



College of Law and Management Studies
School of Management, IT and Governance

**EXAMINING THE IMPACT OF EMPLOYMENT EQUITY AMENDMENTS ON THE
BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN**

By

Reward Utete

216071061

A dissertation submitted to the School of Management, IT and Governance in fulfilment of the
requirements for the degree of

DOCTOR OF INDUSTRIAL RELATIONS


Supervisor: **Professor T.I. Nzimakwe**

October 2020

DECLARATION

I, **Reward Utete**, declare that:

- (i) The research reported in this dissertation, except where otherwise indicated, is my original research.
- (ii) This dissertation has not been submitted for any degree or examination at any other university.
- (iii) This dissertation does not contain any other person's data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
- (iv) This dissertation does not contain any other person's writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
 - a) their words have been re-written but the general information attributed to them has been referenced;
 - b) where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- (v) This dissertation does not contain text, graphics or tables copied and pasted from the Internet, unless specifically acknowledged, and the source being detailed in the dissertation and in the bibliography section.

Signature: 


Date: 08 October 2020



UNIVERSITY OF
KWAZULU-NATAL
INYUVESI
YAKWAZULU-NATALI

College of Law and Management Studies

Supervisors Permission to Submit Thesis for Examination

Name: Reward UTETE	No: 216071061	
Title: Examining the impact of employment equity amendments on the business performance of small and medium companies in Durban		
Qualification: PhD in Industrial Relations	School: Management, IT and Governance	
	Yes	No
To the best of my knowledge, the thesis/dissertation is primarily the student's own work and the student has acknowledged all reference sources	X	
The English language is of a suitable standard for examination without going for professional editing.	X-it was edited	
Turnitin Report	8%	
Comment if % is over 10%:		
I agree to the submission of this thesis/dissertation for examination	X	
Supervisors Name: Prof TI Nzimakwe		
Supervisors Signature: 		
Date: 08 October 2020		
Co- Supervisors Name: N/A		
Co- Supervisors Signature:		
Date:		

ACKNOWLEDGEMENTS

I would like to thank the Lord Almighty for the wisdom and strength to complete this study. I am also profoundly thankful to my supervisor, Prof. T.I. Nzimakwe, for his guidance, expertise and meticulous checking of this study. My sincerest appreciation is extended to Prof. Mutola for his support, encouragement and motivation.

Sincere appreciation to Mrs M. Mathews (Language Editor) and Mr Mayowa (Statistician) for the dedication and assistance they gave me in the completion of this study. I would also like to express my appreciation to the Policy and Advocacy Manager of Durban Chamber of Commerce and Industry, Mr Y. Nagoor, for the opportunity he gave me to conduct the research.

My sincere gratitude is accorded to my family and friends who supported and encouraged me throughout my studies.

ABSTRACT

The universal concern about tenacious stagnation and amplified dramatic economic downfall associated with acute poverty and unemployment levels has prompted a look for the root cause of the dilemma and search for mechanisms which would promote the revamping of economic activities in various economies. The rapid closure and decline of small and medium companies take centre stage amongst the contributors to the shrinkage of economies. This is due to the fact that small and medium companies mainly form the base in which activities of entrepreneurship unfold. In South Africa, the business performance of small and medium companies have drastically declined. In particular, the manufacturing sector has a diminished production of 5.9%. This huge decline has taken place yearly since 2014, the year in which the amendments to Employment Equity legislation were put into effect. Since 2014, the motor vehicle industry, which is considered as a job creator, plunged by 25% in its annual services. Small and medium companies in Durban face growing difficulties in improving and maintaining business performance while managing the pressure of complying with the new amendments to Employment Equity legislation. Adjusting organisational performance strategies to tally with the new amendments of employment equity remain a challenge, especially for small and medium companies. This study was predominantly motivated by a quest to improve the business performance of small and medium organisations.

The study primarily sought to find the extent to which the employment equity amendments affect the business performance of small and medium companies in Durban. The study adopted an exploratory research design and utilised a mixed research approach because such a methodology provides adequate data that answers the research questions of the study. For the purpose of this study, the mixed methods research design was utilised, adopting concurrent triangulation. Since concurrent triangulation was adopted, the same sample of 226 (respondents) industrial relations representatives of small and medium companies registered under the Durban Chamber of Commerce and Industry were chosen for both quantitative and qualitative methods, in which each selected company had only one respondent. For the quantitative part, a simple random sampling technique was employed to select a sample in which computer generated random numbers were utilised in selecting the sample. For the qualitative part, theoretical or purposeful sampling was adopted. For this study, primary data was collected utilising a structured closed-ended

questionnaire and an open-ended questionnaire. Two methods of analysing data were utilised, namely statistical analysis and thematic analysis. Both inferential and descriptive statistics were utilised to present and analyse quantitative data. The key findings of the study indicated that the most amendments to Employment Equity legislation are adversely affecting the business performance of small and medium companies. Another key finding of this study indicated that small and medium companies are currently forced to hire semi-skilled local citizens as skilled citizens are few and the available ones are grabbed by large companies. The findings of the study indicated that there is high labour turnover of employees who hold permanent resident status as they are leaving South Africa for western countries because of low prospects of career growth that comes with new measures in relations to the Employment Equity amendments.

A further finding revealed that a sense of motivation is experienced from 'equal pay for equal work' or work of the same value as all employees feel valued and they are getting the same treatment in their jobs. The study recommended that small and medium companies and government should strike a balance and be sensitive in executing the amendments to Employment Equity legislation in order to mutually stimulate business performance whilst simultaneously affording people from designated groups a chance to benefit from the legislation. Special development programmes should be given to employees from designated groups in order to assist them to cope with the appointed positions, thereby correcting the under-representation of these employees in small and medium companies. The current emphasis on transformation should be intertwined with the development of critical skills. This study developed a model which tracks and monitors the impact of the Employment Equity amendments on business performance. The research significantly contributed to the existing body of knowledge in respect of amendments to Employment Equity legislation and its impact on business performance through revealing new information. The study also gave direction for future research.

TABLE OF CONTENTS

Contents	Page number
DECLARATION	i
SUPERVISOR'S PERMISSION TO SUBMIT.....	ii
ACKNOWLEDGEMENTS.....	iii
ABSTRACT.....	iv
LIST OF TABLES	xvi
LIST OF FIGURES	xviii
LIST OF ACRONOMYS	xix
CHAPTER ONE: INTRODUCTION AND OVERVIEW OF THE STUDY....	1
1.1 INTRODUCTION	1
1.2 BACKGROUND TO THE STUDY	3
1.3 DURBAN ECONOMY AND THE CURRENT SITUATION OF SMALL AND MEDIUM COMPANIES	5
1.3.1 DURBAN'S HUMAN RESOURCE BASE	6
1.4 PROBLEM STATEMENT	7
1.5 AIM OF THE STUDY	9
1.6 DEFINITION OF KEY TERMS.....	9
1.6.1 BUSINESS PERFORMANCE.....	9
1.6.2 EMPLOYMENT EQUITY AMENDMENTS	9
1.7 RESEARCH QUESTIONS	9
1.7.1 PRIMARY QUESTION.....	9
1.7.2 SECONDARY QUESTIONS.....	9
1.8 RESEARCH OBJECTIVES.....	10
1.8.1 PRIMARY OBJECTIVE.....	10
1.8.2 SECONDARY OBJECTIVES	10
1.9 PRELIMINARY LITERATURE REVIEW	11

1.9.1	EMPLOYMENT EQUITY LEGISLATION AND ITS AMENDMENTS	12
1.9.1.1	The amendments to Employment Equity legislation	13
1.9.2	THE CONCEPT OF BUSINESS PERFORMANCE.....	15
1.9.3	PRELIMINARY CRITICAL EVALUATION OF THE RELATIONSHIP BETWEEN EMPLOYMENT EQUITY AMENDMENTS AND BUSINESS PERFORMANCE.....	17
1.9.4	EFFECTS OF NEW AMENDMENTS TO EMPLOYMENT EQUITY ON OPERATIONAL PERFORMANCE.....	20
1.9.5	EFFECTS OF NEW AMENDMENTS TO EMPLOYMENT EQUITY ON FINANCIAL PERFORMANCE	22
1.9.6	EFFECTS OF NEW AMENDMENTS TO EMPLOYMENT EQUITY ON STAKEHOLDER PERFORMANCE.....	23
1.9.7	IMPORTANCE OF MEASURING BUSINESS PERFORMANCE.....	23
1.9.8	MISUNDERSTANDINGS ASSOCIATED WITH THE APPLICATION OF REGIONAL AND NATIONAL DEMOGRAPHICS WITHIN EMPLOYMENT EQUITY IN SOUTH AFRICA	24
1.10	THEORETICAL FRAMEWORK	26
1.11	SIGNIFICANCE OF THE STUDY	26
1.12	MOTIVATION FOR THE STUDY.....	27
1.13	RATIONALE OF THE STUDY.....	28
1.14	RESEARCH METHODOLOGY.....	30
1.14.1	RESEARCH DESIGN.....	30
1.14.2	RESEARCH APPROACHES	31
1.14.3	STUDY SITE	32
1.14.4	TARGET POPULATION	33
1.14.5	SAMPLING STRATEGIES.....	34
1.14.6	SAMPLE SIZE.....	34
1.14.7	SAMPLE	34
1.14.8	DATA COLLECTION METHODS.....	35
1.14.9	DATA QUALITY CONTROL	35
1.14.10	MEASUREMENTS	36
1.15	DATA ANALYSIS	36

1.16	ETHICAL CONSIDERATIONS	37
1.17	LIMITATIONS OF THE STUDY	37
1.18	STRUCTURE OF THE DISSERTATION	37
1.19	SUMMARY OF THE STUDY	39
	CHAPTER TWO: LITERATURE REVIEW: EMPLOYMENT EQUITY AMENDMENTS AND THEIR LEGAL FRAMEWORK.....	40
2.2	INTRODUCTION	40
2.2	INTERNATIONAL OBLIGATIONS OF SOUTH AFRICA	40
2.3	HISTORICAL BACKGROUND TO EMPLOYMENT EQUITY ACT.....	44
2.4	THE EQUALITY CLAUSE IN THE CONSTITUTION OF SOUTH AFRICA.....	47
2.5	THE CONCEPT OF UNFAIR DISCRIMINATION.....	48
2.6	THE CONCEPT OF AFFIRMATIVE ACTION.....	48
2.7	THE COMMISSION FOR EMPLOYMENT EQUITY	49
2.8	LEGISLATIONS THAT WERE RECENTLY AMENDED	49
2.8.1	THE LABOUR RELATIONS AMENDMENT ACT OF 6 OF 2014.....	49
2.8.2	BASIC CONDITIONS OF EMPLOYMENT AMENDMENT ACT 20 OF 2013	50
2.8.3	BROAD-BASED BLACK ECONOMIC EMPOWERMENT AMENDMENT ACT NO. 26 OF 2013	50
2.8.4	THE PROMOTION OF EQUALITY AND PREVENTION OF UNFAIR DISCRIMINATION AMENDMENT ACT, 2002 (ACT 52 OF 2002)	51
2.8.5	NATIONAL MINIMUM WAGE ACT (9 OF 2018).....	52
2.9	THE EMPLOYMENT EQUITY AMENDMENT ACT 47 OF 2013	52
2.9.1	INCLUSION OF EQUAL TREATMENT (WORK OF EQUAL VALUE).....	52
2.9.1.1	The convention of equal remuneration.....	54
2.9.1.2	South African case laws that dealt with equal pay-for-equal work	57
2.9.2	DISCRIMINATORY GROUNDS EXTENDED.....	59
2.9.2.1	South African case laws that dealt with arbitrary grounds	60
2.9.3	THE BURDEN OF PROOF (AMENDMENT TO SECTION 11)	61
2.9.3.1	South African case laws that dealt with the burden of proof.....	61

2.9.4	CCMA JURISDICTION (AMENDMENT OF SECTION 10).....	63
2.9.5	ANNUAL REPORTS.....	63
2.9.6	..INCREASED FINES (AMENDMENTS TO SECTIONS 59, 61 AND SCHEDULE 1)	66
2.9.7	ONLY APARTHEID VICTIMS TO BENEFIT FROM EMPLOYMENT EQUITY	66
2.9.8	ENFORCEMENT PROCEDURES (AMENDMENTS TO SECTIONS 39 AND 40) 67	
2.9.9	OCCUPATIONAL CATEGORIES EXCLUDED.....	68
2.9.10	ASSESSMENT OF COMPLIANCE	68
2.9.11	REPORTS TO THE DIRECTOR-GENERAL (AMENDMENTS TO	68
	SECTION 21).....	68
2.9.12	CONSEQUENCES OF FAILING TO COMPLY WITH DIRECTOR-GENERAL (AMENDMENT TO SECTION 45)	68
2.9.13	TOTAL ANNUAL TURNOVER THRESHOLD (AMENDMENTS	69
	TO SCHEDULE 4)	69
2.9.14	PSYCHOMETRIC TESTS.....	70
2.10	REGIONAL AND NATIONAL DEMOGRAPHICS.....	71
2.10.1	SOUTH AFRICAN CASE LAWS THAT DEALT WITH NATIONAL AND REGIONAL DEMOGRAPHICS	71
2.10.1.1	Solidarity v Department of Correctional Services	72
2.10.1.2	South African Police Service (SAPS) and others v Solidarity and Others (JS469/12) (2015) ZALCJHB 266 (13 August 2015).....	73
2.11	CONCLUSION	74
	CHAPTER THREE: THE CONCEPT OF BUSINESS PERFORMANCE....	75
3.1	INTRODUCTION	75
3.2	THE CONCEPT OF BUSINESS PERFORMANCE	76
3.2.1	THEORETICAL FOUNDATIONS OF BUSINESS PERFORMANCE.....	78
3.2.1.1	Five perspectives of business performance.....	79
3.3	DIFFERENT CONCEPTUALISATIONS OF BUSINESS PERFORMANCE 86	
3.3.1	ORGANISATIONAL STRUCTURE DIRECTS BEHAVIOUR.....	86

3.3.2	CAUSE-AND-EFFECT IS NOT CLOSELY ASSOCIATED WITH SPACE AND TIME.....	87
3.3.3	NO SOLE SUITABLE ANSWER	87
3.3.4	BEHAVIOUR GETS WORSE BEFORE IT GETS BETTER	87
3.4	THE THREE KEY DOMAINS OF BUSINESS PERFORMANCE.....	88
3.4.1	FINANCIAL PERFORMANCE.....	89
3.4.1.1	Financial performance measures.....	90
3.4.2	OPERATING BUSINESS PERFORMANCE	96
3.4.2.1	Efficiency ratios.....	97
3.4.2.2	Market-based ratios.....	98
3.4.2.3	Innovation Practices	99
3.4.2.4	Survival measures	101
3.4.3	STAKEHOLDER PERFORMANCE.....	101
3.4.4INTANGIBLE AND TANGIBLE MEASUREMENTS OF FINANCIAL, OPERATIONAL AND STAKEHOLDER PERFORMANCE	102
3.5	CONCEPTULISATION OF BUSINESS PERFORMANCE FOR SMALL AND MEDIUM COMPANIES.....	104
3.6	SUPPORT OF HIGH PERFORMANCE WORK PRACTICE TOWARDS BUSINESS PERFORMANCE.....	107
3.8	CONCLUSION	109
	CHAPTER FOUR: THEORETICAL FRAMEWORK LINKING THE EMPLOYMENT EQUITY AMENDMENTS AND THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES	110
4.1	INTRODUCTION	110
4.2	DEFINITION OF SMALL AND MEDIUM COMPANIES	111
4.3	THE CURRENT STATE OF THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN SOUTH AFRICA.....	113
4.4	DURBAN ECONOMY	115
4.5	CURRENT SITUATION OF SMCS IN DURBAN	117
4.6	DURBAN'S HUMAN RESOURCE BASE.....	118

4.7	FACTORS THAT AFFECT SMALL AND MEDIUM COMPANIES	119
4.7.1	INTERNAL ENVIRONMENTAL FACTORS.....	120
4.7.1.1	Management Skills and Competency.....	120
4.7.1.2	Access to Finance	123
4.7.1.3	Technological Capabilities.....	126
4.7.2	EXTERNAL ENVIRONMENT FACTORS	127
4.7.2.1	Competition	127
4.7.2.2	Globalisation	129
4.7.2.3	Regulatory Factors	129
4.7.2.4	Macroeconomic Factors.....	131
4.7.2.5	Infrastructure.....	132
4.7.2.6	Crime and Corruption.....	132
4.8	THEORETICAL FRAMEWORK	134
4.9	CRITICAL EVALUATION OF THE RELATIONSHIP BETWEEN THE EMPLOYMENT EQUITY AMENDMENTS AND BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES	137
4.7	CONCLUSION	147
	CHAPTER FIVE: RESEARCH METHODOLOGY AND DESIGN	148
5.2	RESEARCH OBJECTIVES	148
5.2.1	PRIMARY OBJECTIVE.....	149
5.2.2	SECONDARY OBJECTIVES	149
5.3	PRINCIPLES OF RESEARCH METHODOLOGY AND DESIGN	149
5.3.1	RESEARCH DESIGN.....	149
5.3.2	RESEARCH APPROACHES	150
5.3.2.1	The qualitative research design.....	151
5.3.2.2	The quantitative research design.....	152
5.3.3	STUDY SITE	153
5.3.3.1	The structure of Durban	153
5.3.4	TARGET POPULATION	154
5.3.5	THE SAMPLING STRATEGY	155

5.3.6	SELECTION OF THE SAMPLE	157
5.3.7	SAMPLE	159
5.3.8	DATA COLLECTION.....	160
5.3.8.1	Primary data collection	160
5.3.8.2	Secondary data collection	161
5.3.9	RESEARCH INSTRUMENT.....	161
5.3.9.1	Advantages of using web-administered questionnaires	162
5.3.9.2	Disadvantages of utilising a questionnaire	163
5.3.10	QUESTIONNAIRE DEVELOPMENT	163
5.3.11	PILOT STUDY.....	164
5.3.12	DATA QUALITY CONTROL	165
5.3.12.1	Validity of the research	165
5.3.12.2	Reliability of the study	166
5.3.12.3	Trustworthiness of the qualitative part of the study	169
5.3.13	HYPOTHESES FORMULATION.....	170
5.4	ANALYSIS OF DATA	172
5.4.1	QUANTITATIVE ANALYSIS	172
5.4.2	QUALITATIVE ANALYSIS.....	174
5.5	ETHICAL CONSIDERATIONS	175
5.5.1	CONFIDENTIALITY AND ANONYMITY	175
5.5.2	INFORMED CONSENT TO PARTICIPATE IN THE STUDY.....	176
5.5.3	RESPECT FOR RESPONDENTS	176
5.5.4	PERMISSION TO CONDUCT STUDY	176
	CHAPTER SIX: DATA ANALYSIS	177
6.1	INTRODUCTION	177
6.2	QUANTITATIVE ANALYSIS	178
6.2.1	RESPONSE RATE.....	178
6.2.2	VARIABLE SCREENING AND CASE SCREENING (DATA SCREENING)....	179
6.2.2.1	Case screening – screening missing data in rows	179
6.2.2.2	Case Screening - Screening Unengaged responses.....	179

6.2.3	RELIABILITY TESTING.....	179
6.2.4	SECTION A: DEMOGRAPHIC DATA ANALYSIS	183
6.2.5	SECTION B: DESCRIPTIVE AND INFERENTIAL ANALYSES	192
6.2.5.1	CONFIRMATORY FACTOR ANALYSIS	192
6.2.5.2	VARIABLES	199
6.2.5.3	DESCRIPTIVE ANALYSIS	201
6.2.5.3	INFERENTIAL ANALYSIS.....	218
6.3	QUALITATIVE ANALYSIS	254
6.3.1	MAJOR AMENDMENTS TO EMPLOYMENT EQUITY	257
6.3.2	PERCEPTIONS OF THE AMENDMENTS TO EMPLOYMENT EQUITY.....	258
6.3.3	EFFECTS OF AMENDMENTS TO EMPLOYMENT EQUITY	259
6.3.4	IMPORTANCE OF MEASURING BUSINESS PERFORMANCE.....	261
6.3.5	BUSINESS PERFORMANCE MEASUREMENT FACTORS	261
6.3.6	APPLICATION OF NATIONAL AND REGIONAL DEMOGRAPHICS.....	262
6.4	CONCLUSION	263
	CHAPTER SEVEN: DISCUSSION OF THE RESULTS	264
7.1	INTRODUCTION	264
7.2	SUMMARY OF RESULTS IN RESPECT OF BIOGRAPHICAL INFORMATION	264
7.3	SUMMARY OF KEY FINDINGS IN RESPECT OF THE STUDY OBJECTIVES.....	266
7.3.1	TO ASCERTAIN THE EXTENT TO WHICH THE NEW EMPLOYMENT EQUITY AMENDMENTS AFFECT THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN	267
7.3.2	TO EXPLORE THE PERCEPTIONS OF INDUSTRIAL RELATIONS PERSONNEL IN SMALL AND MEDIUM COMPANIES IN DURBAN ON THE NEW AMENDMENTS TO EMPLOYMENT EQUITY	280
7.3.3	TO EXAMINE THE BUSINESS PERFORMANCE CHALLENGES ASSOCIATED WITH NEW AMENDMENTS TO EMPLOYMENT EQUITY FOR SMALL AND MEDIUM COMPANIES IN DURBAN	282

7.3.4	TO INVESTIGATE THE FACTORS INFLUENCING THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN IN RELATION TO NEW EMPLOYMENT EQUITY AMENDMENTS	287
7.3.5	TO DEVELOP A MODEL THAT HELPS TRACK AND MONITOR THE IMPACT OF THE NEW AMENDMENTS TO EMPLOYMENT EQUITY ON THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN	291
7.3.6	TO EXPLORE THE APPLICATION OF REGIONAL AND NATIONAL DEMOGRAPHICS WITHIN THE EMPLOYMENT EQUITY CONTEXT OF SOUTH AFRICA	295
7.3.7	TO ESTABLISH THE IMPROVEMENTS MADE BY SMALL AND MEDIUM COMPANIES IN DURBAN TO ALIGN WITH THE NEW AMENDMENTS TO EMPLOYMENT EQUITY.....	296
7.3.8	TO CRITICALLY ANALYSE HOW THE NEW AMENDMENTS TO EMPLOYMENT EQUITY CAN BE IMPLEMENTED WITHOUT AFFECTING THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN	299
7.4	CONCLUSION	299
CHAPTER EIGHT: CONCLUSIONS AND RECOMMENDATIONS		301
8.1	CONCLUSION	301
8.2	LIMITATION OF THE STUDY	306
8.3	RECOMMENDATIONS	307
8.3.1	THE NEED FOR TRANSFORMATION AND BUSINESS PERFORMANCE SHOULD BE BALANCED	307
8.3.2	JOB GRADING SHOULD BE MADE AVAILABLE.....	308
8.3.3	TRAIN BOTH EMPLOYEES FROM DESIGNATED AND NON-DESIGNATED GROUPS.....	308
8.3.4	INDUSTRIAL RELATIONS REPRESENTATIVES SHOULD BE ACQUAINTED WITH THE ASPECT OF REGIONAL AND NATIONAL DEMOGRAPHICS	309
8.3.5	COMPETENCY SHOULD BE A PRIORITY WHEN HIRING EMPLOYEES FROM DESIGNATED GROUPS	310
8.3.6	PROPER TIMELINES SHOULD BE AGREED BETWEEN THE GOVERNMENT AND SMALL AND MEDIUM COMPANIES.....	311
8.3.7	THE WORK ENVIRONMENT SHOULD BE CHECKED REGULARLY TO ENSURE THE NON-EXISTENCE OF UNFAIR DISCRIMINATION	311

