part of a two way feedback mechanism which will constitute the PPPFA model.

It is also the duties of this team to ensure that ethical management prevails until the final stages of the tender process. Ethical management of the tender process incorporates anonymity of the contractors when submitting qualifying contractors to the Tender Evaluation Committee. The contractors' names can be decoded at the end of the process. As its focus this team will never lose sight of the SMEs' development in the areas of entrepreneurship, technical and administrative skills. The Government human resources policies may need to view the principles of moral and professionalism in serious light. This can benefit the PPPFA in many ways including the management of politically motivated interventions that cause unproductive interferences in the PPPFA processes. Performance management team is the key in formalising a two way feedback mechanism for the communication of both challenges and successes of the socioeconomic policy of sustainability through job creation by the SMEs.

6.6.1.5 Sustainable job creation through SMEs

Through performance management feedback, the PPPFA model must be able to reveal the shortcomings of the SMEs and the control weaknesses of the PPPFA which result in the failure to achieve the socioeconomic objective of job creation.

6.6.2 Recommendations for further research

Due to the focus of the topic and the study, the recommendations on both primary and secondary findings of this study have left three major gaps in addressing the Government drive to promote SMEs' growth and development. These are:

- Incorporation of entrepreneurship as a subject in the basic education curriculum
- Development of the PPPFA model as a fully-fledged economic policy that includes both public and private sectors.
- Formalising the distinctive features of the Government current interventions aimed at SMEs development to ensure that the newly formed Department of Small Business Development becomes a firmly established home for the SMEs related policies.

6.6.3 Possible Future research topics

Building upon findings of this study, future research can be of great benefit in the field of job creation through SMEs. Following are three possible topics that relate to but were not the focus of this study.

6.6.3.1 Formalisation of entrepreneurship as a subject in the basic education curriculum

Williams and Shahid (2016), identified a crucial reason for many businesses to opt for operating as informal businesses as opposed to registering as legal entities with their own status and liabilities to statutory compliance such as tax obligations and LRA compliances. Most if not all of the informal businesses do not separate their personal from their business bank accounts. The reason for such behaviour originated from the historical treatment of businesses owned by certain sectors of the communities that were previously ostracized from the economic activities. Under those circumstances laws were very tough and were designed to make it even impossible to register and sustain businesses (Williams & Shahid, 2016).

When the new Government took over and started driving the establishment of the small and medium size businesses, the informal sector had already flourished and was accepted in the business norms. Subsequently the SMEs were registered as a response to the Government drive to promote Black businesses. The owners of such businesses lack the commitment to engage systematically in their participation in the Government initiatives aimed at developing local businesses. These SMEs were only registered to fulfil the basic requirement of participating in public procurement and not as fully fledged businesses that would formally contribute to the socioeconomic objectives as expected by the PPPFA. This point was largely demonstrated in the findings with the SMEs preference to always bid for projects of low value. In summary, their compliance requirements for qualifying to participate in the PPPFA is not perceived as the fundamentals for entrepreneurship but the continued red tape burden. This creates the need for further research into provision of basic knowledge in formalisation of the small size businesses. Further research may explore the possibilities of minimising the incongruence between formal and informal businesses in order to elevate the entrepreneurship drive in the SME sector. Pioneering basic education curricula with entrepreneurship as a formal subject can make a great contribution towards this cause.

6.6.3.2 Development of the PPPFA model as a fully-fledged economic policy

The study revealed through literature reviewed that B-BBEE has only been the guidelines in the private industry and it is only obligatory to the private sector. In the private sector, only those companies with the desire to participate in the Government tender processes opt to comply with the B-BBEE certification. Those companies with no interest in participating in any public procurement processes do not regard the B-BBEE compliance as a logical economic drive to elevate the standard of living of the citizens. The standard of living contributes to socioeconomic improvement which result in amplified business activities.

The Government has failed to give real teeth to the B-BBEE Commission so that they can action corrective measures against those companies not complying thereto. The backdrop of the general belief by the White owned businesses is that B-BBEE was commissioned to enrich an elite group of the Blacks. The Government must therefore understand that private companies' focus is in profits, and no business can easily invest in transformation unless stringent consequences have been effectively implemented. Otherwise the Government will always remain an easy target to

blame when matters of economic transformation take to political discourse and other public discussions.

This study recommends that another opportunity for further research exists, where boosting income redistribution cycle and economic growth opportunities can be achieved through the Government introduction of SME friendly models in the procurement strategies of the private sector. Notwithstanding the fact that this study was only restricted to the construction industry sector, B-BBEE policies that control the private sector can also be generally applied to other business sectors in pursuit of SME's growth and development.