8.3.8	POLICIES WITHIN THE ORGANISATION SHOULD BE MADE AVAILABLE TO EVERYONE	311
8.3.9	BOTH GOVERNMENT AND SMALL AND MEDIUM COMPANIES SHOULD FIND MECHANISMS TO RETAIN CRITICALLY-SKILLED WORKERS WHO ARE NON-SOUTH AFRICAN CITIZENS, BUT PERMANENT RESIDENT HOLDERS	311
8.3.10	PROMOTE SKILLS TRANSFER AT ALL COST.....	312
8.3.11	SMALL AND MEDIUM COMPANIES ARE REQUIRED TO EMBRACE THE NEW TRANSFORMATION EXPECTED	312
8.3.12	CORRUPTION MUST BE CURTAILED.....	312
8.3.13	LOWERING ADMINISTRATION BURDENS.....	313
8.3.14	SOUND HUMAN RESOURCE PRACTICES MUST BE AVAILABLE IN THE ORGANISATION	313
8.3	FUTURE RESEARCH.....	313
8.4	MAJOR CONTRIBUTION.....	314
	BIBLIOGRAPHY	314
	ANNEXURES	346
	Annexure A: Informed Consent	346
	Annexure B: Questionnaire (Closed-ended and open-ended questionnaire)	350
	Annexure C: Gatekeeper’s Letter.....	361
	Annexure D: Editor’s Letter.....	362
	Annexure E: Ethical clearance approval	363
	Annexure F: Turnitin report	364

LIST OF TABLES

Table 2.1	Scope of penalties.....	70
Table 4.1	Definition of small and medium companies by The National Small Business Amendment Act No. 26 of 2003.....	111
Table 4.2	Small and medium companies' thresholds in different industries.....	112
Table 4.3	Standard size for the definition of small and medium companies in South Africa.....	113
Table 5.1	Population and sample size.....	158
Table 5.2	Reliability Test – Pilot Study.....	165
Table 6.1	Response rate.....	177
Table 6.2	Cronbach Alpha coefficient's rule of thumb.....	179
Table 6.3	Reliability Test.....	181
Table 6.4	KMO and Bartlett's Test.....	193
Table 6.5	Communalities.....	194
Table 6.6	Total Variance Explained.....	195
Table 6.7	Factor Correlation Matrix.....	196
Table 6.8	Sub-independent variables from literature review.....	199
Table 6.9	General perception.....	201
Table 6.10	Equal pay-for-work and business performance	202
Table 6.11	Removal of non-SA citizens from the designated groups and business performance.....	203
Table 6.12	Extension of discriminatory grounds and business performance.....	205
Table 6.13	Increased fines and business performance.....	206
Table 6.14	Annual reporting and business performance.....	207
Table 6.15	Consequences of failing to comply with Director-General and business performance.....	208
Table 6.16	Removal of occupational categories and business performance.....	209
Table 6.17	Psychometric tests and business performance.....	209
Table 6.18	Burden of proof and business performance.....	210
Table 6.19	Enforcement procedures and business performance.....	211
Table 6.20	Sexual harassment handled by CCMA and business performance.....	212

Table 6.21	Increment of total annual turnover threshold and business performance...	213
Table 6.22	Assessments of compliance and business performance.....	214
Table 6.23	Stakeholder performance.....	215
Table 6.24	Financial performance.....	216
Table 6.25	Operational performance.....	217
Table 6.26	Model summary- Employment Equity amendments and business performance.....	218
Table 6.27	ANOVA Test Results.....	219
Table 6.28	Coefficients.....	220
Table 6.29	Model summary- employment equity amendments and stakeholder performance.....	226
Table 6.30	ANOVA Test Results.....	227
Table 6.31	Coefficients.....	227
Table 6.32	Model summary- employment equity amendments and financial performance.....	233
Table 6.33	ANOVA Test Results.....	234
Table 6.34	Coefficients.....	235
Table 6.35	Model summary- employment equity amendments and operational performance.....	241
Table 6.36	ANOVA Test Results.....	241
Table 6.37	Coefficients.....	242
Table 6.38	Correlation analysis of employment equity amendments and stakeholder performance.....	249
Table 6.39	Correlation analysis of employment equity amendments and financial performance.....	250
Table 6.40	Correlation analysis of employment equity amendments and operational performance.....	251
Table 7.1	Summary of the impact of employment equity amendments on business performance.....	270
Table 7.2	Summary of the hypotheses test results.....	275

LIST OF FIGURES

Figure 3.1	Three business performance domains.....	88
Figure 3.2	Accounting measures.....	90
Figure 4.1	The Neo-institutional theory.....	134
Figure 4.2	Proposed integrated model of employment equity amendments and business performance.....	146
Figure 5.1	Durban map.....	154
Figure 6.1	Distribution of number of employees within the companies.....	183
Figure 6.2	Distribution of industry.....	184
Figure 6.3	Distribution of designations of the respondents.....	185
Figure 6.4	Distribution of occupational level of the respondents.....	186
Figure 6.5	Distribution of gender of the respondents.....	187
Figure 6.6	Distribution of age of the respondents.....	188
Figure 6.7	Distribution of qualification of the respondents.....	189
Figure 6.8	Distribution of race of the respondents.....	190
Figure 7	Validated Model.....	293

LIST OF ACRONOMYS

BSC	Balanced scorecard
BCEA	Basic Conditions of Employment Act
BCEAA	Basic Conditions of Employment Amendment Act
BBBEEA	Broad-Based Black Economic Empowerment Act
BBBEEAA	Broad-Based Black Economic Empowerment Amendment Act
CCMA	Commission for Conciliation, Mediation and Arbitration
COIDA	Compensation for Occupational Injuries and Diseases Act
DCCI	Durban Chamber of Commerce and Industry
EAP	Economically Active Population
EEA	Employment Equity Act
EEAA	Employment Equity Amendment Act
ILO	International Labour Organisation
LRA	Labour Relations Act
LRAA	Labour Relations Amendment Act
NDP	National Development Plan
NMA	National Minimum Wage Act
NEDLAC	National Economic Development Labour Council
OHSA	Occupational Health and Safety Act
PEPUDA	Promotion of Equality and Prevention of Unfair Discrimination Act
PEPUDAA	Promotion of Equality and Prevention of Unfair Discrimination Amendment Act
ROA	Return-on-Assets
ROE	Return-on-Equity

SDA	Skills Development Act
SDAA	Skills Development Amendment Act.
SMCs	Small and Medium Companies
SMEs	Small and Medium Enterprises
UIA	Unemployment Insurance Act

CHAPTER ONE

INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Small and medium companies (SMCs) play an integral role in the South African economy as they contribute to over 50% of newly created jobs. However, due to growth stagnation, some face closure as they fail to cope with newly amended legislation, in particular the Employment Equity amendment legislation. It is worrisome that few to no small and medium companies have succeeded in developing into big companies due to these amendments to legislation. Small and medium companies find it too difficult or costly to be in compliance with the regulations due to the fact that they are not able to spread the costs across a wide base, as larger companies are able to do. The current research study focuses on examining the impact of the employment equity amendments on the business performance of small and medium companies. The amendments to the principal Employment Equity Act No. 55 of 1998 are within the new law, namely Employment Equity Amendment Act No. 47 of 2013 (hereon in, Employment Equity Amendment Act is abbreviated as EEAA). The key amendments to principal Employment Equity legislation include the insertion of the new section 6 (4); section 6(5); amendments to sections 59, 61 and Schedule 1; amendment to section 64A; the section 6(1) of the Amendment Act; amendment of Section 10; amendments to sections 36, 37, 39, 40, 42; amendments to section, 20, 21; and amendments to section 43 and 45. The details of these sections are discussed in the literature review section of this study. The reforms in the form of new amendments to employment equity are radical in order to accomplish quick results. As such, those reforms are not aimed at improving the regulatory quality.

Although scholars have researched the principal employment equity, none of them has so far researched much on the new amendments to employment equity in relation to business performance. There is a gap in literature. While the introduction of the new amendments can lower labour imbalances, the business performance of companies is overlooked, in particular that of still growing small and medium companies. According to Mathapelo (2014), the two key objectives of the Employment Equity Act are: firstly, to eradicate unfair discrimination; and secondly, to execute

measures of affirmative action (hereon in, Employment Equity Act is abbreviated as EEA). The first objective applies to all employers, whereas the second objective applies only to designated employers that are obliged to take corrective steps to implement measures of affirmative action. In this study, a designated employer refers to the employer who employs 50 employees and above. Affirmative action focuses on addressing shortcomings in employment that designated groups experienced, as well as ensuring that the entirety of levels and categories of occupation are represented at the workplace. It is crucial to note that complying with the new amendments to employment equity while optimally realising an increase in business performance is a challenge for many organisations. The amendments to the Act are still causing significant distress for business organisations in particular small and medium companies. In this study, the terms ‘small and medium companies (SMCs)’ and ‘small and medium enterprises (SMEs)’ are used interchangeably since they mean the same thing.

The new amendments were introduced because representations in demographics had little positive changes for the past 14 years, similar or same statistics was received at each end of the year reports (Squire, 2015). However, its introduction has impacts on business performance, despite the fact that subsection 21(5) of the new amended Act deleted the section that states when the employer is making decisions on the suitability of the candidate for the job, they should not discriminate against an employee who lacks experience. However, due to stiff penalties in the new amendments, organisations are forced to hire employees who have insufficient skills, experience and knowledge for key positions. Penalties linked to turnover threatens the operation of the business. However, the enforcers indicate that penalty linked to turnover is highly effective as compared to other sanction as employers who abide by the legislation fear nothing about it. This lowers the performance of organisations, especially the small and medium ones. To an extent, some positions remain unoccupied as the employer looks for employment equity candidates so that the organisation can abide by the new amendments to the EEA, thereby compromising the performance of the business. Details of the amendments are provided in the literature review section of this study.

1.2 BACKGROUND TO THE STUDY

The development of business is crucial in crafting blocks for a sustainable and growing economy. The National Development Plan of South Africa reports that if effective laws are instituted towards small and medium companies, about 90% of new jobs will be created by 2030. Since the concept of 'employee' came into existence, employment equity occupies the centre stage in the business arena around the world. Ever since the EEA was introduced into legislation in 1998, South African organisations have been expected to increase the numeric representations of employees from designated groups (Harish, Frank & Christa, 2012). The Employment Equity Act (1998) compels the employer's workplace to comply with employment equity. Before 1994, during the Apartheid era, the labour market was dominated by previously advantaged people (white males) who occupied all the middle management, senior management and top management positions. Although Black people (Indians, Africans and Coloureds) constitute 90.4% of the population, the apartheid regime created a skills inequality amongst Blacks (Tandwa, 2017). Black people were discriminated against and were labelled as incompetent and unqualified by employers from the previously advantaged group, hence they occupied only lower-level manual jobs. According to Matyala (2016), although the economically active population of the African black group comprises 77.4%, their representation is predominantly under the category of unskilled employees accounting for 83.2% and under the semi-skilled category constituting, 76.3%. The white group dominates the private sector's senior positions and top management by 72% and 63.4% respectively (Salt, 2017b). Liesl (2016) states that the private sector is dominated by males, constituting 76.8% of employees. Despite the low Economically Active Population of white people which stands at 9.9%, they occupy 68.9% of the highest management occupations, which is greater than six times of their 9.9% Economically Active Population (Peyper, 2017).

Economically Active Population describes unemployed people, employed people and those seeking employment who fall into the age group of 15 to 64 years old. Coloured people have a 4.7% employee representation which is low as compared to their 10% Economically Active Population. After independence in 1994, the promulgation of the EEA 55 of 1998 was not aimed at perpetuating revenge and hurt towards the previously advantaged groups, but was introduced to eliminate discrimination and to redress labour imbalances in the workplace. The central mission of the new amendments is to rigorously dismantle the labour market in order to empower the previously disadvantaged groups as a way of redressing past imbalances. Nevertheless, the

background of South Africa has caused an immense scarcity of qualified employees from designated groups as a result of a lack of education (Sesant, 2017). Skills deficiency in South Africa is blamed on the previous blockage of Black people from training and education. Although the Skills Development Act stands to help Black candidates to advance, a remarkable number of employers, particularly small and medium companies, fail to effectively utilise this institution or cannot understand the procedures to secure assistance. This has a detrimental effect on business performance. The government of South Africa passed the Employment Equity Act (1998) which was largely modified from the Canadian Employment Equity Act in order to counter the past legacy of discrimination as well as to implement affirmative action in the workplace. The Canadian legislation has a great influence on South African legislation (Harish, Frank & Christa, 2012). However, affirmative action tends to benefit only those already in high positions, whilst it is failing to elevate the economic wellbeing of the majority of Africans.

This study focuses on amendments to EEA and their impact on the business performance of small and medium companies. SMCs are the most vulnerable to employment equity amendments due to a lack of resources to adapt to the changes and maintain efficiency and productivity. A plethora of companies' downfall, especially the latest high-profile SMCs, has been attributed to the forceful stance by government to implement the amendments to employment equity legislation. Business performance is the best indicator that measures the degree to which the business achieves its pre-set objectives (Burger, Jafta & von-Fintel, 2016). In this study, stakeholder performance, financial performance and operational performance are the key variables that determine business performance. It is crucial to understand that the consideration of metrics of financial performance is dependent on past efficiency in performance. According to Mihaela, Tomislav and Dinko (2016), business performance incorporates the expansion of product-related aspects, long-lasting financial returns related aspects and market-related aspects. Misleading signals can be found when the organisation relies on financial performance only, while overlooking non-financial performances that fall under the stakeholder performance and operational performance variables. Mostly, business optimal performance is accomplished when the actual outcome corresponds with the aimed result.

1.3 DURBAN ECONOMY AND THE CURRENT SITUATION OF SMALL AND MEDIUM COMPANIES

Durban is located in the KwaZulu-Natal Province of South Africa and is the biggest city on the south-eastern coast of Africa. It is also the third biggest metropolitan area of South Africa (EThekwini, 2014). In recent years, the city has been experiencing deterioration on its economy annually by approximately 0.5%. Growth in output has been a meagre 1.8%, with R19 900 per capita income as compared to the R33 000 of Johannesburg's per capita income. The average rate of growth in employment over the recent 6 years was only 1%. Nearly 50% of the jobs in Durban are in the declining SMCs (EThekwini, 2014). This situation is concerning as SMCs dominate the economy of Durban. The critical difficulties that small and medium companies of Durban are facing is due to the constant amendments of labour legislation, which pose a serious concern about their future growth, as well as the national economy at large. The tough measures introduced to government employment regulations are cause for concern. A majority of these amendments appear to hamper the business performance of SMCs. Recently amended legislation incorporates the Basic Conditions of Employment Amendment Act (BCEAA) 20 of 2013; the Labour Relations Amendment Act (LRAA) 6 of 2014; the Broad-Based Black Economic Empowerment Amendment Act (BBBEEAA) No.53 of 2003; the Promotion of Equality and Prevention of Unfair Discrimination Amendment Act (PEPUDAA) 2002 (Act 52 of 2002); and the Employment Equity Amendment Act (EEAA) 47 of 2013 (Moodaley, 2014). This is confirmed by the findings of a study on the challenges faced by SMEs conducted by Chimucheka and Mandipaka (2015), which revealed that poor government regulations and policies are key impediments to the growth of SMEs.

However, the EEAA contains many critical amendments as compared to all other legislation that affects SMCs, which prompted this study to examine those amendments. Because of the employment equity amendments, SMCs are extremely challenged with many interlinked problems: i) insufficient management competencies for scale up; ii) general increases in costs; iii) inappropriate and inadequate skills in the workforce; iv) amplified costs of regulatory compliance; v) overall poor business support; and vi) high case volumes at the CCMA, amongst others. The industrial growth of small and medium companies is declining due to, amongst other chief constraints, the introduction of amendments to employment equity EE. The output in many

sectors' SMCs remains static. The business growth of Durban coincides with a rapid increase in employment regulations, mainly amendments to the EEA. Recent industrial development analyses of small and medium companies in Durban have revealed low growth levels since 2014 (State of the Ethekewini Economy, 2016/17). The historical prosperity of the Durban economy has been aligned to the government's good labour policies until the promulgation of the EEAA in 2013. Owing to the amendments to the EEA, SMCs in Durban are faced with complexities in their performance. However, some amendments are viewed as good.

1.3.1 DURBAN'S HUMAN RESOURCE BASE

Thaver (2010) describes the labour resource as the critical factor of production that plays a prominent role in the better business performance of many small and medium companies in the Durban area. This has been fuelled by the fact that the area draws a great supply of cheap but skilled migrants, mainly from countries in the Southern African region. The locational benefits encompass the abundant labour supply, big consumer market and big natural harbour. The abundance of skilled labour supply has been largely from (migrants) foreign nationals, with only a few citizens (Ndayizigamiye & McArthur, 2014). In Durban labour market, the local citizens dominate the unskilled and semi-skilled categories of employment. Most of these migrants are now permanent residents of South Africa. However, some of the foreign nationals are still on scarce skills work permits and some are asylum- seekers. Skilled employees are required in SMCs in order to bring about innovation.

Innovation creates growth in SMCs. In most sectors, innovation includes new operating practice adoption, production, technical and design actions in the marketing of an improved or new commodity (Ingle, 2014). With appropriate skills, the new product or service can be properly accepted by the market. The factors aforementioned led to the growth of SMCs in many sectors in Durban. However, Durban remains a low-average wage area compared to other metropolitan areas in South Africa. An employee who works in Durban earns an average salary of 82.6% of the salary an employee in Johannesburg earns for similar work (Padayachee, 2016). However, employment equity amendments in the EEAA changed the way labour has been benefiting SMCs in Durban. As discussed above, the current state of SMCs in Durban and its characteristics of human resources

have motivated this study to be conducted in this area. In addition, it is close to the institution in which the research is being conducted.

1.4 PROBLEM STATEMENT

Against a backdrop of uncertain and uneven economic recovery, the global economic recession has prompted a renewed attention to managing businesses' performance. A study carried out by SBP in 2013 indicated that small and medium companies complained about the harsh labour regulations (SBP, 2013). The National Small Business Advisory Council (2015) indicates that it is focusing on finding ways of eliminating or reducing barriers that disturb the development of SMCs in South Africa and creating support systems for the development of businesses. Moreover, a study carried out by Ngcobo and Sukdeo in 2015 revealed that government laws and policies are claiming unrealistic, burdensome and complex demands which makes it difficult for SMCs to expand (Ngcobo & Sukdeo, 2015). The concern arises over the alarming rate at which small and mediums companies collapse. The operations of these businesses are marred by inefficiencies. In that study, a number of government regulations and policies were found to be hampering the success of the operations of most businesses. In South Africa, the business performance of SMCs have drastically declined. However, the study was not specific as to which were those government laws and policies. On nearly all fronts, the ranking of South Africa in doing business has declined.

The retarded growth of small and medium companies is affected by labour relations law and policy uncertainties within South Africa (Ngcobo & Sukdeo, 2015). In particular, the manufacturing sector has a diminished production of 5.9% (Stoddard, 2020). This huge decline has taken place yearly since 2014, the year in which the amendments to Employment Equity legislation were put into effect. Since 2014, the motor vehicle industry, which is considered as a job creator, plunged by 25% in its annual services. This study begins from the realization of the need to effectively investigate and understand the amendments to employment equity and their effect on the business performance of SMCs. SMCs in South Africa, in particular Durban, face growing difficulties in improving and maintaining business performance while managing the pressure of complying with the new amendments to EEA (State of the EtheKwini Economy, 2016/17). Adjusting organisational performance strategies to tally with the new amendments of employment equity remain a challenge, especially for SMCs. Durban is experiencing a low growth rate of SMCs (State of the eThekwini Economy 2016/17). The Durban economy is characterised by a low growth rate of

SMCs and high unemployment (Merchant, Kumar & Mallik, 2018). Generally, there is a poor growth rate of SMCs, uncertainties within the new EEAA being the key cause. The amendments to Employment Equity include the insertion of the new section 6 (4); section 6(5); amendments to sections 59, 61 and Schedule 1; amendment to section 64A; the section 6(1) of the Amendment Act; amendment of Section 10; amendments to sections 36, 37, 39, 40, 42; amendments to section, 20, 21; and amendments to section 43, 45 (Mathapelo, 2014).

In addition, there is much confusion about the terms of employment equity as these small and medium companies do not really understand their application. In particular, there are some inconsistent meanings of certain terms embedded in the employment equity legislation that are improperly applied and that affects business performance. Although regional and national demographics should be considered in setting numerical targets, it is a challenge especially when there is a remarkable difference in profiles between the regional and national economically active groups (Kershwyn, 2017; Tapanya, 2015). Importantly, a question is raised on how to weigh up the regional demographics against national demographics in a situation where a province has huge a difference between the two demographics. Legislation is unclear about this. A further confusion has been peddled when the amendment of employment equity legislation states that the national and regional demographics will be determined by the Minister, it is still vague as to how and when the Minister will furnish that information. This is an ambiguous situation affecting the general business performance of business especially small and medium companies.

Hence, this study will serve as a guide in decision-making and provide advice related to the application of Employment Equity amendments. The results of this study facilitate the business expansion of SMCs in South Africa, particularly in Durban, through providing an understanding of what needs to be done in relation to the EEAA. It also informs the national, provincial and local governments to create a desirable environment in which laws and policies, in particular the Employment Equity Amendment Act should be favourable.

1.5 AIM OF THE STUDY

The overall aim of the study is to examine the impact of employment equity amendments on the business performance of SMCs in Durban. The study examines the degree to which the employment equity amendments impact the business performance of SMCs in Durban.

1.6 DEFINITION OF KEY TERMS

1.6.1 BUSINESS PERFORMANCE

According to Petra (2016), business performance entails the company's capability to accomplish targeted output by engaging in the assessment of its assumptions.

1.6.2 EMPLOYMENT EQUITY AMENDMENTS

Employment equity amendments refers to the changes made to Employment Equity Act No. 55 of 1998 (Mathapelo, 2014).

1.7 RESEARCH QUESTIONS

1.7.1 PRIMARY QUESTION

- To what extent do employment equity amendments affect the business performance of small and medium companies in Durban?

1.7.2 SECONDARY QUESTIONS

- How do the industrial relations personnel in small and medium companies in Durban perceive the new amendments to employment equity?
- What are the business performance challenges associated with the new amendments to employment equity for small and medium companies in Durban?
- What factors influence business performance in relation to the employment equity amendments?
- What is the most appropriate model that helps track and monitor the impact of the new amendments to employment equity on the business performance of small and medium companies in Durban?

- How do regional and national demographics apply within the employment equity context in South Africa?
- What improvements are made by small and medium companies in Durban in aligning with the new amendments to employment equity?
- How can the new amendments to employment equity be implemented without affecting the business performance of small and medium companies in Durban?

1.8 RESEARCH OBJECTIVES

1.8.1 PRIMARY OBJECTIVE

- To ascertain the extent to which the new employment equity amendments affect the business performance of small and medium companies in Durban.

1.8.2 SECONDARY OBJECTIVES

- To explore the perceptions of industrial relations personnel in small and medium companies in Durban on the new amendments to employment equity;
- To examine the business performance challenges associated with new amendments to employment equity for small and medium companies in Durban;
- To investigate the factors influencing the business performance of small and medium companies in Durban in relation to new employment equity amendments;
- To develop a model that helps track and monitor the impact of the new amendments to employment equity on the business performance of small and medium companies in Durban;
- To explore the application of regional and national demographics within the employment equity context of South Africa;
- To establish the improvements made by small and medium companies in Durban to align with the new amendments to employment equity; and
- To critically analyse how the new amendments to employment equity can be implemented without affecting the business performance of small and medium companies in Durban.

1.9 PRELIMINARY LITERATURE REVIEW

In this study, it is important to review the literature relating to the new amendments to employment equity, business performance, as well as SMCs. The emergence of racial discrimination and consistent poverty amongst people from previously disadvantaged groups has forced national governments to enact conventions at a global level and statutes at a country level that govern stakeholders and actors in the market for labour. The amendments to EEA, Employment Equity Amendment Act 47 of 2013, are in line with the International Labour Organisation (ILO). The International Labour Organisation helps governments and employers to formulate programmes and policies that provide improved working conditions and decent employment both at national and international levels (Ebrahim, 2018). The ILO put in place the ‘decent work’ concept which has four pillars, namely, equal representations, workers’ rights, employment opportunities workers’ rights and social protection. This decent work concept is expected to be implemented at country level, provincial level and organisational level.

ILO adopted the Employment Relations Recommendation in 2006, which provides strategies that member states may utilize to determine the existence of an employment relationship where certain obligations and rights of the parties are unclear (Oelz, Olney & Manuel, 2013). Member states must prepare and implement a national policy for clarifying, adapting and reviewing the scope of their applicable labour law, in particular the Amendment of Employment Equity Act, to ensure equal representation at workplaces. The Recommendation indicates that national policy has to be designed and applied in consultation with organizational representatives. The policy provides guidelines for employers to ensure the equal representation of vulnerable employees at workplaces. The ILO strives to maintain equality and the amendments that were made to the EEA in which the claim of regulation of ‘equal pay-for-equal work’ is stated in section 6(4) of the EEA.

South Africa enacts two fundamental ILO Conventions which are embedded in the Employment Equity Amendment Act 47 of 2013, namely the Discrimination (Employment and Occupation) Convention and the Equal Remuneration Convention (Mercat-Bruns, Oppenheimer, & Sartorius, 2018). The Discrimination (Employment and Occupation) Convention is aimed at eliminating any discrimination aligned to treatment and opportunities in employment. The Equal Remuneration Convention indicates that member states must promote the ‘equal pay-for-equal work’ principle for both female and male employees. The Equal Remuneration Convention states that equal work-

equal pay can be applied through national regulations and laws. Hence, the equal pay-for-equal work principle is one of the key aspects in the EEAA 47 of 2013.

However, the nature of business companies covered by these statutes is of concern in this study. The procedures followed in order to abide by the statutes are also cause for concern, especially for emerging business, in particular SMCs. There is high failure rate of SMCs in South Africa (Ramukumba, 2014). According to the OECD (2015), the labour laws of South Africa remain the major obstacle that is significantly affecting the growth of SMCs. Some of the elements within the sections of the new amendments to employment equity impede the performance of the already financially troubled small and medium companies. Some elements hamper efficiency, which leads to the insolvency of businesses. In addition, some uncoordinated approaches, particularly the aspect of regional and national demographics, leave many businesses confused. Support for the development of SMCs in South Africa remains sluggish, despite the fact that these companies contribute to 50% of GDP (FinScope, 2010). The amended of Employment Equity Act impacts the performance of most businesses in South Africa, particularly SMCs. The EEA (1998) seeks to correct the problem of imbalances in the demographics of the workforce in South Africa by compelling the employer to eliminate barriers to advancing people with disabilities, Indians, Women, Coloureds and Africans in all levels of employment (Hideg & Ferris, 2014).

1.9.1 EMPLOYMENT EQUITY LEGISLATION AND ITS AMENDMENTS

The EEA 55 of 1998 was promulgated to address two main issues: i) the execution of measures of affirmative action as a way of redressing the setbacks faced by employees from previously disadvantaged groups in the labour market and ii) fair treatment and the promotion of equal opportunities in the labour market through the eradication of unfair discrimination (Squire, 2015). Since discrimination becomes complex to recognise and correct, employees experience unlawful and unfair treatment in organizations. Due to the realisation that Employment Equity legislation has achieved little transformation since its initial period of reporting in 2000, the proposal for its amendment was promulgated in 2013, which is EEAA 47 of 2013 (Mathapelo, 2014). Later on 16 January 2014 the amendments were published for general information, which marked the first amendment publication after annual reporting periods of 14 years. The EEAA of 47 of 2013 then took effect on 1 August 2014 (Squire, 2015). The effectiveness and efficiency of the business

actions of SMCs have been affected since the amendment to the Employment Equity Act were promulgated in 2014.

1.9.1.1 The amendments to Employment Equity legislation

Heerden (2015) states that any designated employer should ensure that discrimination is eliminated, and that qualified and suitable employees from previously disadvantaged groups are afforded the same chances of employment prospects and that all categories have reasonable representations across job levels. A remarkable number of amendments were made, key amendments are being:

- **Enforcement procedures (amendments to sections 39 and 40)**- Compliance orders are now issued by the labour inspector without initially waiting to receive a written undertaking from the employer. Section 36 that dealt with employers' undertaking to abide with the request of the labour inspector is deleted.
- **Only apartheid victims to benefit**- Amendments to the 'designated groups' definition in terms of Chapter III state that affirmative action beneficiaries are now only restricted to women, people with disability and black people who were citizens of South Africa prior to the democratic era (before 27 April 1994) or who would have received the citizen entitlement but were deprived by apartheid policies, or who are South Africa by descent or birth.
- **Increased fines (Amendments to sections 59, 61 and Schedule 1)**- The maximum fine for breach of the Act is now increased threefold. Should the revenue be higher than a fine, a fine range which varies from 2%-10% of the turnover is charged, depending on the offence committed for failure to abide by the provisions of the affirmative action within the Act (Peyper, 2017a)
- **Annual reports (Amendments to sub-section 21(1) and (4A))** - In the past, annual reports were required to be submitted by designated employers that had more than 150 employees, whilst those designated employers who have lower than 150 staff were obliged to submit in the second year. However, the new amendment now require all designated employers to submit employment equity reports annually.

- **The burden of proof (Amendment to section 11)**- Now, the amendment act forms two facets of ‘burden of proof’, by either the employee or employer. Firstly, in terms of section 11(1), the burden to prove lie in the hands of the employer where the ground of unfair discrimination is listed in section 6(1) and proof should be based on a balance of probability. In this scenario, the employer has the onus to furnish evidence which shows that the alleged unfair discrimination never happened or is justifiable and fair. Secondly, in terms of section 11(2), the burden to prove shifts to the employee (complainant), where the unfair discrimination lies on arbitrary grounds (not listed ground) and should be proven based on a balance of probabilities.
- **CCMA’s jurisdiction (Amendment of Section 10)**- Now, all matters that concern sexual harassment of all employees irrespective of their earning thresholds, or issues related to unfair discrimination in which the earnings threshold of employees involved falls below R205 433.30 prescribed in section 6(3) of the BCEA, or by consent of both parties, matters of unfair discrimination of employees who have higher earnings are dealt with under the jurisdiction of CCMA where arbitration for the dispute can be handled in terms of Section 10(6) after conciliation (Heerden, 2015)
- **Psychometric tests**- Employers that use psychometric tests should make sure that the tests have the approval and certifications of the Health Professions Council of South Africa (HPCSA).
- **Inclusion of Equal treatment (‘equal pay for equal work or work of equal value’)**- The insertion of the new section 6 (4) and section 6(5) explicitly focuses on the concept of equal treatment, which requires more than the issue of ‘equal work for equal pay’.
- **Discriminatory grounds extended** – Section 6(1) of the Amendment Act expands the grounds of unfair discrimination. The expansion of the meaning of unfair discrimination prohibits unfair discrimination on any other arbitrary grounds.

- **Total annual turnover threshold (Amendments to schedule 4)** - Amendments to section 64A increases the annual threshold that is required to be exceeded for the employer to fall under the classification of ‘designated employer’.
- **Occupational categories excluded**- Occupational levels are now set as points of reference. Occupational categories were removed.
- **Assessment of compliance**- Regulations that deal with compliance assessment where issues such as economically active populations of regional and national levels are taken into consideration now falls under the hands of the Minister of Labour.
- **Reports to the Director General (Amendments to section 21)**- This amendment gives a time-frame of when designated employers are expected to submit reports to the Department of Labour’s Director General (DG).
- **Consequences of failing to comply with Director General (Amendment to section 45)**- An amendment to section 45 makes an extension where section 45(1)(a) and (b) is now included. The extension provides specific action taken by the Director General in the event of failure by the employer to abide by a requisition made by Director-General in accordance with section 43(2) or according to section 44(b) recommendation made by the Director-General.

These amendments have an impact on the business performance of SMCs. Companies within the South African economy are grouped into three categories: by annual revenue, by total assets (excluding fixed assets) and by number of employees (Frans, Elize & Hendrik, 2014). According to Frans et al. (2014), a small organisation has not more than 50 employees and medium organisation has between 51 to 200 employees. According to Norbani, Felix and Saad (2014), business performance relates to a measure of accomplishment for companies and individuals.

1.9.2 THE CONCEPT OF BUSINESS PERFORMANCE

Performance is the outcome of activities conducted (Petra, 2016). Business performance entails the company’s capability to accomplish targeted output by engaging in the assessment of its

assumptions. In other words, it is the ability of a business to attain targeted results while satisfying the expectations of stakeholders. At a company level, performance focuses on the capability of attaining the greatest value of investment. At an individual level, business performance is highly impacted by the performance of its employees (Mills, Gerber & Terblanche-Smit, 2016). Most companies achieve their required performance through employees. It is important to note that the ultimate goal of measuring business performance is to increase future performance. Simon and Watson (2014) state that business performance is revealed by performance measurements which denote the quantification of the effectiveness and efficiency of the actions of the business.

Vargas (2015) proposes three main primary dimensions of the performance of the business: (i) stakeholder performance; (ii) operational performance; and (iii) financial performance. These are the three main business performance dimensions commonly used in literature. Mandhachitara and Allapach (2017) postulate that the dimension of finance focuses on the general organisational financial performance and it is in entrepreneurship and strategy evaluations. Financial performance can be seen in the form of revenue expansion and cost reduction perspectives. In the past, companies utilised only financial indicators to determine the degree to which the business is performing. Financial performance measures alone cannot give an accurate business performance assessment. One of the key indicators of financial performance is efficiency. Efficiency produces the same result using fewer inputs whilst simultaneously reducing complaints and re-work.

The dimension of operations is an extension of the financial dimension and it is usually reflected in entrepreneurship and strategy evaluations. Most operational performances can be easily broken down in numbers (Despina, 2015). One of the key indicators of operational performance is productivity. The third business performance dimension is associated with the stakeholders of the organisation. In this study, the stakeholder performance is limited to the performance of employees, it does not include suppliers, customers and shareholders. Employee competencies, perceptions and attitudes are crucial in examining organisational performance (Azar & Ciabuschi, 2017). One of the key indicators of stakeholder performance is adaptability. Factors that influence business performance in relation to employment equity amendments are: insufficient critical skills of management and competences, lack of financial knowledge and corruption and crime, among others (Shih-Yao & Ai-Chi, 2017). From the business perspective, performance is generally concerned with three key indicators, namely adaptability, productivity and efficiency

SMCs need to review of their policies on human resources and engage in real transformation in their businesses. Human resource policies need rigorous re-examination to align with new discrimination clauses without compromising business performance. For instance, if employees take the employer to the CCMA for having policies that are discriminatory, the onus to prove is on the employer. The establishment of the proof is conducted by having clear and specific policies. These policies need thorough and carefully scrutiny to avoid falling on issues such as ‘indirect’ discrimination. A serious consideration should also be made on job grading to avoid the risk of not complying with ‘equal work-equal pay’, in which experience, job responsibilities, skills and qualifications need absolute clarification. However, this is a challenge to SMCs that do not have formal policies or guidelines.

1.9.3 PRELIMINARY CRITICAL EVALUATION OF THE RELATIONSHIP BETWEEN EMPLOYMENT EQUITY AMENDMENTS AND BUSINESS PERFORMANCE

Stern criticism emerged against the employment equity amendments within the EEAA. The argument was justified by strongly advocating these amendments, making employees with permanent resident status pull out from the South African labour market. Over the past 5 years, the debate about employment equity amendments in EEA has increased in volume. The amendments have been criticised for impeding the growth of SMEs. Therefore, the role these SMCs play in society has been compromised. Recently, there has been an outcry by SMEs about the increased legislative and regulatory burden, particularly the amendments to the EEA. Amendments to EE heighten the constraints associated with SMCs. Because of the employment equity amendments, SMCs are extremely challenged with many interlinked problems: i) insufficient management competencies for scale up; ii) general increases in costs; iii) inappropriate and inadequate skills in the workforce; iv) amplified costs of regulatory compliance; v) overall poor business support; and vi) high case volumes at the CCMA, amongst others. Due to these increased challenges associated with the amendments to Employment Equity, some SMCs cease to operate. However, no research has thus far been conducted to substantiate the impact of amendments to EE to the business performance of SMCs.

Over the past few years, employment equity amendments have been subjected to wholly philosophically-based debates and contradictions. Whilst some views are positive, others view

them as negative. Some organisations view them as legal responsibility, some view them as costs, some view them as mechanisms to endorse ethical behavior and some view them as a way of making money through tenders. Such substantial mixed views and arguments led the researcher to carry out this study to empirically examine the impact of employment equity amendments on business performance. Mixed views and contradictions emerged in the available literature, which indicates that complying with the employment equity amendments necessitates the SMCs acquiring compliance certificates which can support them to get tenders from the government. Furthermore, complying with the employment equity amendments improves the reputation and image of the organization by labelling it as a law-abiding organisation. For this reason, through the improvement in the image of the organisation, the customer base tends to increase, which in turn improves sales and ultimately results in an improvement in business performance. These are important factors for them to survive and remain competitive.

The extension of the scope of unfair discrimination to include unfair discrimination based on arbitrary grounds is welcomed as a suitable measure to shun discrimination at the workplace at all. This is aligned with the findings of research conducted by Burger, Jafta and von-Fintel (2016) in South Africa, which revealed that the continuous fall in black-white discrimination is credited to the permanent legislative effect, not a mere business cycle dividend. The promulgation of amendments to the EEA came as relief to employees who have been unfairly treated by doing the same job but earning different salaries. This is confirmed by Burger, Jafta and von-Fintel (2016) who studied affirmative action and found that the EE legislation is slow in closing the wage differential gaps across both race and gender, especially for blacks who have been earning low wages despite the rise in economic growth in recent years. Regarding equal pay and gender equity, Conley and Page (2018) conducted a study in the United Kingdom, the results of which revealed that an over-reliance on legislation for organisations to implement equal pay at the workplace has caused government not to move from adversarial legislative forms to more relaxed responsive regulative forms of pay equality.

On the contrary, organisations that attempt to fully execute the employment equity amendments incur extra costs in order to effectively implement them. SMCs are in a highly detrimental position

because of their poor financial base. This is confirmed by a study carried out by Ramukumba (2014) which focused on the challenges faced by SMEs in the West Cape in South Africa. The study found that most SMEs are resource-constrained and therefore strive to focus on critical operations. For the SMEs to fulfil the legislation's obligations, they spend money and resources which accelerate their general expenses and consequently lower their profitability. Hence, the employment equity amendments are adversely related to financial performance. In addition, given the budgetary constraints, SMEs find it difficult and expensive to hire experts who can deal with EE reports. This is confirmed by a recent study conducted by Carey (2015) on SMEs' performance where a survey of 380 respondents revealed that they have narrow resource bases and limited knowledge, hence they always source experts for business advice.

The removal of South African permanent residents and foreigners with work permits across all races from the term 'previously disadvantaged groups' may mean the elimination of a chunk of the skilled and experienced workforce. The literature has revealed the importance of having a pool of skilled labour in explaining the acceleration of the business performance of small and medium companies, as well as the development of the city in general. This is confirmed by a study carried out by Worku (2016) which focused on barriers to SME growth in the Vaal Triangle in South Africa. The surveyed sample of 303 employees revealed that inadequate skills affect the viability of SMEs. However, the removal of South African permanent residents and foreigners with work permit across all races from the term 'previously disadvantaged groups' gives opportunities for local citizens to occupy these spaces, hence decreasing the unemployment rate of South African citizens.

Unlike large companies which have well-organised structures and clear and controlled systems, SMCs have procedural hurdles, minimum documentation and loose systems of control (Mutanda, De Beer & Myers, 2014). This makes it difficult for them to fully comply with the new amendment of annual reporting, from the former situation where they were reporting once only after every 2 years. However, the increase in reports forces SMCs to be serious about the implementation of EE. The behaviours of SMCs are implicit in terms of practices and values. Due to the preceding differences, the employment equity amendments' enforcement may require a distinct approach

from these SMCs. However, this does not mean that SMCs should not be incorporated into this bandwagon simply because they have peculiar characteristics and distinct ideologies as the sector employs 60% of the South African labour force.

The amendments to the EEA support diversity, thus the participation of people from different races is of great significance in SMCs. The EEA promotes the improvement of the work climate. Some critical aspects that the amendments to EE bring encompass conducive work environments and fair wages (Squire, 2015). The EE amendments have created high demands on SMCs to take a positive stance on aspects pertaining to recruitment and promotion. Whilst there has been a continuous growth in the call for businesses to show accountability when carrying out their business activities, employment equity issues have been sidelined in many businesses. The debate and complacency on the execution of these amendments have also induced much interest amongst academicians and researchers to conduct studies on the impact of employment equity amendments on business performance. The amendments to the EEA are seen as a dynamic forces hindering, as well as facilitating, the performance of SMCs. Hence there is inconsistency and contradictory information about the performance consequences. This empirical study will validate some of the effects of the amendments to EE identified in the literature. It will clearly identify the specific amendments that are relevant and that affect the business performance of SMEs in Durban. This section will be elaborated in detail in Chapter 4.

1.9.4 EFFECTS OF NEW AMENDMENTS TO EMPLOYMENT EQUITY ON OPERATIONAL PERFORMANCE

Operational performance is seen as a key dimension of overall business performance that focuses on the effectiveness of the business (Odoom, 2016). Small and medium organisations seek to improve operational performance. Due to the fact that the amendments only consider victims of apartheid or people who become citizens by naturalisation, foreign national persons or persons who became citizens later than 27 April 1994 are no longer considered for affirmative action target purposes. Should staff appointments before this amendment constitute employees who became citizens of South Africa after the democracy or foreign national person, meeting the targets of affirmative action is negatively affected (Sesant, 2017). Most people who received permanent residency and some foreign nationals are experienced and skilled in particular critical positions

and fields. Hence, replacing them with partially experienced people from designated groups to meet affirmative action targets is affecting productivity. Employers are required to immediately abide by the EEAA or risk paying huge penalties and strict mechanisms of enforcement. This endangers productivity as they rush to employ semi-skilled employees at the expense of qualified permanent residency employees, with the aim of meeting affirmative action targets. There is no transitional time-frame given for SMCs to comply with the new amendments.

The chance to make an objection to a compliance order is now removed in new amendment (Booyesen & Nkomo, 2014). Making an appeal on labour inspector's compliance order is repealed, according to section 37(1). This may stifle the growth of small and mediums businesses whereby they are forced to comply without taking into consideration the viability of the businesses' operations. While carrying out things better improves organisation's financial performance, conducting things well increases revenue. Some compliance orders cause inflexibility, increase costs to the organisation, retard speed of production, as well as cause poor quality of goods and/or services. This normally takes place when the labour inspector orders the employer, for instance, to have a race that is not readily and suitably available. This may counter the innovation of products and services since qualified personnel may be overlooked as the small and medium companies seek to comply with orders through focusing on hiring employees based on race, gender and disability. For small and medium organizations to realise their potential, they need to be spared from complying with all orders. Some internal processes of production in small and medium companies are so sophisticated such that they demand experts, not just hiring candidates because of their designated groups. Operational cycle durations of production may be prolonged as a result of some unbearable orders, hence it is necessary to be careful when such orders are sanctioned.

Peyper (2017b) posits that failure to adapt to the new environment of the amended Employment Equity Act is likely to lead to higher prosecutions as provisions of affirmative action are breached. However, some companies are resorting to splitting into divisions that bear different names so that they fall below the prescribed thresholds as a strategy to avoid the demands of the new amendments.

1.9.5 EFFECTS OF NEW AMENDMENTS TO EMPLOYMENT EQUITY ON FINANCIAL PERFORMANCE

Financial performance in small and medium companies utilise revenues, sales growth rates and net profit as measurement scale indicators. Financial performance can be quantified easily with standardised accounting systems. Efficiency is crucial and a most critical facet of business strategy within the organisation. Organisations that give their attention to the satisfaction of customers' needs usually succeed in business. The increase in costs of compliance charges, amendments to sections 59, 61 and Schedule 1 in the new amendments to employment equity are channelled towards the operation costs of the business, which are later borne ultimately by consumers, without any enforcement effect to the needed transformation. Financial performance practices impact the organisational results positively. Efficiency is a priority for a firm to survive in a fierce competitive environment. Nowadays, organisations centre their attention to continuous improvement in all organisational functions. Sub-systems of human resources development should also be continuously improved to maintain and surpass expected product and service quality. However, low levels of professionalism are encroaching on most SMCs as they strive to meet the employment equity goals by employing inexperienced employee at the expense of an experienced employee.

Efficiency usually relates to financial performance (Agwu, 2018). Efficiency is the result of business operations compared with resources employed in the same business operations. Most top management views the sound performance of any company as getting an increased profit. Due to the hefty fines that are stipulated in the new amendments, those non-compliant SMCs may be forced to retrench to meet the costs (Stine, 2015). A worse situation is that some of these non-compliant companies end up shutting down or closing due to the heavy fines that become unbearable to them. These stiff fines are a heavy burden to new companies that have just assumed the category of designated employers, particularly those that expand from small to medium businesses. These hefty penalties can leave many companies bankrupt. This results in the loss of jobs thereby negatively affecting the image of company and economic growth at large. The magnitude of these penalties induces a remarkable threat to company viability once caught not complying.

1.9.6 EFFECTS OF NEW AMENDMENTS TO EMPLOYMENT EQUITY ON STAKEHOLDER PERFORMANCE

Employee experiences, perceptions and attitudes are crucial in examining stakeholder performance (Azar & Ciabuschi, 2017). One of the key indicators of stakeholder performance is adaptability. For this study, adaptability entails the proactive strategy to align with the changes of the new amendments to employment equity. The organisations adopt a strategic thrust to adapt to the new amendments (Laila, 2015). The section 6(4) clause was put in place to give effect to the Fila SA (PTY) & Others vs Mangena and others judgement in which the judge cited challenges in the EEA of not having clear clause that specifically deal with ‘equal pay-for-equal work’ (Mathapelo, 2014). It is also in this context that the legislation should meet International Labour Organisation Convention 100 obligations.

Pay reflects on employee’s sense of self-worth, hence giving a clear recognition of employees from designated groups, especially women, and maintains equal status amongst employees who are doing the same work in a modern day South African labour market. Equal work-for-equal pay is believed to be a great catalyst that boost employee satisfaction as employees see that they are fairly treated. There is a strong argument that the insertion of section 6(4) and 6(5) that focus on equal work equal pay in the EEAA contributes directly towards the increment of salaries of the employees from historically disadvantaged groups in South Africa. This can remedy the under-valuation of Black employees’ work and effort. This is usually prevalent in SMCs where they usually do not pay much attention to pay structures.

1.9.7 IMPORTANCE OF MEASURING BUSINESS PERFORMANCE

A thorough assessment of the current situation forms a base for improved performance. The effort of investigating business performance is to fine-tune the current SMCs’ level of performance to ensure the realisation of better results in future (Fattah & Syaripudin, 2016). Employers utilise business performance to check the accomplishment of the goals and objectives of the company. Management normally utilises business performance to scrutinise past performance and align adjustments in the future. Mihaela et al. (2016) state that an employee uses business performance usually to check productivity in order to remain in line with the criteria of bonus pay. An investor uses business performance in an effort to weigh specific productivity and efficiency indicators. Therefore, investigating the business performance of SMCs is the prime cornerstone of contemporary management. A holistic view of the performance of the organisation can help

managers to reduce business risk, make informed decisions and make some business strategy alterations (Eniola & Entebang, 2015). Shortfalls and adjustments to organisational strategy can be addressed when relevant information is collected from relevant business performance indicators. Performance measuring is imperative since it determines whether or not the company is accomplishing its goals. Measuring performance also evaluates the general health of the company.

1.9.8 MISUNDERSTANDINGS ASSOCIATED WITH THE APPLICATION OF REGIONAL AND NATIONAL DEMOGRAPHICS WITHIN EMPLOYMENT EQUITY IN SOUTH AFRICA

The reference to regional demographics was removed in the Employment Equity Amendment Bill of 2010 (the Bill of 2010), which showed that employers should apply national demographics only (Hideg & Ferris, 2014). This was detrimental to Indian people in KwaZulu-Natal. The elimination of the regional demographics reference was hugely criticised. For that reason, the Employment Equity Amendment Bill of 2012 replaces the 2010 Bill. Contrasting with the 2010 Bill, the 2012 Bill retains the present provision in the EEA, that requires employers to consider both the regional and national demographics in preparing the plans of employment equity. The reconsideration of incorporating regional demographics is greatly welcomed. However, the labour minister has been empowered to provide regulations that specify situations where regional or national demographics must be taken into consideration (Mathapelo, 2014). This means that the application of regional demographics may be only determined at ministerial behest.

On the proposal of the new amendment to EEA, organisations with 150 employees or more were compelled to utilise the national demographic profile as guidance to put targets for professional, senior and top employees, which was later revoked by the new amendment of the EEA. The proposal also suggested that both national and regional profiles determine the targets of unskilled, semiskilled and skilled employees. The proposal further stated that the national demographic must be used for senior and top management in organizations that employ 50 to 149 employees and the other levels can utilize regional demographics. The new amendment revokes the proposal because minority groups would be deprived to secure management opportunities in their region, despite having large regional minorities, in particular Indians in KwaZulu-Natal.