6.6.3.3 The Department of Small business Development and the SME policies

Although the study focus was in SMEs, sustainable job creation and PPPFA, it came out very often in the responses to questionnaire that SMEs still struggle to benefit from the Government packs aimed at entrepreneurship development in the country. For instance, the study has revealed that in spite of the Government initiatives to ease the burden of business financial constraints, SMEs still struggle to qualify for such funding. SMEs claim that the red tape in Government Agencies established for financially assisting emerging businesses is higher than in commercial banks. There are different areas of funding and this has raised the need to consolidate these agencies under one roof.

Regarding the Government non-financial support available to the SMEs, the same disjointed facilities have been identified by the study. This indicates the need of consolidating all the developmental efforts operating under different names. The Government Agencies responsible for rolling out of such programmes must find an office within the structures of the Small Business Development Department.

Conclusions

Sustainable job creation may presently seem like a pie in the sky, however, it is achievable. The PPPFA may also not give an impression of being a sufficient model to deliver job creation through the development of SMEs in the construction sector. However, this study has demonstrated how the reviewing of the PPPFA model can bring about different results by balancing both its primary and secondary objectives. The primary objective focusses on the Supply Chain Management

(SCM) of the public procurement systems which constitutes the key element in the Government operations. Sound principles of the SCM guarantee that services and goods supplied to the public sector are of sufficient standards and meet all conditions set out in the specifications. On the other hand, the socioeconomic principles in the secondary objectives of the PPPFA focus on the upliftment of the standards of living of all the citizens of the country. This may be in form of an increased supply of jobs or developing of entrepreneurs in the country. It is in this essence that the policymakers need to consider management controls to ensure PPPFA conformance to performance standards as recommended.

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(Botha, Smulders, Combrink & Meiring, 2020; Giddy, Idahosa & Rogerson, 2020; AMBE, 2019)

APPENDIX 1

CONSENT LETTER TO THE RESPONDENTS

Dear Business owner

My name is Vusumuzi Alpheus Nyathikazi, and am a Doctoral student in the above institution. I am currently conducting research on the participation of the construction industry small to medium size enterprises (SMEs) within the Province of Kwa-Zulu Natal. The study seeks to determine why PPPFA fails to enhance growth to SMEs thereby contributing to sustainable job creation. The study focus is on all construction industry SMEs participating in the Government procurement in the Province of Kwa-Zulu Natal (KZN).

The KZN Department of Transport has granted me the permission to access its database of all the construction industry SMEs for the selection of the study sample.

It is with great excitement to let you know that your company made it to the sample hence I hereby invite you to complete a research questionnaire below. Your responses to the questionnaire will help the study gathering information that will help improving the current situation in the Government effort to boost SMEs growth through Preferential Procurement Policy (PPPFA).

Please follow the instructions and answer all questions from all four sections. There is no right or wrong answer to any of these questions, as the objective of each question is to determine your point of view based on your knowledge of the business sector and your personal experience when applying for Government projects through the tender system.

Completing the questionnaire will take more or less 45 minutes of your time. However, please note that you will be allowed to take longer time as long as you complete the questionnaire. Your answers will be treated in strict confidence. Revelation of your identity is not compulsory, as participation in this study is voluntary. You have the right to withdraw from participation in this study as and when you make that decision. The information supplied is solely for research purposes and in accordance with the ethical rules of research applicable at the University of Kwa-Zulu Natal. By completing the questionnaire, you agree to participate in the study.

Your co-operation and participation in the study will be greatly appreciated.

Vusumuzi Nyathikazi

079 743 7132

APPENDIX 2

SURVEY QUESTIONNAIRE

Please follow the instructions in answering all the sections of the questionnaire. You are requested to answer all the questions in all four sections. There are no wrong or correct answers. This questionnaire will take approximately 45 minutes to complete but you can take as much time as you want.

SECTION A: Demographic information

Instruction: Please tick in the appropriate box with an “X”.

1. Gender

Male		Female	
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2. Age group in years

0-18	19-35	36-65	65+

3. Race

Black	Coloured	Indian	White	Other

4. Home language

Afrikaans		IsiZulu		SeTswana	
English		SePedi		Tshivenda	
IsiNdebele		SeSotho		XiTsonga	
IsiXhosa		SeSwati		Other	

5. Education

Below Grade 12	Grade 12	Certificate	Diploma/ Degree	Post Graduate Degree

SECTION B: Business information

Instruction: Please tick in the appropriate box with an “X”. In Question 6 you are not forced to divulge the name of your company but please fill in the ownership type.