Although the law returns the inclusion of both regional and national demographics, this proves to be challenging when there is remarkable difference between the two. There is confusion on which demographics to use. Should the employer apply regional or national demographics when deciding black representations in the management categories? Although regional and national demographics should be considered in setting numerical targets, it is a challenge, especially when there is a remarkable difference in profiles between the regional and national economically active groups. Importantly, a question is raised on how to weigh up the regional demographics against national demographics in a situation where a province has large differences between the two demographics. The legislation is unclear about this. The law indicates that the employer may opt to utilise the regional and national demographic profiles of the economically active population in formulating its plan of employment equity. In this case, the employer is obliged to do so.

However, if the employer is taken to court for failure to comply the onus is on the employer to provide reasonable grounds for failing to do as required (Khumalo, 2017). This is an ambiguous situation. With regards to the aspect of absolute racial representation, the government seems to have some contradiction in itself. Squire (2015) indicates that the composition of the workforce of employers is not necessarily expected to be an absolutely demographic reflection of a place and should not be rigidly applied. This implies that racial demographics do not have to be applied regionally or nationally. However, the fact is that the aim of the Act is not to accomplish absolute representivity but equitable representativity. The boundaries that specifically define regional demographics is not clear, although it appears that it means province. There is still confusion on whether regional demographics only mean province or the meaning can extend to incorporate more localised areas. This objective is answered by exploring the body of case law that can guide small and medium companies, as well as findings from the empirical data.

The literature reviewed indicates the need for studies to address the uncertainties and survival and growth threats associated with amendments to employment equity towards vis a vis SMCs. For this reason, it is viewed that the nature of the results of this study will bring certainties, development and support of SMCs through closely re-looking at the elements and sections of the amendments to employment equity legislation.

1.10 THEORETICAL FRAMEWORK

The Neo-institutional theory

According to Harish et al. (2012), the Neo-institutional theory focuses on shaping the actions of the organisation to align with external social forces. These forces influence the manner in which operations of certain functions are conducted, thereby becoming institutionalised within the organisation. These external forces impact on the performance of the business. In accordance with neo-institutional theory, the key assumption is that organisations want to prove legitimacy from the external world. In relation to this study, SMCs seek to abide by the amendments to Employment Equity regardless of the how their businesses are performing. Ignorance to heeding this law's demands results in small and medium organizations fined hefty penalties that in turn affect business performance in terms of finances. Primary mechanisms that affect organisations' actions are subdivided into three: regulatory forces, normative forces and mimetic forces. Firstly, the regulative forces, are forces connected to certain government rules and laws.

The Neo-institutional theory is general in nature in the sense that it is not specific to a particular law. Hence, this study will narrowly and clearly expand the existing Institutional theory to align with Employment Equity amendments by employing a deductive approach which is grounded in the empirical testing of critical incidents that come as a result of the execution of amendments to employment equity. In this case, the theory can be expanded to clearly align with the Employment Equity Amendment Act.

1.11 SIGNIFICANCE OF THE STUDY

The findings of this study may contribute to an improved awareness amongst the national, provincial and local governments on how amendments to employment equity promote or hamper the success of SMCs. This study will inform the management of SMCs about the effects of the amendments on their business performance, as well as risks associated with breaching compliance with new Amendment Act. The company value is mostly based on its performance. It is imperative to note that for the company to gain greater value, an equivalent increase in business performance should be achieved. For this reason, it is important to investigate the influence amendments to employment equity to the overall performance of the SMCs.

The use of the yet-to-be generated integrated model will be a useful tool in providing solutions to the current amendment of employment equity predicaments encountered by SMCs in this study. In light of the empirical evidence that will be revealed in this research and the present economic situation in South Africa, coupled with the high rate of unemployment, reforms may be recommended on some sections of the amendment. The findings of the related study conducted by Booysen and Nkomo in 2014 in South Africa on evaluating employment equity amendments focused on new developments of employment equity and diversity reveal that no model was developed. The results of the related study conducted by Ebrahim in 2016 in South Africa on evaluating employment equity focused on 'equal pay-equal work' show that no model was developed.

Almost all the work done on employment equity has focused on the principal EEA and none has so far studied the new amendments to EEA (Ebrahim, 2016). In addition, those that focused on principal EEA did not suggest any integrated model that incorporate employment equity and business performance of SMCs in order for them to survive and grow. It is hoped that this contribution will be useful both to the government and SMCs.

The study will be also of paramount importance in establishing the elements and sections of amendment of employment equity that hinders sustainability and growth of SMEs. The study will be beneficial to policy makers.

1.12 MOTIVATION FOR THE STUDY

SMCs are the bulk source of the creation of employment. These SMCs are fundamental to the growth, success and sustenance of the economy of South Africa (Brijlal, Enow & Isaacs, 2014). SMCs are critical for the prosperity of the Durban area. The entrepreneurship level in South Africa is still very low as SMCs only account for 55% of employment, as compared to Indonesia, India and China where SMCs contribute 90% of the employment. According to Ramukumba (2014), the rate of failure of SMEs in South Africa approximately varies from 70% to 80%. Preliminary indications have shown that the failure rate of the SMEs may continue to escalate should no proper research be undertaken and recommendations implemented. This failure rate is a major concern for the nation of South Africa. Although the government is required to create laws and policies

that contribute to a conducive environment in which SMCs can flourish, currently SMCs are obliged to be under the same laws and policies which govern large companies and corporates.

Unlike big companies which can easily adapt, over-regulation of SMCs stifles and discourages their growth. Hence the prosperity of Durban is declining as many SMCs are still struggling to cope with the new employment equity amendments of 2013. Bonke Dumisa, Durban-based economist, confirms that there is a decline in the SMC numbers in Durban (Padayachee, 2016). He further states that SMCs' regulatory environment requires much attention. SMCs are the engine driving success and prosperity in Durban, hence their perceptions towards the amendments to Employment Equity are essential. Unfortunately, the amendments to EE have been ushered in at a time when South Africa is striving for economic growth. Since SMCs are the key contributors to fiscus, the impact of the amendments to EE need to be investigated in order to check their potential harm or good on SMC business performance. To get full knowledge, the impact of amendments to EE must be investigated holistically, rather than on a piecemeal basis.

Eniola and Entebang (2015) focused their study on government policy and SME performance in South Africa. Their results espoused that government policy has a great influence on SME competitiveness and growth. The harsher the government policy, the higher the impediment to competitiveness and growth. This motivated the researcher to pursue a greatly fine-grained approach, as well as a radical research methodology on the impact of EE amendments on the business performance of SMCs. There is a necessity for this study to disentangle amendments to EE from general government regulations and laws in order to better understand their specifics and extent of influence on the business performance of SMEs. There has been inconsistent and inconclusive debate about the influence of EE amendments on SMCs' performance. Hence, this motivated the researcher to conduct an empirical study on this topical issue.

1.13 RATIONALE OF THE STUDY

Although there is an increasing repertoire of SME studies, there is a need to focus on a more specific body of research exploring the impact of amendments to EEA on the business performance of SMEs. Recent studies conducted on SMEs include a research study carried out by Ngcobo and

Sukdeo (2015) that focused on the challenges faced by SMEs in South Africa, in which 107 questionnaires were collected. The results revealed that government regulations and policies are the key constraints hindering the business success of SMEs. Bushe (2019) studied the failure of SMEs in South Africa and found that poor environmental conduciveness, which is dominated by the tough labour legislation, is a key factor for SME failure. However, these studies did not specify how amendments to EEA as part government regulations impact the business performance of SMCs. The current study seeks to fill this gap. Moreover, a substantial theoretical literature on the business performance of SMCs has revealed that over-regulation through the amendments to EE lead to the failure of many SMCs. However, there is no empirical evidence that has as yet studied the influence of amendments to EE on the business of SMCs. Most recent empirical literature relating to the performance of SMEs turns a blind eye to the impact of employment equity amendments. This study is rare as it has not been carried out concerning SMEs. This research issue is original as it has not been studied before.

In addition, recent empirical studies on the principal EE were exclusively carried out in the context of large firms, but few to none of the EE research has been conducted in the context of SMCs in South Africa, let alone regarding the EEAA. Mainstream EE studies focused on large organisations and ignored the SMCs. Some of the recent studies carried out on EE in large firms include a study conducted by Olckers and Zyl (2016) that focused on EE. The study surveyed 202 respondents at a South African Mining company and found that a company which seeks to retain employees targeted through equity initiatives needs to develop the psychological state of these employees. A study carried out by Moraka and Jansen van Rensburg (2015) focused on transformation in the mining industry in South Africa, in which participants representing mining houses listed on the Johannesburg Securities Exchange were interviewed. The findings of the study revealed that a lack of core and critical skills amongst people from designated groups requires staff development. Therefore, the area of SMCs remains neglected and requires substantial attention.

No research that has been carried out to establish the impact of the amendments to employment equity on business performance. A related study was carried out by Booysen and Nkomo in 2014 in South Africa on evaluating Employment Equity amendments focused on new developments of employment equity and diversity. Another related study was conducted by Ebrahim in 2016 in

South Africa on evaluating Employment Equity focused on equal pay for equal work. This leaves most small and mediums organisations at stake as they do not have sufficient knowledge of the changes and its implications to their business viability. This research study closes the gap by rigorously reviewing the relevant literature and scrutinising empirical evidence with regard to the relationship between employment equity amendments and business performance. Hence, it is envisaged that this contribution will be useful to industrial relations managers and all industrial relations representatives in small and medium companies who can look for answers to their questions in this study and grasp various aspects that will sustain and grow their business. Industrial relations managers and all industrial relations representatives in SMCs are also encouraged to support moral, economic and social aspects that are covered by sections and measures of the Employment Equity Amendment Act.

To ignore SMEs when studying EE is to ignore a crucial slice of economic growth. Hence a need for the research to focus on the impact of amendments to EE on the business performance of SMEs. This can be rewarding to the Durban economy and South Africa in general because these SMEs expand into big organisations when removable hindrances are dealt with. SMCs have major unique characteristic differences when comparing them with well-established companies. SMCs are not small versions of large-scale organisation as they have their unique management styles and structures which can be affected by this high scale and magnitude of employment equity amendments. Nevertheless, the contribution of SMCs in respect of the social and economic growth of Durban's economy and South Africa at large has turned the researcher's attention towards studying the impact of the employment equity amendments on business performance. Although arguments recognize differences in the nature of business practices, there is need for adapting the employment equity amendments to suit SMEs. The preceding discussion underlines the rationale for this study.

1.14 RESEARCH METHODOLOGY

1.14.1 RESEARCH DESIGN

This study adopted the exploratory research design. The exploratory research design can effectively address the research problem relating to the impact of employment equity on the business performance in Durban. Exploratory research addresses all types of the research questions

and it is used when problems are at an initial stage (Carrie & Kevin, 2014). There are several types of research design. The researcher explains the main four types of research design as ethnographic, exploratory, action and descriptive research design (Brynard, Hanekom & Brynard, 2014). Ethnographic research relates to the study of behaviour of a human. This research put efforts onto showing the real culture of the participants. The action research design involves the application of skills to diagnose change of action and constantly evaluate research in a cyclical manner. Then, the descriptive research design depicts the real picture of the situation where the collection of data can be administered by the researcher. The descriptive research design gives baseline knowledge where in depth information is required about a phenomenon (Carrie & Kevin, 2014). In some cases, a descriptive research design was used to provide a classification of the characteristics of a phenomenon. The descriptive research design gives an information base to assist the researcher to design analysis, measurements and data collection procedures.

1.14.2 RESEARCH APPROACHES

This study utilised a mixed methods approach because it gives adequate data that answers the objectives of the research study. Rasinger (2014) states that research design denotes a procedure for investigating, gathering, reporting and interpreting data in a research study. There are three main research approaches, namely mixed research, quantitative and qualitative research (Ebrahim, 2016). Qualitative research is characterised by dependence, flexibility, speculation and softness. Quantitative research entails the use of numerical data in an objective and systematic manner where a sub-section of a population is chosen for the generalisation of the results of the research to the entire population. A quantitative research approach gave the quantitative relationships and examined the empirical analysis between amendments to EEA and business performance in a mathematically expressed manner. Mixed methods research utilises both quantitative and qualitative research methods in the same research project for corroboration and comprehensive understanding.

Due to the fact that no study has so far investigated the impact of employment equity amendment legislation on business performance since it was promulgated on 1 August 2014, a mixed methods approach was appropriate to rigorously examine the impact of amendments to EEA on business performance, where both quantitative and qualitative approaches were used simultaneously in the study. The advantages of both quantitative and qualitative research methods, as well as the nature

of the research objectives in this study, led to the employment of the mixed methods approach. Different from previous scholars who mainly utilised systematic review and qualitative methodologies when conducting research on the related subject of this study, the use of mixed methods was new in this subject. A related study carried out by Booysen and Nkomo in 2014 in South Africa on evaluating Employment Equity Amendment focused on new developments of employment equity and diversity, utilising a systematic review methodology. A related study conducted by Ebrahim in 2016 in South Africa on evaluating Employment Equity focused on equal pay-for-equal work using systematic review methodology.

1.14.3 STUDY SITE

The study site relates to the physical place on which the research study is carried out for the purpose of gathering the data (Heerden, 2015). For this study, small and medium companies registered under the Durban Chamber of Commerce and Industry (DCCI) in Durban was the study site. All small and medium companies situated in Durban Central, Durban North, Durban North-Central, Durban South, Durban South-Central, Durban Outer West as well as Durban Inner West were incorporated into this study. The researcher focused on this province only because the DCCI where the researcher got access to details of a database of registered SMCs is in Durban. The researcher focused on Durban because it is experiencing a low growth rate of SMCs (State of the eThekweni Economy 2016/17). Generally, there is a poor growth rate of SMCs, uncertainties within the policies being the key cause. The Durban economy is characterised by a low growth rate of SMCs and high unemployment (Merchant, Kumar & Mallik, 2018).

There are structural problems within the Durban economy as most of the people are unemployable because they lack the critical skills required (Lekhanya, 2015). In Durban these small and medium companies are not flourishing as they ought to be hence a number of people remains unemployed. According to Singh (2019), the unemployment rate in KwaZulu Natal Province in which the city of Durban is located increases from 21.8% to 26.1%. In addition, it was convenient for the researcher to carry out the research within the city. It is also important to consider the contribution of SMCs to the National Development Plan (NDP) 2030. The NDP 2030 clearly highlights that South Africa is required to craft policies that promote the acceleration of economic progress and growth. The NDP states that small and medium companies are more likely to create more jobs in

the short to medium-term, provided the policies are conducive for their operation. Therefore, government policies and laws, in particular the EEAA, need to be investigated in order to give adequate support and remove unnecessary barriers that impede the existence and growth of SMCs in South Africa, in particular Durban.

1.14.4 TARGET POPULATION

The target population entails the entire group of members to whom the study results are generalised or applied (Carrie & Kevin, 2014). For this study, the target population constituted all 550 industrial relations representatives (either industrial relations manager or industrial relations officer or any industrial relations assistant) in small and medium companies across all industries in Durban that are registered under DCCI. For this study, the target population was obtained from SMCs within Durban. In this study, the number of employees was used to determine whether or not the employer qualifies to be a designated employer. Designated employer refers to the employer who is obliged to abide by the provisions of the Employment Equity Amendment Act. In terms of EEAA, the employer should have at least 50 employees and above to qualify to be a designated employer.

Due to a lack of information about financial data of the companies, the researcher did not use the financial turnover as a determination of identifying the designated employer. Hence, in this study the companies in the target population of this population had not less than 50 and not more than 200 employees. A sampling frame was consisted of all small and medium companies that have not less than 50 and not more than 200 employees which are members of the Durban Chamber of Commerce and Industry. There was no database for all the SMCs hence the researcher considered to use the database of those that were registered with DCCI. From the database of the Durban Chamber of Commerce and Industry of 2017/2018, 550 SMEs were identified to be located within the Durban area and had not less than 50 and not more than 200 employees. For qualitative part, since industrial relations representatives have adequate information in respect of the employment equity amendments and business performance, they made up the target population. Therefore, in this study, the target population for the qualitative part is the same as that of quantitative part of the study.

1.14.5 SAMPLING STRATEGIES

Both non-probability and probability sampling were utilised because the researcher wants to lessen bias in selection and also needs to conduct statistical inferences from the data. A sampling strategy may be non-probability or probability, or both. Under the probability sampling approach, a simple random sampling technique was employed to select a sample in which computer generated random numbers was utilised in selecting the sample. According to Carrie and Kevin (2014), a simple random sampling technique selects a particular sample size with a minimal chances of bias. Under the non-probability sampling approach, theoretical or purposeful sampling was adopted. Theoretical or purposeful sampling relates to elements of the population that are chosen to form a sample simply because they are most likely to be informative and knowledgeable about the phenomenon under investigation by the researcher (Lampard & Pole, 2015).

1.14.6 SAMPLE SIZE

The sample of the study was drawn from the DCCI database which has all registered small and medium companies. For quantitative part, simple random sampling without replacement was utilised because it is a fair technique for selecting a sample without any bias as each unit within the population has an equal chance of being chosen. In accordance with a sample size table developed by Krejcie and Morgan (1970), as cited in Sekaran and Bougie (2014), a sample size of 226 should be utilised for a target population consisting of 550 elements/units. Computer-generated random numbers was utilised in selecting the sample. The sample selected produced statistical results that are of high significance for generalisation. The sampling frame is the list of SMCs obtained from the DCCI, where every unit of analysis was listed once only. Only one of the aforementioned people per every company was asked to complete the questionnaire. For qualitative part, industrial relations representatives was chosen to form a sample simply because they are most likely to be informative and knowledgeable about the subject under investigation using purposive sampling. Since the mixed methods research design was utilised adopting concurrent triangulation, the same sample of industrial relations representatives of small and medium companies registered under the DCCI were chosen for both quantitative and qualitative methods in which each selected company had only one respondent.

1.14.7 SAMPLE

A sample is a small portion of selected members from the whole population to participate in the study (Gray, 2017). The sample of 226 industrial relations representatives (either industrial

relations officers or industrial relations managers or human relations administrators or industrial relations partners or any industrial relations assistant) of small and medium companies registered under the DCCI were chosen in which each selected company should only have one respondent. Since the mixed methods research design were utilised adopting concurrent triangulation, a sample of 226 industrial relations representatives of small and medium companies registered under the DCCI were chosen for both quantitative and qualitative methods in which each selected company had only one respondent. Concurrent triangulation involves carrying out quantitative and qualitative methods at the same time, which results in triangulation (Rubin & Babbie, 2016). The sampling frame was the list of all 550 small and medium companies from Durban Chamber of Commerce's head office in Durban in which each unit of analysis is only listed once. Therefore, a sample of n=226 is considered to be appropriate for both quantitative and qualitative methods.

1.14.8 DATA COLLECTION METHODS

For this study, the primary data was collected utilising structured close-ended questionnaires and open-ended questionnaires. The research instrument in the form of a questionnaire were sent, accompanied by a personal introduction cover letter via email to each small and medium company's industrial relations representative. The questionnaire was sent via emails to either industrial relations representatives or industrial relations officers or industrial relations managers or industrial relations administrators or industrial relations directors of small and medium companies registered under the DCCI. The mail survey utilised a structured questionnaire. The sample respondents were requested to answer the questionnaire within two weeks. For this study, secondary data was gathered from government publications, media articles, journals, other dissertations and theses and e-journals.

1.14.9 DATA QUALITY CONTROL

For reliability testing, a pre-test was carried out on 15 industrial relations representative respondents. By doing this, there will be item consistency, sequential appropriateness of the questions and easy understanding of the measurement instrument. Some questions shall be re-worded so that it tallies within the context of the study to avoid ambiguity. Validity entails the extent to which an instrument of measurement assesses in the way it is made to assess. A pilot study was conducted to ensure validity. This is vital for minimising measurement error and improving of questionnaire readability and content (DePoy & Gitlin, 2015). The outcome of the

pilot study was utilised to develop the final version of the research instrument. For qualitative part of the research, trustworthiness was ensured through assessing the transferability, dependability, credibility and conformability of the research.

1.14.10 MEASUREMENTS

The closed-ended questionnaire and open-ended questionnaire were utilised. The respondents was asked to rate the extent to which they agree with statements regarding employment equity amendments and business performance. The ‘five-point Likert scale’ was utilised for each of the questions that was asked (strongly agree, agree neutral, disagree and strongly disagree). The items were aimed at establishing the impact of amendments of employment equity on business performance. On open-ended questionnaire, respondents were asked to answer the question on answer spaces below each question. The quantitative structured questionnaire (Annexure B) constituted 62 statements and the qualitative open-ended questionnaire had 6 questions. The questionnaire took an average of 30-40 minutes to complete.

1.15 DATA ANALYSIS

The QuestionPro programme was utilised to carry out an online survey for analysis. The data was collected online and then imported to SPSS 25.0 version for analysis. The closed-ended questionnaire responses was coded in a data set form in which both inferential and descriptive statistics was utilised for analysis. Then the data was analysed utilising the Statistical Package for the Social Sciences (SPSS) version 25 for Windows by employing relevant statistical tests. For the open-ended questionnaire, the responses from the respondents were put into themes. In this study, the gathered extracts from participants’ responses were collated. The themes were compiled from the codes. The data is analysed and interpreted for patterns that have arisen. In addition, it also assists to design and develop concepts and concepts maps. Thematic analysis was utilised to analyse the themes. A mixed methods approach adopted in this study was appropriate to rigorously examine the impact of amendments within the employment equity amendment legislation on business performance where both qualitative and quantitative approaches were used simultaneously in the study. A mixed methods paradigm is likely to minimise the potential bias associated with the use of a single research design (Flick, 2015). The advantages of both quantitative and qualitative research methods, as well as the nature of the research objectives in this study, led to the employment of the mixed methods approach.

1.16 ETHICAL CONSIDERATIONS

Research ethics entails the procedures, guidelines and code of practice that relates to privacy infringements, investigations and safety (Lampard & Pole, 2015). Respondents participated voluntarily without coercion. Utmost confidentiality was ensured for all the responses obtained from the respondents. The measuring instrument used to collect data did not require respondents to give details of their identity or names. The gatekeeper's letter was obtained from the Durban Chamber of Commerce and Industry. An ethical clearance letter was obtained from the University of KwaZulu-Natal. Ethical clearance was obtained from the University of KwaZulu-Natal Humanities and Social Sciences Research Ethics Committee. The respondents were assured that confidentiality is maintained and were not expected to disclose their personal particulars.

1.17 LIMITATIONS OF THE STUDY

There is one potential limitation to this study. This study is in short of prior research studies on employment equity amendment legislation and business performance. Importantly, prior research studies build the foundation of literature review and also assist to form a base in which clear understanding of the research problem under investigation is given. To counter this challenge, the researcher adopted an explanatory research design rather than a descriptive research design.

1.18 STRUCTURE OF THE THESIS

Chapter 1: Background and overview of the study

This chapter covered the background and overview of the research in which aspects that incorporate the problem statement, key objectives, research questions, importance of the study and the methodological approach to the study as well as the structure of the research are addressed.

Chapter 2: Literature review: The concept of amendment of employment equity

This chapter reviewed in detail the literature related to the concept of amendments to employment equity. Chapter two covered the following key subjects of the concept of amendment of employment equity, namely the enforcement procedures, apartheid victims to benefit from EEA, fines, submission of reports, the burden of proof, CCMA's jurisdiction, psychometric tests amendments; Equal treatment (Work of equal value); 9); and Discriminatory grounds, amongst others.

Chapter 3: Literature review: the concept of business performance

Chapter Three presented a comprehensive review of the concepts of business performance. This chapter identified the aspects of business performance and their importance. It further described how business performance is measured. The chapter also scrutinised the categories of business performance.

Chapter 4: The theoretical framework linking the Employment Equity amendments and the business performance of small and medium companies

This chapter discussed the theoretical framework for the EEAA and business performance of SMCs. It developed the proposed model aligned to the EEAA and business performance. The researcher developed the model through a rigorous analysis of employment equity frameworks, as well as a comprehensive review of the current literature related to employment equity and business performance.

Chapter 5: Research methodology and design

The chapter was an exposition of the research methodology used to explore the research questions in this study. Both qualitative and quantitative approaches were employed in this study. It included a detailed discussion on the key research questions and how they were dealt with in this study; the development of instruments; the selection of the sample; and the gathering of primary and secondary data.

Chapter 6: Analysis and presentation of data

The chapter presented the data analysis and a detailed presentation of the results. SPSS version 25 for Windows was utilised for the detailed analysis of quantitative structured questionnaires. The analysis of statistics also tested the study variables holistically through the use of tabulated constructs. Thematic analysis was used to analyse data obtained through qualitative open-ended questionnaires.

Chapter 7: Discussion of the findings

The chapter covered the discussion of the findings in respect of the objectives of this study. It also discussed the aspects relating to the demographics of this study. The findings from both the quantitative and qualitative analysis were discussed in this chapter.

Chapter 8: Conclusion and recommendations

The chapter 8 covered the recommendations and conclusions based on the findings of the research. The main findings of the study were summarised and the response rate that arose from the empirical analysis was incorporated into this chapter. This chapter ended by providing directions for future research.

1.19 SUMMARY OF THE STUDY

The study examined the impact of employment equity amendments on the business performance of small and medium companies in Durban. SMEs in South Africa face growing difficulties in improving and maintaining business performance while managing the pressure of complying with new amendments to the EEA. The central mission of the new Amendment Act is to make great strides in dismantling the labour market, which is currently dominated by previously advantaged groups, to empower previously disadvantaged groups as a way of redressing past imbalances. This study explained with Neo-institutional theory. According to Harish, Frank and Christa (2012), the Neo-institutional theory focuses on shaping the actions of the organisation to align with external social forces. These forces influence the manner in which operations of certain functions are done, thereby becoming institutionalised within the organisation. For this study, the target population constituted all 550 industrial relations representatives in SMCs in Durban. For this study, the mixed methods approach was adopted where both quantitative and qualitative methodologies were incorporated. The primary data was collected utilising open-ended and close-ended questionnaires.

CHAPTER TWO

LITERATURE REVIEW: EMPLOYMENT EQUITY AMENDMENTS AND THEIR LEGAL FRAMEWORK

2.2 INTRODUCTION

Laws are promulgated to meet international conditions and norms adopted by agencies of the United Nations and ILO. As a member of the International Labour Organisation, South Africa is very respectful and serious about the International Labour Organisation's guidelines on a decent work environment. Squire (2015) claims that the chief legislation for the promotion and protection of equality rights at the workplace is the EEA. Although the EEA (Section 15(1)) obliges employers to employ suitably qualified employees from previously disadvantaged groups, its tough enforcement forces business organisations to hire poorly skilled employees in order to meet employment equity targets. This is perpetuated by a severe shortage of qualified employees from designated groups. This is confirmed by a study carried out by Oosthuizen and Naidoo (2010) which focused on attitudes towards EE in 21 organisations in South Africa. The interview of 105 participants revealed that employees from designated groups lack skills required in under-represented levels in the organisation.

The main reason that South Africa amended the EEA is to meet its international obligations of employment and human rights. South Africa signed and ratified both the ILO Convention 100 and the United Nations Convention on the Elimination of (All Forms of) Discrimination against Women (CEDAW) (Booyesen & Nkomo, 2014). Both of the aforementioned conventions enforce the elimination of discrimination and advancement of employees from historically disadvantaged groups and have not been met by South Africa. In compliance with international obligations the South African government enforces the elimination of unfair discrimination and advancing employees from historically disadvantaged groups through amending the legislation, the Employment Equity Act, which was transforming the labour environment at a very slow pace.

2.2 INTERNATIONAL OBLIGATIONS OF SOUTH AFRICA

The United Nations system focuses on policy formulation, financial and technical support, global norms and standards to Member States. Inadequate legal protection against unfair discrimination

based on sexual orientation and gender identity at workplaces and in the communities is of concern to the United Nations (Collier, 2018). The International Convention on Elimination of Forms of Racial Discrimination was propounded on 20 November 1963 to eliminate racial discrimination across the entire world through respect and an understanding of any person's dignity both at workplaces and in the community. The non-discrimination and equality principles are fundamentals of the rule of law. On the High-Level Meeting on the Rule of Law declaration, the State, public institutions and private entities have accountability for fairness, equitable laws and justice. They also have entitlement to protection by law without any discrimination. They are also expected to dedicate themselves to respecting equal rights in relation to language, race, religion and sex. The legal framework of international human rights has instruments to eliminate certain kinds of discrimination that apply across all nations. These international instruments incorporate discrimination against women; religious and racial discrimination; discrimination related to gender identity and sexual orientation; as well as discrimination related to people with disabilities, indigenous people, minorities and migrants (Strachan, French & Burgess, 2016). South Africa is amongst 51 member states that founded the United Nations in 1945. The Member States utilize the law to promote equal rights, as well as assuring the equal and full involvement of both men and women in the workplace and the nation at large (Halberstam, 1997).

The idea of Daniel le Grand provides international labour standards as acceptable legislation universally. South Africa was amongst the founding member states of the International Labour Organisation, formed in terms of the Treaty of Versailles in 1919. The International Labour Organisation is comprised of a tripartite structure where governments, employers and employees of the member countries are represented. The labour standards of ILO take the form of declarations, recommendations and conventions (International Labour Organisation Convention Concerning Equal Remuneration for Men and Women Workers of Equal Value, 1951). The ratification of the Convention by member countries would then binds the state to enact the legislation. In the perspective of South Africa, it is compelled to fine-tune its existing legislation to conform to the content of the convention. Any recommendation of the International Labour Organisation serves as a guideline for national conduct and policy. A declaration of the International Labour Organisation serves as an instrument which formally pronounces significant and universal principles.

The international labour standards are crucial for the following reasons: (i) the constitutional dispensation gives recognition to those standards as a base that democracy is drawn from; (ii) those standards serve as basic standards for labour legislation evaluation; (iii) the ILO Convention serves as a point of reference in labour legislation interpretation. In 1959, the member states of ILO, particularly those second and third-world countries, increasingly became hostile towards South Africa and demanded South Africa to be banned from the ILO. The apartheid policy was the main cause for the call for South Africa to be banned. The South African government, on 11 March 1964, tendered a notice of withdrawal because of serious deteriorations of relations with ILO member states (Rautenbach, 2016). In this case, the major drawback of its withdrawal was that it could no longer ratify any labour standards in respect of international Conventions. In addition, this implied that South Africa forfeited membership benefits associated with being a member of ILO. The Wiehahn-Commission reports that South Africa was investigated and found in good standing with regard to compliance with the standards of the International Labour Organisation, despite it no longer being able to ratify labour standards.

The Convention on the Rights of Persons with Disabilities states that discrimination against people with disability is the violation of the dignity of the human person (Fourie & Botes, 2018). It recognizes the protection and recognition of human rights of people with disabilities. The Equalisation of Opportunities of Action has standing rules that are set as policy guidelines and principles in the formulation and promotion of plans and programmes of action at international level, national level as well as regional level. It also further highlights that people with disabilities should be afforded the chance to be included in the processes of decision-making. Discrimination against nationality, birth, race, language, sex, colour, religion, political, social origin and indigenous status is prohibited (Fredman, 2017). The detailed international convention focus on promotion, protection as well as redressing of economic disadvantages associated with people with disabilities in all countries around the world. Harmful practices, prejudices and stereotypes at workplaces and communities in connection with people with disabilities should be eliminated at all cost.

The Convention that combats different kinds of unfair discrimination against women was formulated on 16 December 1979 by the United Nations General Assembly (Ebrahim, 2014). The Convention is instrumental in promoting equality between men and women in communities as well

as the labour market. The Convention on the Elimination of All Forms of Discrimination against Women plays a major role to counter discrimination around the world. The fundamentals of the Convention are rooted in the re-affirmation of the equal respect and dignity of women and men. It seeks to eradicate all manifestations and forms of discrimination. However, it condemns discrimination and segregation practices connected to the deprivation of human dignity. The Convention regarding Discrimination in relation to Occupation and Employment was adopted in 1958 by the International Labour Organisation.

The two key Conventions of the International Labour Organisation that deal with equity and unfair discrimination are the Discrimination (Employment and Occupation) Convention, 1958 (No.111) and Equal Remuneration, 1951(No. 100). Discrimination (Employment and Occupation) Convention, 1958 (No.111) stresses that discrimination against sex, race, creed and many arbitrary factors must be prohibited. The Equal Remuneration 1951(No. 100) Convention focuses on enforcing equal pay for women and men performing equal value of work. The Discrimination (Employment and Occupation) Convention is aimed at eliminating any discrimination aligned to treatment and opportunities in employment. The Equal Remuneration Convention indicates that member states must promote the 'equal work-equal pay' principle for both female and male employees at the workplace (Dube, 2017). The Equal Remuneration Convention states that equal work-equal pay can be applied through national regulations and laws. Hence, the equal work-equal pay principle is one of the key aspects in the Employment Equity Amendment Act 47 of 2013.

In line with that the Conventions of the International Labour Organisations and United Nations, the African Union embarks on Agenda 2063 which seeks to accomplish gender parity by 2030. South Africa endorsed two fundamental ILO Conventions which are embedded in the EEAA 47 of 2013, namely the Discrimination (Employment and Occupation) Convention and the Equal Remuneration Convention (Smith, 2014). South Africa upholds the Conventions of the United Nations on non-discrimination and equality through the formation of the Constitution and statutes. The South African Constitution, in Section 9(3) and 4, dictates the prohibition of discrimination of any person by any other person (Tafirenyika, 2016). This indicates that each individual has constitutional rights not to be discriminated by any other person.

The Labour Relations Act (LRA) 66 of 1995 takes the dismissal as automatically unfair when the reason is based on sexual orientation, sex, race, belief, language, colour, marital status, political opinion, gender, age, religion, culture and any other arbitrary grounds performed directly or indirectly. Recently, the government of South Africa introduced new acts, that is the Promotion of Equality and Prevention of Unfair Discrimination Act (PEPUDA) and the Employment Services Act (ESA) (Moodaley, 2014). However, the Constitution, the EEA, the LRA and the PEPUDA are the most important legislation that closely deal with equity and unfair discrimination. Agenda 2063 of the African Union, which aims to attain gender parity by 2030, is fully embraced by these main two legislations, namely EEA and the Promotion of Equality and Prevention of Unfair Discrimination Act. The Code of Good Practice entrenched in the EEA ensures that ‘equal pay for equal value of work’ is enforced within the coming five years. The latest amendments to the EEA which is called the Employment Equity Amendment Act of 2013, further tightens affirmative action and unfair discrimination measures in a bid to accomplish the goal of gender parity by the African Union by 2030 and align with the requirements of the United Nation’s International Convention for the Elimination of All Forms of Racial Discrimination, International Labour Organisation, Africa Union and the Constitution of South Africa. The Civil Rights Acts of 1964 and 1991 of the USA, which enforce the promotion of equality and the elimination of unfair discrimination, helps in the fine-tuning of the Employment Equity Act thereby accomplishing equality (Booyesen & Nkomo, 2014). In 1958, the Discrimination (Employment and Occupation) Convention was adopted. The following section discusses the historical background to the EEA.

2.3 HISTORICAL BACKGROUND TO EMPLOYMENT EQUITY ACT

Equity and anti-discrimination was discovered by the Wiehahn Commission in 1981 as the major two themes that uphold fair labour practices at the workplace (Netangaheni, 2012) The Commission states that the social policy of equity and non-discrimination must be practised in day-to-day life within the community. In accordance with their right to fair labour practice, employees have a right to fair treatment and employees from disadvantaged groups have the privilege to have preference through affirmative action. The history of South Africa expresses a country associated with issues of discrimination, marginalisation, inequality and segregation. These predicaments came into existence on the onset of the apartheid regime in 1948 where state agencies solely served the interest of one group of citizens while overlooking the rest of the other

groups. The structures of the apartheid regime were set up in a discriminatory manner. During apartheid, people with disabilities, women and black people remain marginalised, not allowed to be involved in the major economic, social and political aspects of the country. Many legislative measures were put in place to suppress black employees who were excluded from bargaining rights, while non-black employees were formally enjoying bargaining rights. As if that was not enough, the Basic Conditions of Employment Act (BCEA) 3 of 1983 barred black employee from the category of an employee.

However, a massive political protest in 1980 by black employees forced the government to extend the labour rights to cover all previously excluded black employees. This was the first stance that led South Africa into its democratic transition where inclusivity was enforced to promote the principles and values of employment equity. It is clear that the post-1994 new government propagated the EEA neither with the purpose of perpetuating revenge towards previously advantaged groups nor as a hatched plan to hurt people from previously advantaged groups (Peyper, 2017a). The key aim was clearly based on ensuring equality by undoing the past imbalances formulated by the apartheid regime. It is obvious that this equality would create a levelled ground where both employees from the advantaged and disadvantaged backgrounds enjoy equal opportunities in employment and compete on an equal footing. One may conclude that the post-1994 regime was pushed by an eagerness to bring substantial equity, better future and hope for all with regard to employment. In this case, this was to be carried out without considering the pigmentation of a person as it was used during the apartheid regime. The Labour Relations Act of 1995 was seemingly not sufficiently addressing discrimination with its 'residual unfair labour practice', hence the Employment Equity Act was promulgated to fully dedicate much effort and resources towards the regulation of equity and discrimination at the workplace.

After a rigorous consultation process, in 1995 the Minister of Labour launched the Affirmative Action Policy Development Forum. It had representations of major stakeholders which included non-governmental organisations, community organisations, women's organisations, business, disabled organisations and trade unions. On completion of the work of the forum, experts were set to draft the Green Paper. On 1 July 1996, the expert team launched the Green Paper on Employment and Occupational Equity. The Employment Equity Bill was then drafted in February 1997 (Burger, Jafta, & von Fintel, 2016). On 12 October 1998, the Employment Equity Bill draft

was approved by Parliament after it underwent negotiations with the National Economic Development Labour Council (NEDLAC). The Act intends to undo the disparities in skills development, education and jobs brought by past injustices.

The EEA introduced legal provisions to counter the inequalities and discrimination instituted by the legacy of apartheid (Olckers, 2014). Those foundations could not build a stable economy, let alone a democratic society. In South Africa, the concept of employment equity focuses on two main aspects, that is discrimination and affirmative action. In terms of discrimination, it focuses on promoting fair treatment and eradicating discrimination in the form of retrenchments, pay benefits, training, promotion and hiring to align with the requirements of the Constitution. Affirmative action focuses on encouraging employers to remove unjustified barriers and quicken the progression of employees from designated groups in order to create an adequate representation of races at each level in organisations. One may deduce that affirmative action was motivated by huge under-representation of employees from previously disadvantaged groups at many levels in most organisations, which is linked to the nature of the South African situation during the apartheid regime.

The goals of EEA are: i) to eliminate unfair discrimination from taking place; ii) to redress the consequences of past discrimination; iii) to accomplish a broad and diverse representative workforce; and; iv) to stimulate efficiency and economic development (Ahmed, 2015). One can contend that for the promotion of economic development and a diversely representative workforce, past discrimination must be thwarted at all cost and designated groups need to occupy every level within the organisation. The Employment Equity Act is mandatory legislation which requires employers to abide by it. In reference to section 53 of the Employment Equity Act, companies that fail to comply with the Act are blocked from doing business with the state (Omariee, 2017). The promulgation and amendment of EEA was also aimed at satisfying the constitutional developments and to meet the standards of the conventions of the International Labour Organisation that were ratified by South Africa. To sum up, it is not the Constitution that regulates the eradication of discrimination in the labour market, but the regulation is performed by EEA. However, the interpretation of unfair discrimination by courts are referred to the Constitution and international law. The apartheid system created significant inequalities in the allocation of employment and in income distribution, the victims of which were employees with a disability,

black employees and women. Labour market discrimination causes inequality. The following section discusses the equality clause.

2.4 THE EQUALITY CLAUSE IN THE CONSTITUTION OF SOUTH AFRICA

It is clear that the apartheid system supported inequality, that is people were unequal before the law and again not equal with regard to job opportunities. The practice of equality and the elimination of discrimination which is unfair is enshrined in the equality clause of the Constitution of the Republic of South Africa of 1996. Section 9 of Chapter 2 of the Constitution has an equality clause which states the following: (i) Every person must enjoy the same benefit and protection of the law; (ii) to promote practices that provide advancement or protection of categories of persons or persons previously deprived by unfair discrimination; (iii) direct or indirect unfair discrimination against a person based on one or more grounds by the state is forbidden. The grounds may include age, birth, race, language, belief, gender, culture, race, conscience, sex, religion, pregnancy, colour, marital status, sexual orientation and social origin; (iv) Unless an establishment of the fairness of the discrimination is conducted, discrimination on grounds stipulated in sub-section (3) remains unfair; and (v) according to subsection 3, the national legislation should be formed to prohibit or prevent unfair discrimination (Henrico, 2015).

National legislations that has been enacted to deal with the prohibition or prevention of unfair discrimination includes EEA and Labour Relations Act 1995. The EEA (Chapter 2) prohibits unfair discrimination. This legislation is a vehicle that supports the implementation of the equality clause. Schedule 7 in the Labour Relations Act forbids unfair discrimination on the same grounds as those in the Constitutions (Act 108 of 1996) equality clause list. The International Labour Organisation Convention number 3 focuses on discrimination with regard to occupation and employment. South Africa ratified this Convention, hence it should be followed (International Labour Organisation Convention Concerning Equal Remuneration for Men and Women Workers of Equal Value, 1951). It is aimed at eliminating unfair discrimination and promoting equality with regard to occupation and employment. In the context of South Africa, equity is enforced by advancing the previously disadvantaged groups. One may conclude that the equality clause reinforces that no person must be discriminated against unfairly, either indirectly and directly. However, this is easier said than done.

2.5 THE CONCEPT OF UNFAIR DISCRIMINATION

The labour courts usually make reference to the prohibition of unfair discrimination as per the International Labour Organisation (ILO) Convention. South African labour rights should be interpreted in the light of international law. In line with international law, discrimination is eliminated on impermissible grounds or impermissible reasons. Convention 111 of the ILO 1958 stipulates discrimination in Employment and Occupation, which is used as a guide in giving a definition of discrimination (Rautenbach, 2016). A distinction should be drawn between discrimination and differentiation. Discrimination refers to the treatment of employees unfairly based on impermissible grounds, whereas differentiation refers to the different treatment given to employees based on permissible grounds. The following section discusses the concept of affirmative action.

2.6 THE CONCEPT OF AFFIRMATIVE ACTION

Affirmative Action (AA) refers to corrective steps that are carried out in the promotion of equal opportunities, as well as ensuring the non-recurrence of discrimination (Toit, 2014). In other words, affirmative action is a procedure that aims to proactively address the shortcomings experienced by certain groups of employees in the past. Affirmative action develops behaviours that stimulate racial integration, racial tolerance, racial acceptance and racial co-existence. Based on their potential, employees from designated groups have equal access to opportunities with those employees from non-designated groups through affirmative action. Affirmative Action is designed to assist those who were victims of widespread and historical mistreatment that took de facto and de jure forms of discrimination. Since employers would not voluntarily empower adequate numbers of black employees, the Employment Equity Act was passed as an enforcement to realise transformations across all organisations where all South African citizens are represented (Peyper, 2017a). Employment equity implementation is neglected such that organisations are taking it as a legal compliance question instead of real transformation. Employers who heed the legislation's call to accommodate employees from previously disadvantaged groups reasonably benefit immensely from the skills, work ethic and commitment that these employees contribute towards the work of the organisation. If employees from designated groups are provided with training and adequate employment access which suits their interests and competencies, a considerable contribution can be made towards the organisation. The following section discusses the Commission for Employment Equity.

2.7 THE COMMISSION FOR EMPLOYMENT EQUITY

The Commission for Employment Equity oversees the implementation of the EEA 55 of 1998 (EEA). The aforementioned Commission is a well-organised advisory board established in 1999 after the promulgation of EEA (Matyala, 2016). The Minister of Labour is advised by the Commission with regard to equity aspects, crafting codes of good practice as well as general EEA implementation. The Commission plays an integral role in keeping both private and public organisations, small and large organisations aligned to the amendments of EEA by ensuring that all employers adhere to the dictates of amendments to the EEA. The next section discusses the laws that were recently amended for the sake of promoting affirmative action and eradicating unfair discrimination. The following discusses the legislation that was recently amended.

2.8 LEGISLATIONS THAT WERE RECENTLY AMENDED

South Africa propounded a number of laws in the post-Apartheid government in order to bring about democratisation and reconstruction in the labour arena, namely the Labour Relations Act (LRA) 66 of 1995, the Basic Conditions of Employment Act 75 of 1997 (BCEA), the Skills Development Act 97 of 1998 (SDA), the Unemployment Insurance Act 30 of 1996, the Occupational Health and Safety Act 85 of 1993 (OHSA), Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA) and the Employment Equity Act 55 of 1998 (EEA). Recently, the country amended the existing legislation and enacted new legislation to continuously promote affirmation and eliminate unfair discrimination. Legislation that was recently amended incorporates the Basic Conditions of Employment Amendment Act (BCEAA) 20 of 2013, Labour Relations Amendment Act (LRAA) 6 of 2014, Broad-Based Black Economic Empowerment Amendment Act (BBBEEAA) No.53 of 2003 and the Promotion of Equality and Prevention of Unfair Discrimination Amendment Act (PEPUDAA) 2002 (Act 52 of 2002) (Moodaley, 2014). The new legislation enacted is the National Minimum Wage Act (NWA) (9 of 2018).

2.8.1 THE LABOUR RELATIONS AMENDMENT ACT OF 6 OF 2014

Section 23.6 of the LRA was promulgated as additional protection against unfair discrimination for non-standard employees (Patel, 2014). This section states that non-standard employees should fall under the protected category after three months of their employment. Under the protected category, non-standard employees have the right to the same treatment as standard employees. In this case, they should wholly, not less favourably, get equal treatment. The LRAA (No 6 of 2014)

seeks to streamline the labour environment and provide protection to vulnerable employees. In compliance with the Act, businesses in South Africa are compelled to adjust the manner in which they usually hire and manage employees in their organisations. In the principal Act, employees hired on a fixed-term contract were not treated the same as those employees employed on a permanent basis doing similar or the same work. However, the new amendment of section 198A of the Act stipulates that an employee that is hired on a fixed-term contract of more than three months, should not be treated less favourably as compared to an employee hired on a permanent basis doing a similar or same job, unless a justified reason for different treatment is provided. For this reason, an employer should re-visit the conditions upon which it has hired employees on fixed-term contracts of more than three months to ensure that employees are treated as fairly as those that are employed permanently.

2.8.2 BASIC CONDITIONS OF EMPLOYMENT AMENDMENT ACT 20 OF 2013

The Basic Conditions of Employment Amendment Act 20 of 2013 applies to every employee and employer, except South African Secret Service members, unpaid charity volunteers, the National Intelligence Agency and the National Defence Force. Additional core aims of the BCEAA are provided as follows: (i) to accomplish equity in the organisation through the promotion of fair treatment and equal opportunities and (ii) executing measures of affirmative action in order to undo the hardships in the labour market encountered by previously disadvantaged employees in order to achieve equal representation of the workforce in all levels and categories (Basiese, 2014).

2.8.3 BROAD-BASED BLACK ECONOMIC EMPOWERMENT AMENDMENT ACT NO. 26 OF 2013

Broad-Based Black Economic Empowerment is described as a coherent and integration strategy of the process of socio-economic development that contributes directly to South Africa economic transformation, where a remarkable number of black people control, manage and own the economic means of the country, as well as lowering income inequalities. Section 2 of the principal Broad-Based Black Economic Empowerment Act (2003) was responsible for: (i) stimulating transformation of the economy; (ii) changing the racial composition of the management structure and ownership; (iii) revamping cooperative enterprise management and ownership; (iv) improving access to skills training, infrastructure and economic activities; (v) improving black women management and ownership; (vi) promotion of investments programmes that increase the broad-based participation of black people in the economy; (vii) providing empowerment to local and

rural communities by unlocking economic activities; and (viii) empowering blacks by providing them with finance (Government Gazette, 2014).