6. Name and ownership type

	CC		(PTY) Ltd		Other	
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7. Business category

Small (Grade 1-3)	Medium (Grade 4-6)

8. Geographic position

Rural		Semi-urban		Urban	
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9. Number of permanent employees

None	1-10	11-20	21-50	51-100	100+

10. Source of work

Government tenders	Private sector	Other (Please explain). e.g. private houses

11. Government tender frequency

Never	Once/Year	Once/2 Years	Once/5 Years	Once/10 Years

12. Government tender value qualified to bid for

0-100K	101K-200K	201K-500K	501-1m	1.1m-2m	2m+

SECTION C: CLOSED ENDED QUESTIONS

Following are statements that you need to respond to by stating your level of **agreement/disagreement** thereof. You can only have one tick on each statement e.g.

Statement	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1. My business always wins the tender whenever I bid	X				

Your response to this statement is “Strongly disagree” as you feel strongly that there is absolutely no chance you can win every tender that you apply for.

Please respond accordingly to the following statements:

Statement	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
2. My business has a bright future for growth					
3. In KZN, all businesses do not benefit equally from the Public procurement policy framework					
4. There is no political interference in the Government tender system					
5. I do not understand the procedures followed by SMMEs when bidding in the Government tenders					
6. Filling in the tender document is not an easy process					
7. I do not personally fill in my tender documents					
8. SMMEs have no access to the Government tender adverts in order to bid.					
9. I do not know how to appeal and receive elements of my business application deficiency in the tender process					

10. The Government does not set aside projects for emerging contractors					
11. CIDB registration is an easy process					
12. I have benefitted from the Govt. development programmes by agencies like CIDB, Seda and others					
13. I still need training in order to develop my business					
14. My business is solely dependent on Government tenders					
15. My business has enough work to sustain the employee wages/salaries					
16. My business employs the stipulated number of people in its category					
17. I often lay off employees during the idle periods					
18. My employees benefit from the Government lay off scheme					
19. My employees are registered with the Department of Labour					
20. My business complies with the statutory AFS (Annual Financial Statement) requirements					
21. My AFS are always audited by registered accountant					

SECTION C: OPEN ENDED QUESTIONS

Instruction: Please respond to the following questions, as you understand the situation in relation to your business.

1. What are your goals in growing your business?

2. Explain what type of Government tenders do you prefer to submit the bidding for.

3. What problems do you encounter when bidding for the Government tender

4. Just explain how many permanent and temporary people your business employs.

5. According to CIDB Grading, business must employ a certain number of people. Does your business comply and if not what are the main reasons for not employing in your business category

6. What are other barriers hindering your business from growing and develop to the next Grade so that it can employ more people?

APPENDIX:4-CORRELATIONS

		Correlations																			
		My business has a bright future for growth	In KZN, all businesses do not benefit equally from the Public procurement policy framework	There is no political interference in the Government tender system	I do not understand the procedures followed by SMEs when bidding in the Government tenders	Filing in the tender document is not an easy process	I do not personally fill in my tender documents	SMEs have no access to the Government tender adverts in order to bid	I do not know how to appeal and receive elements of my business application deficiency in the tender process	The Government does not set aside projects for emerging contractors	CEB registration is an easy process	I have benefited from the Govt development programmes by agencies like CEB, Seda and others	I still need training in order to develop my business	My business is solely dependent on Government tenders	My business has enough work to sustain the employee capabilities	My business employs the stipulated number of people in its category	I often lay off employees during the idle periods	My employees benefit from the Government lay off scheme	My employees are registered with the Department of Labour	My business complies with the statutory AFS (Annual Financial Statement) requirements	My AFS are always audited by registered accountant
Spearman's	My business has a bright future for growth	Correlation Coefficient Sig. (2-tailed)	1.000																		
		N	413																		
	In KZN, all businesses do not benefit equally from the Public procurement policy framework	Correlation Coefficient Sig. (2-tailed)	.450*	1.000																	
		N	413	413																	
	There is no political interference in the Government tender system	Correlation Coefficient Sig. (2-tailed)	.375*	.248*	1.000																
I do not understand the procedures followed by SMEs when bidding in the Government tenders	Correlation Coefficient Sig. (2-tailed)	.253*	.434*	.143*	1.000																
		N	413	413	413	413															
	Filing in the tender document is not an easy process	Correlation Coefficient Sig. (2-tailed)	.288*	.246*	.340*	.370*	1.000														
		N	413	413	413	413	413	413													
	I do not personally fill in my tender documents	Correlation Coefficient Sig. (2-tailed)	.295*	.441*	.346*	.475*	.332*	1.000													
SMEs have no access to the Government tender adverts in order to bid	Correlation Coefficient Sig. (2-tailed)	.343*	.289*	.307*	.363*	.465*	.365*	1.000													
		N	412	412	412	412	412	412	412												
	I do not know how to appeal and receive elements of my business application deficiency in the tender process	Correlation Coefficient Sig. (2-tailed)	.046*	.172*	.088*	.271*	.167*	.245*	.228*	1.000											
		N	413	413	413	413	413	413	413	413	413										
	The Government does not set aside projects for emerging contractors	Correlation Coefficient Sig. (2-tailed)	.141*	.294*	.157*	.325*	.427*	.196*	.359*	.400*	1.000										
CEB registration is an easy process	Correlation Coefficient Sig. (2-tailed)	.115*	.208*	.044*	.309*	.234*	.265*	.327*	.595*	.424*	1.000										
		N	413	413	413	413	413	413	413	413	413										
	I have benefited from the Govt. development programmes by agencies like CEB, Seda and others	Correlation Coefficient Sig. (2-tailed)	.305*	.291*	.161*	.339*	.378*	.280*	.292*	.302*	.358*	1.000									
		N	412	412	412	412	412	412	411	412	412	412									
	I still need training in order to develop my business	Correlation Coefficient Sig. (2-tailed)	.410	.410	.050	.000	.000	.000	.000	.000	.001	.000	1.000								
My business is solely dependent on Government tenders	Correlation Coefficient Sig. (2-tailed)	.260*	.208*	.323*	.300*	.233*	.226*	.229*	.174*	.290*	.322*	.423*	1.000								
		N	412	412	412	412	412	411	412	412	412	412	412	412							
	My business has enough work to sustain the employee capabilities	Correlation Coefficient Sig. (2-tailed)	.291*	.223*	.144*	.195*	.232*	.294*	.292*	.244*	.247*	.349*	.319*	.524*	1.000						
		N	412	412	412	412	412	412	411	412	412	411	410	412	412	412					
	My business employs the stipulated number of people in its category	Correlation Coefficient Sig. (2-tailed)	.168*	.125*	.032*	.312*	.304*	.181*	.271*	.272*	.348*	.342*	.223*	.285*	.238*	1.000					
I often lay off employees during the idle periods	Correlation Coefficient Sig. (2-tailed)	.120*	.179*	.125*	.343*	.220*	.287*	.260*	.494*	.364*	.508*	.309*	.284*	.323*	.300*	.367*	1.000				
		N	412	412	412	412	412	412	411	412	412	412	411	410	412	412	412	412			
	My employees benefit from the Government lay off scheme	Correlation Coefficient Sig. (2-tailed)	.205*	.102*	.098*	.291*	.224*	.284*	.263*	.411*	.351*	.416*	.221*	.245*	.313*	.386*	.387*	.522*	1.000		
		N	412	412	412	412	412	412	411	412	412	412	411	410	412	412	412	412	412	412	
	My employees are registered with the Department of Labour	Correlation Coefficient Sig. (2-tailed)	.276*	.321*	.201*	.244*	.343*	.403*	.313*	.238*	.348*	.238*	.203*	.224*	.337*	.334*	.176*	.279*	.305*	1.000	
My business complies with the statutory AFS (Annual Financial Statement) requirements	Correlation Coefficient Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	1.000	
		N	410	410	410	410	410	410	410	410	410	410	410	410	410	410	410	410	410	410	410
	My AFS are always audited by registered accountant	Correlation Coefficient Sig. (2-tailed)	.216*	.228*	.135*	.270*	.228*	.260*	.273*	.306*	.286*	.439*	.259*	.351*	.298*	.284*	.320*	.388*	.409*	.289*	0.043
		N	412	412	412	412	412	412	411	412	412	412	411	410	412	412	412	412	412	410	412
		N	412	412	412	412	412	412	411	412	412	412	411	410	412	412	412	412	412	410	412

** . Correlation is significant at the 0.01 level (2-tailed).
 * . Correlation is significant at the 0.05 level (2-tailed).