The new amendment to the BBEEA No. 53 of 2003 aims to develop economic participation of marginalised South Africans and people from designated groups, not only for employment opportunities but by advancing the socio-economic strategies which incorporates the following: (i) increase black control, management and ownership of companies; (ii) Investing in enterprises owned by blacks; (iii) assisting communities, cooperatives and workers in creating and managing enterprise; (iv) develop skills; (v) reaching equitable representation across all categories; and (vi) preferential procurement. In the new BBEEAA No.26 of 2013, white women and white people with disability were removed from the definition of the term ‘previously disadvantaged people’ (Rvans, 2018).

2.8.4 THE PROMOTION OF EQUALITY AND PREVENTION OF UNFAIR DISCRIMINATION AMENDMENT ACT, 2002 (ACT 52 OF 2002)

The Promotion of Equality and Prevention of Unfair Discrimination Amendment Act, 2002 (Act 52 of 2002) seeks to correct probable unconstitutionality that lies in the principal Act, in particular the Minister’s appointment of presiding officers to Equality Courts (Government Gazette, 2003). The amended Act seeks to foster judiciary independence. The amended Act also promotes the execution of the principal Act by accelerating the establishment of the Equality Courts at the lower court level in order to give accessible and affordable remedies to individuals who are prone to harassment, hate speech and unfair discrimination. The promotion of PEPUDA or Equality Act, (Act No 4 of 2000) aims to effect item 23(1) of Schedule 6 together with Section 9 of the South African Constitution of 1996, in which it seeks to prohibit and eliminate harassment and unfair discrimination; to prohibit and prevent hate speech; and to foster equality. The Act forbids discrimination on grounds of marital status, family responsibility or status, ethnic, birth, social origin, culture, language, age, gender, pregnancy, sex, sexual orientation, colour, HIV/AIDS status, conscience, belief, disability, race and religion. The Act also stipulates the criteria that the courts can use in determining other prohibited grounds characteristics. The Act forms designated Magistrate Courts and High Court to deal with issues of harassment, hate speech and discrimination.

2.8.5 NATIONAL MINIMUM WAGE ACT (9 OF 2018)

The national Minimum Wage Act (NMWA) seeks to undo substantial income disparities in the labour market in South Africa by pegging a national minimum wage (South African Government, 2018). Attention is on low-income employees. This marks a historic time in the labour dispensation of South Africa since it is the first time that a national minimum wage has been promulgated into the system. A national minimum wage is set to be R20 for each ordinary hour worked. For farm workers, R18 applies as the minimum hourly rate and R15 for domestic workers. The NMWA forms the National Minimum Wage Commission, which conducts reviews of the national minimum wage on a yearly basis (Gazette Notices, 2018) in making a decision on yearly adjustments to the level of wage inequality and differentials. It commenced on the 1 January 2019. In light of the amendments aforementioned, one can conclude that all the Acts maintain, promote and protect equality irrespective of disabilities, gender and race. This is a good move considering that a majority of employees were not treated fairly in the labour environment of the South African economy. The following section discusses in detail the amendments to Employment Equity No. 55 of 1998 which are in the new law, Employment Equity Amendment Act 47 of 2013.

2.9 THE EMPLOYMENT EQUITY AMENDMENT ACT 47 OF 2013

The EEAA inserted new stiff provisions to fast-track the speed of labour environment transformation. The new amendment to the domestic law, EEAA, is in line with international obligations (Mathapelo, 2014). Failure to align with international laws will see South Africa lose its status of being an equality and human rights global leader. The following are the major amendments made:

2.9.1 INCLUSION OF EQUAL TREATMENT (WORK OF EQUAL VALUE)

The insertion of the new section 6 (4) and section 6(5) explicitly focus on the concept of equal treatment, which requires more than the issue of ‘equal pay-for-equal work’. The amendment was made in respect of the EEAA 47 of 2013 as per presidential proclamation which came into effect 1 August 2014. Before the introduction of section 6(4), there was no specific provision in the EEA that regulates the claims of ‘equal pay-for-equal work’. Prior to section 6(5), claims of ‘equal pay-for-equal work’ were indirectly dealt with under EEA’s section 6(1) which forbids discrimination based on unfair grounds (Dube, 2017). Section 6(1) states that no person should discriminate unfairly against an employee, indirectly or directly, in employment practice or policy, more than

one or more grounds of conscience, disability, HIV status, religion, culture, belief, political opinion, language, pregnancy, marital status, race, gender, sex, birth, sexual orientation, age, ethnic or social origin, family responsibility, colour, or any other arbitrary ground. Section 1 defines “employment practice or policy” to incorporate employment benefits and remuneration. Section 6(4) of the EEAA directly deals with equal pay in which it forbids discrimination based on conditions and employment terms that are applied unfairly between workers doing substantially the same work or work of the equal value or the same job. Section 6(4)-(5) were inserted as part of amendments to EEA in response to the ILO’s condemnation that South Africa fails to put specific provisions in the EEA that deals with claims of equal pay (Ebrahim, 2016).

The employer is required to make sure that employees doing ‘similar or same work or same value of work’ have equal employment conditions and terms. The concept equal treatment focuses on wages and employment terms of employees doing similar or substantively the same job of the same value (van Zyl, 2017). Equal treatment entails failure of the employer to furnish good reason for treating employees differently, based on the grounds listed (Section 6(1)), directly or indirectly and constitutes contravention of the Act. Unless the differentiation in conditions of work or wages is based on reasonable criteria which include seniority, responsibility, skill, experience, qualifications, competence over the minimum expected level to carry out the work, ability, individual’s quality and quantity performance using uniform evaluation system, among others, the conduct amounts to unfair discrimination.

Rational and fair wage differences can also take place if an employee is hired temporarily to gain experience, where an employee lacks significant skill and when an employee gets demoted without pay reduction (Conley & Page, 2018). The principle is in line with the new Labour Relations Bill which requires equal treatment between part-time staff or fixed-term staff and permanent staff who get paid a salary under the threshold of R205 433.30 per year. This principle applies after work service of 3 months and in this case, differential treatment can only be made when the employer has a valid reason. The Minister of Labour draws a code of good practice, in line with methodologies and criteria for assessment of work of equal value, in terms of section 6(5). Foul avoidance on this amendment can be sought when a business ensures that the conditions and terms of employment of all levels of employees are handled fairly. Employers are expected to scrutinise their payments and compensation structures to ensure objectivity of disparities in remuneration,

thereby eliminating the claims on the basis of unfair discrimination. It is crucial to understand that the amendment to EEA does not ban differentiation but obliges employers to differentiate wages between employees on reasonable grounds. Sub-section 27(2) is added to take corrective action that increasingly lowers uneven unfair discrimination and income differential.

Section 6(4) of the EEAA directly deals with equal pay in which it forbids discrimination based on conditions and employment terms that are applied unfairly between workers doing substantially the 'same job or job of the same value' (Squire, 2015). Therefore, Section 6(4) of the EEAA gives three grounds of action relating to equal pay, namely: (i) equal pay for substantively the same job; (ii) equal pay for jobs of equal value; and (iii) equal pay for the same job. Equal pay for substantively the same job and equal pay for the same job are two causes of action that are easy to grasp. However, equal pay for jobs of equal value is a difficult and complex cause of action. Section 6(5) of the EEAA permits the Minister of Labour to stipulate the methodology and criteria for the assessment of jobs of equal value once a consultation with the Commission for Employment Equity is completed. In line with this, the Employment Equity Regulations of 2014 were published by the Minister.

The Employment Equity Regulations constitute the factors that must be utilised in evaluating two different jobs that are assumed to be of the same value. In addition, Employment Equity Regulations provide a methodology that should be utilised in determining claims or disputes of equal pay. In this regard, Employment Equity Regulations set out factors which would give a justification for pay differentiation (Jain, Sloane & Horwitz, 2015). The Minister also published a Code of Good Practice on 'Equal Pay for work of Equal Value'. The Code gives guidance of a practical nature to both employees and employers with regard to applying the 'equal pay for work of equal value' principle in the organisation. However, the ILO recognises the complexities of the equal pay for equal value of work principle. In case of an 'equal pay for work of equal value' claim as in *Mangena v Fila South Africa (Pty) Ltd*, the ILO concedes that it does not have job grading expertise that are skilled in allocating the value of occupations.

2.9.1.1 The convention of equal remuneration

The aspect 'equal work for equal pay' was first given recognition in the Treaty of Versailles's article 427 in 1919, which formed the International Labour Organisation and crafted its

constitution (Ebrahim, 2016). Since then, equal work for equal pay began to gain attention in a number of international treaties which aim to form a fundamental base for labour rights. The two fundamental Conventions of the ILO that relate to equal pay have been ratified by South Africa in 2000, namely the Discrimination (Employment and Occupation) Convention and Equal Remuneration Convention. The Discrimination (Employment and Occupation) Convention aims to eradicate discrimination relating to treatment and opportunities in employment. Generally, it is also applicable to the 'equal pay-for-equal work value' principle. The Equal Remuneration Convention compels member states to exercise and promote the 'equal pay-for-work of equal value' principle to both female and male employees. It stipulates that the application of the 'equal pay-for-equal value of work' principle can be made by means of national regulations and laws, or any suitable means. It is important to point out that the SADC Protocol on Gender and Development was also signed by South Africa. Therefore, it is one of the member states. The Protocol enforces the application of the 'equal pay-for-equal value of work' principle to both men and women by all member states. It compels member states to make a review, adoption and implementation of relevant legislative measures with regard to the 'equal pay-for-equal value of work' principle.

It is well-known that the key sources of international labour law are taken from the Conventions and recommendations of the International Labour Organisation (International Labour Organisation Convention Concerning Equal Remuneration for Men and Women Workers of Equal Value, 1951). The Equal Remuneration Convention was ratified by South Africa in March 1997. In line with this Convention, South Africa had to eliminate discrimination based on access to employment, working conditions, race, sex, religion, colour, beliefs, religion and social origin. 'Equal pay-for-equal work' and 'equal pay-for-work of equal value' principle promote the Equal Remuneration Convention. Equal work can be established without difficulties hence it is not problematic to make claims of equal pay. However, equal value is difficult to determine. For better understanding and implementation of the equal pay for the job of equal value principle, the ILO published guidelines to help member states as stipulated in the Equal Remuneration Convention. The guidelines provide methods that are suitable in assessing the worth of the job in equal pay claims. The Equal Remuneration Convention sets the method to be carried out in objective appraisals but does not give the factors for an assessment of 'work of equal value'.

In this case, the Discrimination Convention is fully applicable. However, the Equal Pay Guide states that it can be used in applying the ‘equal pay-for-work of equal value’ principle embedded in the law of the nation (Dube, 2017). The Guide highlights that the differences in the values of different jobs must be established based on objective criteria effort, skill, responsibilities and working conditions. Although it is easy to see that the guideline criteria closely corresponds to the factors utilised for evaluation in many job evaluation methods, the guide further stipulates that the job evaluation that measures the value of work are not the same as those of performance appraisal. Performance appraisal evaluates the actual performance of an employee.

Although the Equal Remuneration Convention does not have a specific section that mentions the method of job evaluation that must be utilised, it makes it clear that the method should not bear any sign of discrimination. In accordance with the Equal Pay Guide, the methods of job evaluation are suitable means of establishing the work value performed (Ebrahim, 2018). The Guide lays out the issues to be considered when crafting the provisions of equal pay in domestic legislation. These issues are as follows:

- The remuneration must be defined broadly;
- A clear elucidation of the right to issue an ‘equal pay-for-work of equal value’ claim;
- An explanation of the concept of ‘work of same worthiness’ gives direction to claimants on the appropriate procedures to provide proof that the work is of same value;
- Job evaluation methods that shows discriminatory attributes should be avoided;
- Complainants must have the right of accessing the competent remedies that align to equal pay principle violations;
- Collective agreements would be needed for ensuring that they are in compliance with the equal pay-for-work of equal value principle and
- Provision compels employers to eradicate unjustified discrimination related to ‘equal pay-for-work of equal value’ principles.

An assessment of whether the legislation is breached should focus on the following:

- Establish that the job is similar or the same or same value and
- Consideration should be given to factors such as demands of work responsibilities; the required qualifications and skills; the required mental, emotional and physical effort to carry out the work, as well as the environment under which the job is carried out.

In the case that the employer is found breaching the legislation, the Labour Court can give a sanction such as payment of compensation and damages to the affected employee, or instruct unfair discrimination to be eliminated (Heerden, 2015). It is fair labour practice for the employer to pay different salaries for work of equal value or equal work. However, it is not fair labour practice if the cause or the reason for the different salaries is indirect or direct discrimination. According to Ebrahim (2018), Section 6(1) was not extensive enough to incorporate claims of equal pay.

2.9.1.2 South African case laws that dealt with equal pay-for-equal work

The following section discusses the South African case laws that dealt with issues of equal pay-for-equal work.

2.9.1.2.1 Louw v Golden Arrows Bus Services (Pty) Ltd

An applicant, Louw, a black man hired as a buyer, made allegations of committing unfair discrimination to the respondent, the company Golden Arrows (Zondo, Goldstein & Hlophe, 2001). The allegations were made on the grounds of race in which the company paid his comparator, a white man hired for a warehouse supervisor position, more for the job of equal value. The Labour Court ruled that a mere differentiation of treatment of people from unlike races was not the base for discrimination on the ground of race, except that the disparate treatment came as a result of race differences. In accordance with the Peromnes system that was utilised to make a determination of the remuneration, there was a minimum of one Peromnes grade variance between the applicant's work (buyer) and the comparator's work (warehouse supervisor). The Labour Court ruled that racial discrimination was not proved, but that did not mean that the reason for differences in salaries did not amount to racial discrimination. In this case, it came out that a job evaluation method that is objective gives legitimacy to the value that was rendered to the jobs.

2.9.1.2.2 Mangena v Fila rife

An applicant, a black man, made allegations of committing unfair discrimination to the respondent, the company Fila rife (Geldenhuys, 2016). The allegations were made based on race in which the company paid his comparator, a white woman, more for the job perceived to be of equal value. The Labour Court ruled that EEA does not have a specific section that deals with equal pay disputes or claims. The Labour Court further gave remarks that equal pay-for-equal work claims should be determined in line with EEA. It remarked that the EEA is extensive to integrate the equal

work-equal pay dispute, despite the fact that the principle is not stipulated in the EEA. Although the Equal Remuneration Convention only prohibits unjustified discrimination in relation to equal work-equal pay on the ground of sex, the Labour Court remarked that equal work-equal pay must be stretched further beyond forbidden grounds of sex to incorporate the prohibition of unjustified discrimination based on race. It gave the remark that it would hence consider equal work-equal pay disputes under the EEA. The Labour Court stated that it aligns with section 3(d) of the EEA to give an interpretation to the Act. This is done for South Africa to abide by standards of international law which incorporate the Convention of Equal Remuneration.

The Labour Court ruled that the applicant failed to present proof of the duties conducted by the comparator. The applicant exaggerated the opinions of the nature of the job conducted by him. Therefore, the court denied the evidence of the applicant and instead accepted the version of the respondent. The court drew a conclusion that the foundational facts required to hold a dispute of equal pay-for-equal work was non-existent, since the applicant was unsuccessful in making a clarification that the job conducted by the comparator and him was similar or the same. The Labour Court gave the remarks that the dispute of relative value was self-evident. The job that the applicant was performing was significantly of lower worth than that conducted by the comparator, considering the levels of skills and responsibility in respect of both work. Even though the Labour Court conceded that it did not have expertise in grading jobs or in allocating the value of different occupations or functions, both ‘equal work-for-equal pay and the equal pay-for-work of ‘equal value’ were subsequently dismissed.

2.9.1.2.3 CCMA Awards-determining work of equal value

In *Dladla v Gidasam / Phathumuzi Construction*– MP6634-14, an applicant, a black assistant director, made allegations that he was paid a lower salary as compared to a white colleague performing the similar or same work or of equal value (CCMA, 2016). The Commissioner ruled that the respondent failed to indicate that the work was of equal value as that of the comparator, who had higher responsibilities, qualifications and more length of service. Hence the claim was dismissed.

In *Nkadimeng v Professional Transport and Allied Workers Union of SA* – GATW8606-14, the applicant, a union organiser, made allegations that he had been discriminated against unfairly by

being given a lower salary than a comparator, the National Co-ordinator (CCMA, 2016). He accused the employer on grounds of nepotism and favouritism despite performing work of equal value. The applicant was unsuccessful in establishing that the work is of equal value as that of the comparator. Evidence revealed that the comparator did work of a senior nature.

2.9.2 Discriminatory grounds extended

Section 6(1) of the Amendment Act expands the grounds of unfair discrimination (Rautenbach, 2016). Previously, the grounds of discrimination were restricted to aspects in section 6 of the Act's list which include race, age, pregnancy, sex, marital status, colour, disability, belief, culture, HIV status, religion, political opinion, birth, language, sexual orientation, ethnic or social origin, family responsibility, conscience and gender. The expansion of the meaning of unfair discrimination prohibits unjustified discrimination based on arbitrary grounds. The concept of 'arbitrary grounds' significantly expands the application of the EEA scope. Unjustified discrimination in respect of arbitrary grounds should show that: i) the cause renders a person disadvantaged at the workplace; ii) it negatively impacts equal benefits of freedom and right of a person in such a way that it can be compared to section 6(1) grounds of discrimination; and iii) it deprives one of human dignity. This gives clarification on the previous uncertainties and confusion which were concerned with whether unfair discrimination merely lies on the grounds listed. The change brings consistency as the Amendment Act tally with section 187 (1) (f) of the LRA, 1995 (Act No. 66 of 1995) which bars dismissals based on unfair discrimination, which includes any other impermissible arbitrary grounds.

An arbitrary ground is a base of will that is capricious, not aligned to any principle or reason (*Beckingham v Boksburg Licensing Court 1931 TPD 280 at 282*) (Kershwyn, 2017). Usually unfair discrimination aligned to arbitrary grounds happens purposelessly or with no substantial reason for it. However, even though the reason exists, if the reason does not constitute the attributes of a salable reason with adequate significance that overshadows the employee's rights and is not offensive morally, it is regarded as unfair discrimination. In this case, equitable balance should always be ensured between the manner of discrimination and societal values, in particular the complainant's dignity. This is repeatedly emphasised by the Constitutional Court that the society should be absent of discrimination and everything should be carried out based on equality. The introduction of the ban on discrimination on arbitrary grounds does not reiterate the existence of

unlisted grounds. However, arbitrary grounds widen the scope of the elimination of unjustified discrimination on forms that cause human dignity destabilisation. This also incorporates grounds that are irrational. Arbitrary grounds are not grounds in itself, but relate to the unlisted grounds that are similar to the listed grounds. An arbitrary ground requires the allegations based on arbitrary to be pleaded and formulated. The applicant has to plead and state the arbitrary ground since arbitrary on its own is not a ground.

When the grounds manifested have the potential to demean an employee in his or her inherent dignity and humanity, the listed grounds differ from arbitrary grounds in that listed grounds were utilised in the past to marginalise, oppress and categorise employees who had similar or the same characteristics or attributes. To some extent, the employee may relate to immutable biological characteristics or attributes and in other cases to the religious, expressive and intellectual humanity dimensions. Section 8(2) aims to prohibit the unfair conduct of employees in respect of grounds which can end up in accumulating patterns of disadvantages such as those that took place visibly in the past era.

2.9.2.1 South African case laws that dealt with arbitrary grounds

In *Duma v Minister of Correctional Services and Others* [2016] ZALCCT 6 (2 February 2016), the applicant made a claim that the respondent was discriminating against her by giving her less remuneration for the same work that is performed by other ones in different locations (*Duma v Minister of Correctional Services and Others*, 2016). Duma was employed as a Senior Correctional Officer by the Western Cape Department. She made allegations that she was being discriminated against based on the geographical location of the job she was doing. The court conceded that Duma successfully met the onus of proving that she was discriminated against unjustly. The court ruled that the treatment she received negatively impacted on her dignity in an arbitrary manner. The court observed that the respondent was unsuccessful in establishing the necessity of distinguishing between comparable posts in different provinces. The court ruled that any distinction solely based on the location of the work is unfair, taking into consideration the history as well as the Constitution of the country.

2.9.3 THE BURDEN OF PROOF (AMENDMENT TO SECTION 11)

This section was expanded on. This amendment was recommended and endorsed by the all the social partners at NEDLAC. The amendment provides the manner in which the newly introduced section of the act; ‘arbitrary ground’; is regulated (Mason & Roman, 2015). Previously, whenever a dispute of unfair discrimination arose, the burden to establish the fairness of discrimination was in the hands of the employer. However, now the amendment act forms two facets of ‘burden of proof’ where it is borne by either the employee or employer. Firstly, in terms of section 11(1), the burden to prove lies in the hands of the employer where section 6(1) forms the foundation of unfair discrimination and proof should be based on a balance of probabilities. The employer has the onus to furnish proof with evidence that the alleged discrimination never happened or was justifiable and fair.

Secondly, in terms of section 11(2), the burden to prove shifts to the employee (complainant) where the unfair discrimination lies on arbitrary grounds (not listed grounds) and should be established based on a balance of probabilities (Tapanya, 2015). The appellant (employee) has the entire onus to prove the alleged discrimination based on the irrationality of the conduct and that the conduct amounts to discrimination, as well as that it is unjustifiable discrimination. The amendment clause is in line with the onus of proof as stipulated in the PEPUDA’s section 13. One can conclude that the amendment does not significantly alter the employer’s previous position since the employer still has the onus of giving proof that the listed ground of discrimination was fair. It can be deduced that if the ground of discrimination cannot be identified with one of the listed grounds or if an employee fails to establish the grounds she/he is discriminated against, the employee should give proof that conduct was unfair.

2.9.3.1 South African case laws that dealt with the burden of proof

The following sections discuss the South African case law that dealt with the issue of ‘burden of proof’.

2.9.3.1.1 Pioneer Foods (Pty) Ltd v Workers against Regression (WAR) and Others (19 April 2016)

The applicants made an accusation of committing unjustified discrimination against the respondent in respect of an arbitrary ground. The applicants were Workers against Regression (WAR) and Others (19 April 2016) and the respondent was Pioneer Foods (Pty) Ltd. The applicants were hired

on a fixed-term contract basis (Pioneer Foods (Pty) Ltd v Workers Against Regression (WAR) and Others, 2016) and made a claim that they were being discriminated against since they had an expectation of earning a basic salary and signing a permanent contract. These applicants challenged that permanent contracts and basic salaries were offered to team leaders and quality controllers and they were being bypassed. The respondent argued that the work was not of equal value. In this case, the comparators had more responsibilities and some had more years in the organisation. Different treatment can come due to a remarkable number of years one has been working in the organisation and this may not be taken as an impairment of fundamental human dignity or as having a serious adverse effect when making comparison. One cannot overlook that it is irrational or arbitrary to apply a rule that links different lengths of service to different salary levels. The court ruled that the applicants failed to establish that the work performed was similar or the same value to that of highly paid and permanent comparators. The court also ruled that the number of years one has been in the organisation is not an arbitrary ground. The court also ruled that the difference in remuneration was not based on arbitrary grounds of discrimination. Hence, the court did not find any unfair discrimination.

2.9.3.1.2 WEPU obo members v Lewis Stores (Pty) Ltd & SACCAWU – GATW3227-15

The applicants made an allegation that the respondent was discriminating against members of WEPU based on arbitrary grounds, namely arbitrary membership. SACCAWU had 48.71% membership (South Africa: Johannesburg Labour Court, 2015). SACCAWU negotiated a wage increase with the employer and they got an increase for employees with their membership only. The increment for other workers was based on performance. In ruling, the Commissioner stated that union membership was not part of the prohibited list of grounds of discrimination. The Commissioner further stated that union membership cannot be taken as an analogous ground since that form of discrimination does not injure human dignity. The Commissioner highlighted that the Labour Relations Act structure discloses that employees are at liberty to select the bargaining agent of their choice, and to agree on terms that may be different from other employees who belong to some other agents. The Commissioner also noted that the Labour Relations Act allows multiple bargaining agents and industrial relations pluralism. In addition, each employee has a right which is constitutional to strike, to join a collective bargaining unit and trade union. In the ruling, the Commissioner observed that all non-SACCAWU members received the same treatment and there

was no differentiation between both non-union members and WEPU. Hence the Commissioner ruled that there was no evidence of devious tactics during the process of bargaining that was set to discriminate or destabilise the bargaining agent, WEPU. Therefore, the claim of discrimination based on arbitrary grounds was dismissed.

2.9.4 CCMA JURISDICTION (AMENDMENT OF SECTION 10)

Earlier under the principal act, the adjudication of all claims related to unfair discrimination were dealt with exclusively under the Labour Court's jurisdiction. Now all matters that concern sexual harassment of all employees irrespective of their earning thresholds; or issues related to unfair discrimination in which the earning threshold of the employees involved falls below R205 433.30 prescribed in section 6(3) of the BCEA; or by consent of both parties, matters of unfair discrimination of employees who have higher earnings are dealt with under the jurisdiction of the CCMA, where arbitration for the dispute can be handled in terms of Section 10(6) after conciliation (Tapanya, 2015). This marks a departure from the norm with regard to the well-built dispute resolution process at the Labour Court where all the disputes above were exclusively settled. It is important to note that the CCMA can only give a maximum award of the amount equivalent to the threshold of earnings of R205 433.30. Should any party within a dispute of unfair discrimination be dissatisfied with the award of the arbitrator, the party has an entitlement of making an appeal against the award within 14 days to the Labour Court from the award issue date, according to section 10(8). The labour court can give an extension to the period of appeal provided the reasons for such are valid. This becomes easier as well as exceptionally cost-effective for employees to have their grievances heard. The amendment also increase efficiency as the Labour Court was over-burdened with unfair discrimination since it had exclusive jurisdiction.

2.9.5 ANNUAL REPORTS

In the past, annual reports were required to be submitted by designated employers that had more than 150 employees, whilst those designated employers with less than 150 staff were obliged to submit by the second year. However, the new amendment now requires all designated employers to submit their reports annually. This change undoubtedly imposes an administrative burden in small businesses that in the past were required in the second year. All employers are now required to submit reports on every first working day of October of each year, or any prescribed date. Employers that become designated employers on or after April's first working day should make

its first submission on October's first working day of the following year or alternatively, any date that is prescribed in terms of sub-section 21(1). The reports should have the entire information that is required and should have a signature of the Chief Executive Officer (CEO) of the organisation.

The new amendment sub-section (4A) obliges employers that are unable to make a submission on the first working day of October to inform the Director-General in writing before August's last working day of the year, providing the cause for failure to submit in that year. For compilation of the employment equity (EE) report, the following documents should be utilized: EEA₈ –this form can be used for consulting employees as well as in preparation of the employment equity plan; EEA₉ –assists to differentiate levels of occupation to later complete form EEA₄, which provides a template for assessing differentials of 'equal work, equal pay'. EEA₁₀ – is completed in-house for the annual report; EEA₁₂. gives a template for the documentation of barriers analysis aligning with Section 19. EEA₁₃. this form has a template for the employment equity plan. However, Heerden (2015) further highlights that there are three most crucial employment equity forms that are expected to be completed by designated employers, namely; EEA₁- Employee declaration; EEA₂- Employment equity report and EEA₄ - Statement of income differentials.

The employee declaration form (EEA₁) should be given to all employees to complete where employees furnish information with regard to disabilities, gender and race. This form assists the employer to identify employees from designated groups. Johane (2017) emphasises that the information furnished on the form is confidential, hence absolute protection is needed to ensure that the information does not leak. The employment equity report (EEA₂) is submitted to the employment equity registry. The information that is given includes total number of new recruits, employees, termination and promoted employees. Persons with disability must be included in each area. The report must be submitted on October's first working day via manual submission. Following October's manual submission, electronic submission of reports should be done not later than the 15th of January.

The statement of income differentials (EEA₄) deals with income differences within the organisation and all details are required in the submission. It is crucial to note that the employer is obligated to address differences in the 'equal pay-equal work' principle. The details of payment of

foreign nationals should be included and any differences in remuneration should be explained.

Heerden (2015) states that the EE report should show occupational levels:

- Recruitment of employees by disability, race and gender over the recent 12 months;
- Promotion of employees by disability, race and gender over the recent 12 months;
- Termination of employees by disability, race and gender over the recent 12 months;
- Measures of employment equity consultation and awareness implemented by the employer over the recent 12 months;
- The allocation of resources for the implementation of employment equity over the recent 12 months;
- Affirmative action numerical goals for future implementation over the recent 12 months;
- Ways of overcoming barriers of recurrence of meetings with regard to employment equity implementation over the recent 12 months; and
- Discipline of employees over the recent 12 months.

It is important to note that the submission of EEA2 and EEA4 does not guarantee automatic compliance as these reports have to be accurate (Kowalik, 2014). In addition, the submitted workforce profile should reconcile with EEA1 personal declaration forms that are filed within the company. Before the report is submitted, the Employment Equity Committee has an oversight obligation of ensuring that the information is correct. The information which is signed-off on submission by the organisation's Chief Executive Officer (CEO) and Employment Equity Manager should be accurate as they are held responsible if the information is found to be false. Israelstam (2014) states that the Director General can withdraw the report acceptance confirmation when information submitted on the online portal is false and erroneous, as well as the fact that the information given does not reveal the firm's employee demographics. This withdrawal has considerable negative implications for the company's B-BBEE compliance status.

According to Heerden (2015), aspects that are carried out when completing the Employment Equity reports (EEA2 and EEA4) are the following:

- Collecting data of EE;
- Allocating jobs to occupational levels;
- Allocating individuals to gender, race, foreign and people with disability profiles;
- Allocating jobs to support and core functions;

- Use the function of Microsoft Excel to carry out the necessary analysis of the above for Employment Equity reporting (EEA2);
- Principles of recruitment, termination and promotion—profiles of termination categories;
- Understand the numerical targets and numerical goals;
- Determine the numerical targets and goals;
- Determine measures of affirmative action to address these numerical targets;
- Principles of Income Differential Statement (EEA4) completion;
- Use of functions of Microsoft Excel to undertake the required analysis of information of salary for Employment Equity reporting (EEA4); and
- Giving Income Differentials reasons.

2.9.6 INCREASED FINES (AMENDMENTS TO SECTIONS 59, 61 AND SCHEDULE 1)

The maximum fine for breach of the Act is now increased threefold. This amendment aligns with changes in the value of money since its introduction in 1998. Should the revenue be higher than a fine, a fine range which varies from 2%-10% of the turnover is charged depending on the offence committed for failure to abide by provisions of affirmative action within the Act (Peyper, 2017b). This indicates that the penalty charges for non-compliance to provisions of the EEA are aligned to yearly turnover, which is 2% -10% of the turnover. The fine can be as high as 10% of turnover or R2.7million should it exceed the penalties based on turnover. The considerable increment in penalty associated with the discretion given to labour inspectors in determining the exact fine to ensure compliance is likely to increase corruption. This amendment can effectively cripple medium and small business if they are found to be serial offenders. The Amendment Act gives authority to the Minister of Labour to make adjustments to penalties to counteract the inflation effects without consultation with the Minister of Justice and Constitutional Development.

2.9.7 ONLY APARTHEID VICTIMS TO BENEFIT FROM EMPLOYMENT EQUITY

Amendments to the definition of ‘designated groups’ in terms of Chapter III ensures that affirmative action beneficiaries are now only restricted to people with a disability, women and Black people who were citizens of South Africa prior to the democratic era of 27 April 1994 or would have got citizen entitlement but were deprived by apartheid policies or who are South Africa by descent or birth (Rautenbach, 2016). Due to this amendment, foreign national persons or persons who became citizens later than 27 April 1994 cannot be considered for affirmative action

targets purposes. Should the staff appointments before this amendment constitute employees who became citizens of South Africa prior to democracy or foreign national person, meeting the targets of affirmative action is affected. In another words, employment of people who become citizen later than April 1994 or foreign nationals are no longer assisting the employers in meeting the targets of affirmative action. This amendment is in line with the changes that are made to BBBEEA, 2003 (Act No. 53 of 2003).

2.9.8 ENFORCEMENT PROCEDURES (AMENDMENTS TO SECTIONS 39 AND 40)

For enforcement to be conducted effectively and efficiently an amendment to truncate the procedures is introduced. In particular, the compliance order is now issued by the labour inspector without initially waiting to receive written undertaking from the employer. Section 36 that dealt with employer's undertaking to abide with the request of the labour inspector is deleted (Squire, 2015) . This provides chance for labour inspectors to inspect, enter and question employer's actions in implementing employment equity and obtain written undertaking from the employer to fulfill over a specific time. The employer's actions may differ from failure to conduct analysis, consult, maintain records, publish a summarised report, inform the entire workforce about EEA among others. The chance to give an objection to compliance order is removed. Making an appeal on labour inspector's compliance order is repealed according to section 37(1).

However, the labour inspector's decision can be challenged and heard at the Labour Court only. The amendments strengthen enforcements and eliminate the utilisation of tactical reviews of appeals and objections as delaying techniques by the employers in the process of enforcement. According to new section 37(1), the employers who fail to meet the stipulations in section 16;17;19;22;24;25 or 26 are issued with compliance order from the labour inspector. As for section 37(5), the employers are obliged to be in compliance, failure to do so within stipulated time an application is made by the Director-General to the Labour court according to new section 37(6). The new subsection 42(A) allows employers to give proof of their compliance to the Labour Court, as compliance assessment way, where they show reasonable steps that are taken to promote and hire people from previously disadvantaged groups who are suitably qualified.

2.9.9 OCCUPATIONAL CATEGORIES EXCLUDED

As confusion avoidance criterion and simplification of procedures in respect of affirmative action, occupational levels now sets as points of references. Occupational categories are removed (Geldenhuys, 2016).

2.9.10 ASSESSMENT OF COMPLIANCE

The factors that determine employer's compliance in implementing the Act were revised. Regulations that deals with compliance assessment where issues such as economically active population of regional and national are taken into consideration is now falls under the hands of the Minister of Labour. However, an employer is at liberty to rise and justify breach of compliance as specified in the Act (Peyper, 2017b).

2.9.11 REPORTS TO THE DIRECTOR-GENERAL (AMENDMENTS TO SECTION 21)

This amendment gives time-frame of when the designated employers are expected to submit reports to the Department of Labour's Director-General (DG). The amendments states that the reports should be submitted on the first day of October or other prescribed dates to the Director-General (Mason & Roman, 2015). A notification in writing should be sought to the Director-General in the event that submission of the report cannot be done as prescribed stating failure of submission of the report on October's first working day in terms of section 21(4A) of the EEAA. Section 20 that deals with the plans of employment equity was amended. In terms of Schedule 1 of the Amendment Act, the Director-General can make an application to the Labour Court with an intention of imposing penalty to employers who: 1) fails to submit the report, 2) notifies the Director-General but Director-General deny the reasons given, and 3) does not notify the Director-General and fails to provide reasons for inability to make report submission according to section 21(4A). In this case, sanctions are streamlined in such a way that it is easy for the Director-General to charge a penalty to the employer for contravening the EEA.

2.9.12 CONSEQUENCES OF FAILING TO COMPLY WITH DIRECTOR-GENERAL (AMENDMENT TO SECTION 45)

An amendment to section 45 is done to make extension where section 45(1)(a) and (b) is now included. The extension provides specific action that is taken by the Director-General in the event of failure of the employer to abide by a requisition issued by Director-General in accordance with

section 43(2) or according to section 44(b) recommendation made by the Director General (Peyper, 2017b). An application can be made by the Director-General to the Labour Court in terms new sections for: giving the employer direction to comply with the recommendation or request and imposition of fine when employer does not give justification on non-compliance. A notification of objecting the request or recommendation should be provided to the Director-General within a prescribed time periods in accordance with Section 45(2). According to section 45(1) in case of a request the Director-General have 90 days and 180 days for recommendations to make application in which recommendation or request lapses.

2.9.13 TOTAL ANNUAL TURNOVER THRESHOLD (AMENDMENTS TO SCHEDULE 4)

Amendment to section 64A increases the annual threshold that is required to be exceeded for the employer to fall under the classification of designated employer. The annual turnover in each sector is extensively increased by 300% (Heerden, 2015). This change indicates that employers who by virtue of their annual turnover earlier on enforced to abide with particular EEA provisions are no longer expected to do so. However, regardless of the turnover employers who have 50 and above is still categorized as designated employers. The designated employers have discretion to adopt any measure which has intention of achieving the EEA goals. The section 15(2) list of measures of meeting EEA goals is not exhaustive at all. A Constitutional Court, on case of ‘Minister of Finance & Another v Van Heerden’, concludes that for measures to pass constitutional muster those measures of affirmative action should meet three requirements which are: 1.) measures should aim at targeting people who previously underwent unfair discrimination; 2.) measures should aim at promoting equality; and 3.) the design of the measures should reflect that it is protecting or advancing previously disadvantaged people. All measures that meet the above three requirements are constitutional. The amendment of EEA increases the scope of penalties that are sanctioned on employers who fail to abide by obligations of reporting. The applicable fines are shown in the Table 2.1.

Table 2.1: Scope of penalties

Amount of breaching any provision of sections 20, 21, 23 and 44(b)	Amount of breaching any provision of sections 16, 19, 22, 24, 25, 26 and 43(2).	Previous contravention
The greater of R1.5m or 2% of turnover	R1.5m	No previous record of contravention
The greater of R1.8m or 4% of turnover	R1.8m	Only 1 previous record of contravention
The greater of R2.1m or 6% of turnover	R 2.1m	Previous record of contraventions within the recent 12 months or 2 previous of breaches within 3 years.
The greater of R2.4m or 8% of turnover	R2.4m	3 previous record of contraventions within 3 years
The greater of R2.7m or 10% of turnover	R2.7m	4 previous record of contraventions within 3 years

Source: Mathapelo (2014). Adapted.

2.9.14 PSYCHOMETRIC TESTS

In the past, if the psychometric tests were scientifically proven to be reliable and valid, they could be fairly applied to the entire groups of employees and were unbiased against whatever group or employee (Meiring & Buckett, 2016). Now the further requirement is that employers that use psychometric tests should make sure that the tests have the approval and certification of the Health Professions Council of South Africa (HPCSA). These tests can also be certified by other bodies authorised by law. The insertion of this current psychometric tests definition removes the grey definition and assumptions which usually push employers to indulge in unfair practices and take references from ‘Google’ (Muleya, Fourie & Schlebusch, 2017). Some uncoordinated approaches, particularly the aspect of regional and national demographics, leave many businesses confused. The following section discusses the regional and national demographics in relation to Employment Equity Act.

2.10 REGIONAL AND NATIONAL DEMOGRAPHICS

Although regional and national demographics should be considered in setting numerical targets, it is a challenge, especially when there is a remarkable difference in profiles between the regional and national economically active groups (Kershwyn, 2017; Tapanya, 2015). Importantly, a question is raised on how to weigh up the regional demographics against national demographics in a situation where a province has huge differences between the two demographics. The legislation is unclear about this. The legislation indicates that the employer may opt to utilise the regional and national demographic profiles of the economically active population in formulating its plan of employment equity. In this case, the employer is obliged to do so. However, if the employer is taken to court for failure to comply, the onus is on the employer to provide reasonable grounds for failing to do as required. This is an unambiguous situation. This study explores the body of case law that can guide employers. In accordance with a regulations draft that was withdrawn, designated employers that employ 150 employees and above would have been obliged to utilise the national profile of demographics for the three apex levels of the employer's workforce, namely professionals, senior managers and top managers.

Conversely, the employer that employs less than 150 employees would have used national demographic profiles of the Economically Active Population (EAP) for senior and top managers, while regional demographic profiles of the EAP would have been used for professionals and low-level employees (Kershwyn, 2017). The aim of the act is not to accomplish an absolute representivity, but equitable representativity. The boundaries that specifically define regional demographics are not clear although it appears that it means province. There is still confusion on whether regional demographics only mean province or the meaning can extend to incorporate more localised areas.

2.10.1 SOUTH AFRICAN CASE LAWS THAT DEALT WITH NATIONAL AND REGIONAL DEMOGRAPHICS

The following sections discuss South African case laws that dealt with the national and regional demographics.

2.10.1.1 Solidarity v Department of Correctional Services

Solidarity & others v Department of Correctional Services & others (CCT 78/15, 15 July 2016) is a matter heard on 18 November 2010 and a decision was given on 15 July 2016. The Constitutional Court found that the action taken by the Department of Correctional Services breached Employment Equity Act section 42 where it exclusively used the national population demographic profile for its 2010 Employment Plan in formulating numerical targets as well as in the assessment of racial representation of groups (Solidarity and Others v Department of Correctional Services and Others, 2016). The Department of Correctional Services did not take into consideration Section 42(i) of the EEA, which states that the employer should make sure that relevant qualified employees from previously disadvantaged groups are fairly represented in every level of employment in relation to regional and national demographic profile of the economically active population.

When the Department of Correctional Services in the Western Cape denied the appointment of seven Coloured men simply because they only use the national demographic profile, Judge Raymond Zondo and Judge Bess Nkabinde held that the Department of Correctional Services utilized the wrong yardstick that did not have Employment Equity Act approval. Since the Department failed to justify their refusal to appoint the seven Coloured applicants in respect of gender and race, Judge Zondo ruled that the act of the Department constituted unfair discrimination. However, the refusal to appoint an employee may be accepted when the employee belongs to a designated group of people which is sufficiently represented already at a certain occupational level.

The judge confirmed and upheld the ruling of the Labour Appeal Court and Labour Court which stated that racial demographics of a region should be considered in employment equity plans implementation. The decision made by the Constitutional court is identical with rulings of the Labour Court and Labour Appeal Court. The ruling aligns with the Freedom Charter, which declares the same rights of all people irrespective of sex, race and colour. The Constitution's Section 9 states that the nation should not indirectly and directly discriminate on the basis of birth, language and gender. The South African national demographic profile shows that a majority of almost 80% of the population are Africans and minorities comprise 20% of the population.

Contrarily, Western Cape's regional demography reveals that Coloureds constitute almost 50% of the population.

The verdict was given in favour of Solidarity. The ruling reaffirms that the employer's plans for employment equity need to align with constitutional principles. The judgement encourages the protection of previously disadvantaged minorities, that is Indians and Coloureds, against African dominance (Constitutional Court of South Africa, 2016). The decision of judges also enhance diversity. There was no order of costs to either party. However, the Department was ordered to appoint those seven Coloured applicants and pay them remuneration and attached benefits to those post. This bears the retrospective effect to date as they could have been promoted had their appointment not been refused. It is clear that the outcome of the judgement of the Solidarity v Correctional Services case is now used as a benchmark for other related cases. Awaiting the outcome in the ruling of the Solidarity v Correctional Services case, the South African Police Service (SAPS) froze multitude number of posts.

2.10.1.2 South African Police Service (SAPS) and others v Solidarity and Others (JS469/12) (2015) ZALCJHB 266 (13 August 2015)

SAPS was challenged by Solidarity based on the fact that its employment equity plan considers the population of the national census and also did not differentiate between the regional and national demographics (Solidarity v South African Police Service and Others, 2015). The plan was also declined because its numerical goals amounted to quotas as it failed to consider the regional economically active population. The representation target of Indians was 2.5%, whilst 30% was the target for women. SAPS had 19 positions at level-14 that needed to be filled and the Indian female calculation was $19 \times 2.5\% = 0.5$. The percentage of 0.5 was the positions to be occupied by Indians, $0.5 \text{ (positions)} \times 30\% \text{ (female target)} = 0.1$ (Indian females) and that was rounded-off to zero. This means that the level-14 positions have no Indian woman, which is the main reason Ms Naidoo was refused to be appointed at that position. The Labour Court disagreed with the employment equity plan of SAPS. It stated that the plan refused any representation of Indian people at the senior levels. Hence, the Labour Court concluded that this was unfair discrimination on grounds of race and gender. This was seen as opposing the EEA and the Constitution which call for representation of equitable nature and the adoption of a contextualised approach rather than a mechanistic, formulaic approach. The Labour Court ruled that though it is legitimate to consider

the national demographics in accordance with the Constitution and the EEA, it is not sufficient as regional demographics also need to be considered. For employment equity to be considered fair, the numerical goals provision should not create an absolute blockage to the application of the goals. In this case, the EE plan of SAPS did not give provisions in which, in a certain situation, employment equity plan deviations can be acceptable. As such, SAPS' promotions in a bid to achieve equality is a failure. The SAPS plan's numerical goals amount to quotas which are impressive. This case reveals the significance of flexibility in accomplishing numerical goals embedded within the employment equity plan of the employer. The rigid confinement to numerical goals amounts to a quota system. This is recognised as unfair. For achieving equality, the economically active population of both the regional and national demographics should be involved.

2.11 CONCLUSION

The EEA was amended as a thrust to conform to the Constitution of South Africa's requirements. Over and above that, the EEA was amended to strongly align with the Conventions of ILO standards that South Africa ratified. One may contend that South Africa is now part of the global community as it is no longer in isolation. Therefore it needs to abide by the international standards such as those gazetted by the International Labour Organisation. However, the amended EEA is seen as legislation that impedes the performance of small and medium companies. It promotes employees from previously disadvantaged groups while overlooking their abilities. Again the objectives are rigid. However, interesting whenever employment equity is implemented is that some employees appear as casualties of the process, whereas some are beneficiaries. In terms of regional and national demographics, one can conclude that there is a strong move towards demographics of a region, rather than national. This is witnessed when the proposal that organizations with 150 employees or more must utilize the national demographic profile as a guidance to put targets professional, senior and top employees is revoked from New Amendment of the EEA. The new amendment revokes the proposal because minority groups would be deprived to secure management opportunities in their regions despite having large regional minorities, in particular Indians in KwaZulu-Natal and coloureds in the Northern Cape and Western Cape. The following chapter covers the concept of business performance.

CHAPTER THREE

THE CONCEPT OF BUSINESS PERFORMANCE

3.1 INTRODUCTION

In the management of public and private organisations, the concept of business performance occupies a central position. It is an integral concept, even in the field of organisational research. In western organisations, concerns for excellence, total quality and productivity have become critical over recent years. Perceptions of threats towards the continued existence of SMCs in South Africa motivate the researcher to carry out this study. The ever-increasing international competitive environment for resources and market share has also put most local SMCs at stake. The concept of business performance is important, but in research settings it is usually complex to define the term. Business performance is a concept that is complex. The importance of business performance has been given priority as employees are treated as any organization's most valuable asset. Elnaga and Imran (2013) affirm that employee performance is a fundamental base that contributes to the ultimate performance of the company.

It is notable that reaching common ground in terms of basic terminology and definitions of business performance is impossible as the research and studies on this concept are increasing continuously. Business performance can be regarded as an overall term used for all concepts that determine the success of a company and its activities. The degree to which a business does well in producing outputs as well as pursuing its mission can be termed 'business performance'. Business performance means transforming inputs into outputs to accomplish certain results (Popovič, Hackney, Tassabehji & Castelli, 2018). In terms of content, performance clarifies the relationship between: realised output and effective cost (efficiency); achieved outcomes and output (effectiveness); and effective and minimal cost (efficiency). The following section discusses the concept of business performance.

3.2 THE CONCEPT OF BUSINESS PERFORMANCE

For this study, business performance is referred to as the evaluation of all efforts exerted to achieve business goals. Business performance influences the continued existence of the organisation. Therefore, the notion of managing organisational, team and individual performance needs to be discussed. For firms to achieve their objectives and goals, they must constantly look for better ways to organise and manage them. The primary concern is to improve employee performance in order to increase their efficiency and effectiveness through a change in attitude (McDowell, Harris & Geho, 2016). Job performance creates a competitive advantage by playing a key role in organisational performance and ultimately, organizational success. When the definitions above are integrated, organisational performance may be viewed as associating with how a well organised team of employees successfully perform a required function. According to Zacca, Dayan and Ahrens (2015), organizations are formed to serve and satisfy their customers in different ways, including the following:

- Deliver superior products and services;
- Act in an ethical manner in respect of the general public and their employees (exercise social responsibility);
- Compensating employees fairly, in line with their contribution;
- Compensating shareholders by raising the value of the income, inasmuch as it is constantly in line with the needs of other stakeholders; and
- Guaranteeing that the firm has the ability needed to ensure continuous prosperity.

Present day firms notice that employees give a competitive advantage since they contribute to organisational performance. The results of a study conducted by Agwu (2018) on business performance surveyed 120 SMEs in Nigeria and revealed that the competitive advantage of the SMEs is an instrumental tool towards the increase in market share. This realisation means that employees must be treated as the prominent valuable asset in an organisation. For this reason, the value of organisational performance has been acknowledged to be a priority. Companies are expected to adapt to change in respect of services, innovation and management practices. Management of performance relates to the direct management of an organisation as a sole entity (Asah, Fatoki & Rungani, 2015). Business performance is a “strategic approach” that is directed at benefiting various stakeholders. Furthermore, Kruger, Chantal and Saunders (2015) opine that business performance systems are vital because they are aligned with the business strategy and are

aids to attaining organisational goals. The main aim of managing business performance is to ensure that organisations attain better results from individuals and teams through managing their performance in terms of agreed objectives, competency and standard requirements.

Managing business performance is highly strategic and aimed at benefiting different stakeholders. In addition, business performance strategies are vital as they go hand-in-hand with the overall business strategies and they help accomplish objectives (Ogunyomi & Bruning, 2016). The application of business performance management ensures that individuals and teams achieve results through understanding their performance by comparing agreed goals, standards and competency requirements against their actual goals and standards. In addition, despite achieving or exceeding customer expectations, organisations also need to sustain their continued growth and expansion through performance. Bakotić (2016) states that it is not possible to separate individual work performance from team performance and organisational performance. Eniola and Entebang (2015) distinguish between causative variables and labour performance indicators. Causal variables predict or determine one's level of work-related performance, whereas indicators reflect the performance of particular work. For instance, employee satisfaction is seen as a major determinant of employee performance, whereas quality of work is an indicator of improved performance of work. Two main factors that influence individual performance are those factors of the firm and those factors of the employee. Employee factors incorporate the behaviours of the employee.

The objective is to give clear direction in difficult times to make sure that the needs for all stakeholders (organisation, teams and employees) are met through advancement and execution of integrated business performance management and development systems (Heisig et al., 2016). The difficulties in managing companies needs employers to have on-site performance management systems to guarantee that performance is maintained (planned, frequently reviewed, and feedback received). Managing business performance usually facilitates the organisation to accomplish improved results through promoting management and understanding teams and individual employees' performance, in respect of their competency, objectives and standards expectations. In addition, business performance systems allows employees to realise the set performance expectations they need in agreement with the managers, while at the same time promoting organisational and individual capacity. For an organisation to attain competitive advantage over

its rivals, managing employee performance should be a priority. Abdullahi, Abubakar, Aliyu and Umar (2015) state that managing business performance happens in respect of the following aspects: i) making visions for long-term plans and determining the current state of the organisation; ii) crafting strategies to develop the current state of the organisation; iii) redesigning, developing and executing evaluation and measurement systems; and iv) providing systems of cultural support in order to reinforce and maintain progress.

Individual, team and organisational performance is influenced by numerous factors that are beyond the firm's control. A number of these factors transform with the passage of time, normally affected by advocacy groups such as the union. In accordance with Abdullahi et al. (2015), external factors relate to those factors that the company has no or little control over:

- National regulations, professional scopes, standards and policies of work;
- Accreditation, licencing, processes and requirements;
- Social norms with regard to culture, gender, religion, ethnicity and class;
- Levels of education, socio-economic situations and standards of living;
- Needs of customers, preferences and market conditions;
- Local and national infrastructure: energy, transportation, water, sanitation and telecoms; and
- Changes in politics of the local and national government.

The following section discusses the theoretical foundations of business performance.

3.2.1 THEORETICAL FOUNDATIONS OF BUSINESS PERFORMANCE

There has been considerable transformation in business performance over the past couple of years. Different methodologies and frameworks stand as answers to understanding business performance measurement (Mahmoud, Blankson, Owusu-Frimpong, Nwankwo & Trang, 2016). It is clear that every framework has unique dimensions. In addition, each framework contain its weaknesses and strengths. The methodologies and frameworks of business performance include six sigma, value of quality, business excellence model, balanced scorecard, shareowner worth, competitive benchmarking, cost accounting based activity, as well as value addition. However, Campbell and Park (2017) postulate that the challenge with most frameworks of business performance is that they are mere frameworks with little significance. Most frameworks indicate areas where measures of performance may be utilised. However, they fail to give clear guidance as to the manner in which the suitable measures may be recognised, presented and subsequently utilised. In the

present day, frameworks of performances dwell on specific tangible measures. However, Leonidou, Christodoulides, Kyrgidou and Palihawadana (2017) state that there is a movement from comprehensive specific measures of finance towards measures of a value-based nature that focus on the manner in which value is formed in the organisation. The process of value-based is connected to compensation, which includes evaluations of employee performance. The following section discusses five perspectives of business performance.

3.2.1.1 Five perspectives of business performance

Organisational performance perspectives are grouped into five, namely, strategic management, entrepreneurship, accounting, microeconomics and balanced scorecard perspectives (Kitching, Hart & Wilson, 2015). The heart of many disciplines put effort in to determining the manner in which efforts of the organisation are put to their greatest usage and are accomplishing anticipated results. Accountants focus their attention on fair presentation of the historic financial performance of the organisation, whilst the disciplines of management on ways to improve the future and, to some extent the current performance of the organisation. Clearly, for the purposes of strategic management and entrepreneurship research, post-hoc performance should be measured to establish the effectiveness and efficiency of the decisions of management. The approach of the “Balanced Scorecard” propounded by Akkermans and Van-Oorschot (2018) brings combinations of both historic operational measures and accounting measures in capturing information that pertains to anticipated future performance of the organization. Organisational performance and effectiveness are evaluated using a balanced scorecard, accounting, entrepreneurship, micro-economic and strategic management perspectives.

3.2.1.1.1 The accounting literature perspective

Accounting scholars concentrate on the content of the information that pertains to the financial statements of the organisation when measuring organisational performance. Accounting professionals present the historical financial performance of the organisation both consistently and fairly (Prajogo, 2016). For this reason, accounting procedures and rules volumes are developed in order to ensure the information is suitably contained in the financial statements of the organization, allowing comparability across the organisation as well as over time. In accounting literature, one prime stream of research focuses on earnings information content and its connection to organisational valuations (Zacca et al., 2015). The main purpose of accounting measures in

measuring performance shifts its relevance to corporate processes and policies, such that its traded equity security returns to tally with data reflected by earnings (Storey, Keasey, Watson & Wyncarczyk, 2016). Subsequently, the current stream of inquiry is highly valuable to organisations which seek to make shareholder value or market returns proxies. The closer the connection between information content of equity security returns and accounting information, the greater proxies for creating value of the shareholder, which may be built from accounting related data. These proxies can be the base for measuring the creation of value of the shareholder for non-public trading organisations.

3.2.1.1.2 The balanced scorecard perspective

In an attempt to bridging the gap between practice and theory, Akkermans and Van Oorschot (2018) propose that effective and efficient performance of the organisation must be measured utilising a 'balanced scorecard' (BSC). A study conducted by Awadallah and Allam (2015) on balanced scorecard (BSC) measurement revealed that bulk of the Fortune 1000 organisations are utilizing the BSC as a performance measurement tool. Similarly, a study conducted by Hakkak and Ghodsi (2015) on balanced scorecard development surveyed 120 respondents from Social Security Department in North Khorasan Province. The results showed positive and significant influence of the execution of the balanced scorecard on competitive advantage. Performance measurement of the organisation needs indicators that do not have a wholly financial nature, since a majority of the indicators of finance are brought about through critical measures of operations.

For instance, measures of accounting solely report what has happened previously, whilst overlooking the future opportunities of investments (Gibbons & Kaplan, 2015). Hence, they purport that a blend of operational and financial indicators is imperative for evaluating the overall performance of the organisation. Therefore, the balanced scorecard views organisational performance as multi-disciplinary. Measures of balanced scorecard incorporate product innovation, quality, market share, productivity, changes in intangible assets, stakeholder performance and customer satisfaction. A large volumes of these indicators need primary data from management which take the form of self-assessment performance, which also may probe the validity of the questions (Vij & Bedi, 2016). The prime benefit of using indicators of operations

in association with measures of financial performance is the time they give information for with regard to opportunities developed, but which is not financially recognised as yet.

One of the prominent weaknesses of the approach of the balanced scorecard is that it utilises distinct indicators of operations in every organisation. Although this is practical for its execution inside the organisation, its use for managers is limited because it is not situationally generic but situationally specific. Therefore, generalising across organisations may only be suitable when variables of the balanced scorecard applied to the total population of interest are the same (Parmenter, 2015). However, because an approach of a balanced scorecard is mostly effective and efficient when it is aligned to particular situations of every organisation, its applicability to this research is impractical. The study carried out by Akkermans and Van Oorschot (2018) on balanced score card found that few measures of performance bridges various facets of performance which incorporates two key areas namely, non-financial and financial measures. Nevertheless, there are so many doubts arise about the development of the BSC and its quality. The key aspects of BSC are the following:

3.2.1.1.2.1 Financial perspective

The perspective of finance points to the three stages of the life-cycle of the business, namely grow, sustain and then harvest. In addition, three financial themes are identified, namely investment strategy, asset utilisation, productivity improvement, cost reduction as well as revenue growth mix. In the above-mentioned matrix, the perspective drivers are derived. Basically, this aspect reflects the capability of the organisation to make profits. According to Awadallah and Allam's (2015) question "How do we look to shareholders?", attention must be in executing the strategy for accomplishing profitability and growth from the shareholders' perspective. A research conducted by Frans, Elize and Hendrik (2014) on performance measurement in SMEs in South Africa surveyed 1495 accountants registered with SAIBA and the results revealed that although accountants take balanced scorecard as helpful to SMEs, they do not develop it. However, the results found that accountants usually calculate financial ratios, explain outcomes and finally give advice to SMEs.

3.2.1.1.2.2 Customer perspective

The company should first identify its customers and the market segments to compete (Hakkak & Ghodsi, 2015). Customers are crucial since they represent the source of revenue of the company. The customer perspective usually gives answers the question: “How do customers see us?”. The aspect identifies future needs as well as creating value from the customer’s perspective in respect of quality, service, time, quality and performance. Indirect and direct indicators must be applied in order to comprehend the customer’s perspective better (Lueg & Vu, 2015). The level of satisfaction, customer opinions, perceptions, surveys in terms of company’s products and image represent the direct measures. Indirect measures entail that the involvement of the customer is indirect. Customer retention and market share, among others represent the indirect measures. For this perspective to be successful, profitability, retention, satisfaction, market share and acquisition should be measured (Cooper, Ezzamel & Qu, 2017). In this perspective, retarded performance may be very harmful to the organisation. However, if the organisation is capable of anticipating future customer needs, it is deemed to succeed.

3.2.1.1.2.3 Internal business processes perspective

From this perspective, measurements should help companies to identify what they can excel in in order to create or add value to the satisfaction of customers and achieve competitive advantage (Raynus, 2016). The perspective of internal business processes analyses how efficient and effective the internal processes of the company are. The task is to evaluate the most important processes and to select appropriate measures for them. However, it is vital that a person who knows the processes undoubtedly handles this work. Innovation, operation and post-sale are the three keys to success (Campbell, Datar, Kulp & Narayanan, 2015). These activities anchor the perspectives of finance and customers and they focus on long-term aspects. The indicators are derived from customer satisfaction. Improving the overall quality will lead to increased profits.

3.2.1.1.2.4 Learning and growth perspective

By enforcing the idea of continuous improvement and learning, a company will succeed in maintaining and increasing profits (Parida, Kumar, Galar & Stenström, 2015). Learning and growth are the pillars for a company’s success. The fourth perspective focuses on the capabilities of an employee and information system, as well as on alignment, empowerment and motivation. The fierce competition in today’s global environments forces the company to continually adapt and improve their products/services and also to develop and retain capable employees. Regarding

the learning aspect, Yuliansyah, Gurd and Mohamed (2017) emphasise that it is not only about employee training, but also mentors within the company, and the ease of communication.

In accordance with Bianchi, Cosenz and Marinković (2015), the typical ten reasons why most companies fail to execute balanced scorecard (BSC) are: (i) absence of BSC training and education; (ii) poor team development; (iii) early links to processes of management; (iv) absence of executive sponsorship; (v) absence of BSC results reports; (vi) absence of strategy; (vii) absence of cascading; (viii) absence of new measures; (ix) absence of guidance for programmes of BSC; and (x) inconsistent practices of management.

3.2.1.1.3 The strategic management perspective

Various conceptualisations of performance of the organisation in literature of strategic management have been scrutinised. In strategic management, there are two main components of perspectives of organisational performance, namely the constituencies for whom the organisation produces and the measurement dimensions to be examined. From the literature on strategic management, there are many different perspectives on which these two perspectives are based. Akter, Wamba, Gunasekaran, Dubey and Childe (2016) view the effectiveness of the organisation as the achievement of organisational determinations, whilst efficiency is viewed as the extent to which an employee's goals are met. Barnard (1938) states that the principal measure of an efficient and effective organisation is its capability for survival. For this reason, Barnard (1938) proposes a one-dimensional perspective and multi-constituency of organisational performance. Bititci, Cocca and Ates (2016) state that survival is the critical measurement of the performance of the organisation. Parida et al. (2015) indicate eight distinct dimensions of performance which are crucial for the company survival and prosperity. These dimensions encompass: (i) innovation; (ii) public responsibility; (iii) financial and physical resources; (iv) the current market in relation to the potential market both in the future and now; (v) productivity; (vi) profitability enough to meet the risk premiums for engaging in company activities; (vii) managerial development and performance; and (viii) employee attitude and performance. In accordance with Parida et al. (2015), the aforementioned dimensions are important for the organisational's long-lasting survival, which are the vital and final performance tests.

3.2.1.1.4 The entrepreneurship perspective

The perspective of entrepreneurship performance and the perspective of strategic management performance are affected by the same predicaments. The entrepreneur's objectives may be opposed to the organisational goals, a one-dimensional perspective of organisational performance (Soto-Acosta, Cismaru, Vătămănescu & Ciochină, 2016). However, entrepreneurship examines other perspectives of performance from stakeholders, for instance the venture capitalists perspectives, angel investors' perspectives and family business perspective. Researchers on entrepreneurship performance focus on performance from a multi-dimensional view, like a strategic management perspective, realising the inherent trade-offs between aspects such as profitability and growth (Miller & Breton-Miller, 2017). Multi-dimension and multi-constituency are key entrepreneurship perspectives associated with strategic management, whereby the perspective of entrepreneurship performance is associated with the strategic performance.

3.2.1.1.5 The microeconomics perspective

As long as the assets' owners are still receiving and expecting to receive satisfactory returns, they continue to provide their contribution to the organisation (Fazlollahi & Franke, 2018). The availability of an alternate use of those assets determines the level of satisfaction of the assets-owner. The worthiness of the contributions that the company makes for the assets owners' expectation should be at the same level or surpass it. Assets owners normally withdraw their support towards the company when the value they receive is lower than the required returns or expected returns. In this way, they tend to find alternative uses where they may get their expected returns. Teece (2019) states that a close association between the actual value formed by utilising the assets and expected worthiness required for usage of assets is termed organisational performance. Performance is regarded as normal when the created value is the same as the value spent in assets utilisation. In this case, there are indications of whether or not there is profit in the business. Profit is equivalent to the weighted average cost of capital of the organisation at this performance level (Andrews, Criscuolo & Gal, 2017). In line with the risk-adjusted-returns needed by the providers of equity and debt of the weighted average cost of capital, organisational profit is equivalent to the worthiness obtained, which is important to meet expectations of investors of equity.

3.2.1.1.6 Organisational life-cycle

Many researchers have examined organisational performance from the perspective of the organisational life-cycle. The researchers note the importance of having a distinct performance model in every stage of the life of the organisation. Andrews et al. (2017) found this the case in eighteen simulated organisations across the globe. Rees and Smith (2017) state that different models of life-cycle have primary stages, are normally four: (i) a stage of entrepreneurship which focuses on creativity, innovation as well as resource accumulation; (ii) a stage of collection which focuses on building teams and the human relationship is emphasised; (iii) a stage of formalisation which focuses on internal processes, efficiency and goal attainment; and (iv) a formalization stage which focuses on expansion and organisational renewal. Therefore, they emphasise that diverse measurements of performance are critical at each developmental stage.

Prajogo (2016) mentions that there are four key aspects of performance that prior companies use for evaluation of the effectiveness of organisations. These dimensions encompass: (i) critical skills acquisition; (ii) if the company has internal trust and effective systems; (iii) whether the company achieves its objectives and goals; and (iv) if the company has satisfactory stakeholders. Töytäri and Rajala (2015) state the effectiveness of the criteria is dependent on the stage of the life-cycle of the organisation under scrutiny. For example, during the initial stages of the life-cycle of the organisation, internal harmony is less critical than resource acquisition. The relevance of the models bring challenges associated with the investigation of organisational performance. The effectiveness of the business is predominantly theory-driven oriented instead of being problem-driven oriented (Dubey, Gunasekaran & Chakrabarty, 2015).

3.2.1.1.7 Agency theory

Agency theory suggests that the owners' view should be replaced by the managers' view (Omar, Sell & Rover, 2017). However, there might be remarkable differences in the two groups' perceptions. Generally, passive employers take a slow pace in making changes in management. Hence, the objectives of managers and owners are usually divergent in nature. Finally, it is clear that many organisations have contradictory and varied objectives that cause generalisation to be questionable across companies (Maestrini, Luzzini, Caniato & Ronchi, 2018). For instance, a particular group of companies in a sector may seek to attain increased profitability over a particular period of time, whilst the other group concentrates on growth in market share. It is becoming a

challenge to choose a company sample with a similar value creation concept without the real strategies, which it feels uncomfortable to share.

3.2.1.1.8 The Multiple Constituency Model of Performance

In relation to the view of multiple constituency of the effectiveness of the organisation, the effectiveness of company performance is examined in accordance with its capability to meet stakeholders' objectives as they channel resources to the firm (Selvam, Gayathri, Vasanth, Lingaraja & Marxiaoli, 2016; Ullah & Ahmad, 2017). Kotlar, De Massis, Wright and Frattini (2018) state that the approach of systems resource upholds the interests of people who supply important resources as the imperative criteria of evaluation. Since a stakeholder give inputs to the company, he/she is interested in understanding how then those inputs are utilised. However, a stakeholder gives varied inputs with distinct usage in the organization and may have varied interests on management of the organisation (Rangriz & Soltanieh, 2015). For example, a labour union has different objectives to equity holders and firm creditors. Since distinct stakeholders have varied measures for effective organisational performance evaluation, it is impossible for an organisation to totally make all stakeholders content. In those circumstances, the interest of the stakeholders who give valuable resources to the organisation are placed on top of the less valuable stakeholders' interests. The following section discusses different conceptualisations of business performance.

3.3 DIFFERENT CONCEPTUALISATIONS OF BUSINESS PERFORMANCE

Spieth and Schneider (2016) state there are various concepts and ways in which the organisation can adapt to increase organisational performance.

3.3.1 ORGANISATIONAL STRUCTURE DIRECTS BEHAVIOUR

Organisational structure incorporates particular procedures and policies which employees follow when conducting their day-to-day duties (Ji-fan Ren, Fosso Wamba, Akter, Dubey & Childe, 2017). It also encompasses the targets and goals set by the management of the company that the entire organisation is expected to accomplish. The actual workflows that employees are encouraged to follow are aimed at achieving their work targets and goals. These are exact work flows that employees are expected to abide by.

3.3.2 CAUSE-AND-EFFECT IS NOT CLOSELY ASSOCIATED WITH SPACE AND TIME

It is essential to take into consideration the delay of the decision made and the time result seen. This normally takes considerable years (Urban & Joubert, 2017).

3.3.3 NO SOLE SUITABLE ANSWER

In the decision-making of the organisation, particular answers clearly reply to the question more than others. However, there is no single correct answer. Sometimes, one thinks that the answer that one gave is the right answer but in reality it is not because the correct answer today can be proven wrong tomorrow, and vice-versa (Urban & Joubert, 2017).

3.3.4 BEHAVIOUR GETS WORSE BEFORE IT GETS BETTER

At whatever time employees learn something new, the effectiveness of their behaviour diminishes before the new skill or ability provides the developments as needed (Gerschewski & Xiao, 2015). There is a delay normally experienced between learning the new skill and effectively utilising it in line with the job requirements.

González-Benito, Muñoz-Gallego and García-Zamora (2015) state that business performance grows through the following stages:

Stage 1 Creativity: This is a starting phase where the company has few employees. These employees share views, information, knowledge and ideas.

Stage 2 Direction: At this stage, the company allocates tasks and responsibilities to some employees.

Stage 3 Delegation: Managers assign tasks and functions to employees in the firm, as well as authorities. Departments within the organisation conduct and advance their own dynamics.

Stage 4 Co-ordination: The entire project and responsibilities are aligned between the divisions of the company so that they support and work with each other.

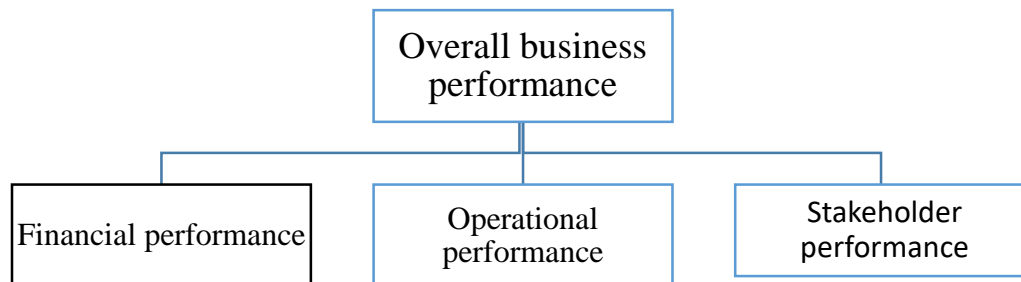
Stage 5 Collaboration: There is sound co-operation among the departments of the organisation and they are organised effectively in order to function together.

The following section discusses the three key domains of business performance.

3.4 THE THREE KEY DOMAINS OF BUSINESS PERFORMANCE

Figure 3.1 illustrate the three business performance domains as proposed by Vargas (2015). In accordance with this model, the operational, stakeholder and financial performance are the key domains of performance of the business.

Figure 3.1: Three business performance domains



Source: Vargas (2015). Adapted.

Vargas (2015) proposes three main primary dimensions of the performance of the business: (i) the stakeholder performance; (ii) operational performance; and (iii) financial performance (Figure 3.1). Each one of the three dimensions constitutes various lower-level dimensions. Mandhachitara and Allapach (2017) postulate that the dimension of finance focuses on the general organisational financial performance and it is in entrepreneurship and strategy evaluations. It can be put into sub-groups, namely growth, cash flow, survival, profitability, resource allocation, efficiency and financial structure. The dimension of operations emphasises on the way in which the business performs on aspects of non-finance. A study carried out by Gerschewski and Xiao (2015) on business performance surveyed 310 companies from Australia and New Zealand. The results revealed that financial performance is given priority and more importance than operational performance. Similarly, a research carried out by Hla and Teru (2015) on performance found that financial performance is crucial to both small and big companies as assists in easing management decision making.

The dimension of operations is an extension of the financial dimension and it is usually reflected in entrepreneurship and strategy evaluations. It is divided into sub-dimensions, namely product quality, customer satisfaction, process and product innovation, market building, employee satisfaction, network building and organisational building (Visnjic, Wiengarten & Neely, 2016). Furthermore, the list above is not exhaustive as the performance dimensions can be contextualised to address the problem since the effectiveness comes from the problem-driven construct. The third business performance dimension is associated with the stakeholders of the organization. This stakeholder dimension incorporates a model of performance which is multi-constituency in nature. Therefore, this dimension is both multidimensional and multi-constituency. However, in this study stakeholder performance is limited to employees only

3.4.1 FINANCIAL PERFORMANCE

Financial performance relates to the company's profit maximization and the value addition (Karadag, 2015). Financial performance is a crucial way for investors to be satisfied and is expressed through profitability, growth and market value. Financial performance can be seen in the form of revenue expansion and cost reduction perspectives. Revenue expansion focuses on market share growth (Wagner, Block, Miller, Schwens & Xi, 2015). Financial measures normally examine indicators such as profitability and sales growth (reflected by ratios including investment return). Besides, high-performance businesses usually have enough cash flow. Hence, operating revenue ratios are also utilised as a business performance indicator. These indicators are claimed to be regular indicators used to measure a business. Sets of measures can therefore be designed to evaluate various facets of perspectives of financial performance (Ainin, Parveen, Moghavvemi, Jaafar & Mohd Shuib, 2015). However, a study carried out by Kannadhasan, Goyal and Charan (2016) on financial performance revealed that financial performance has an insignificant correlation with shareholder returns.

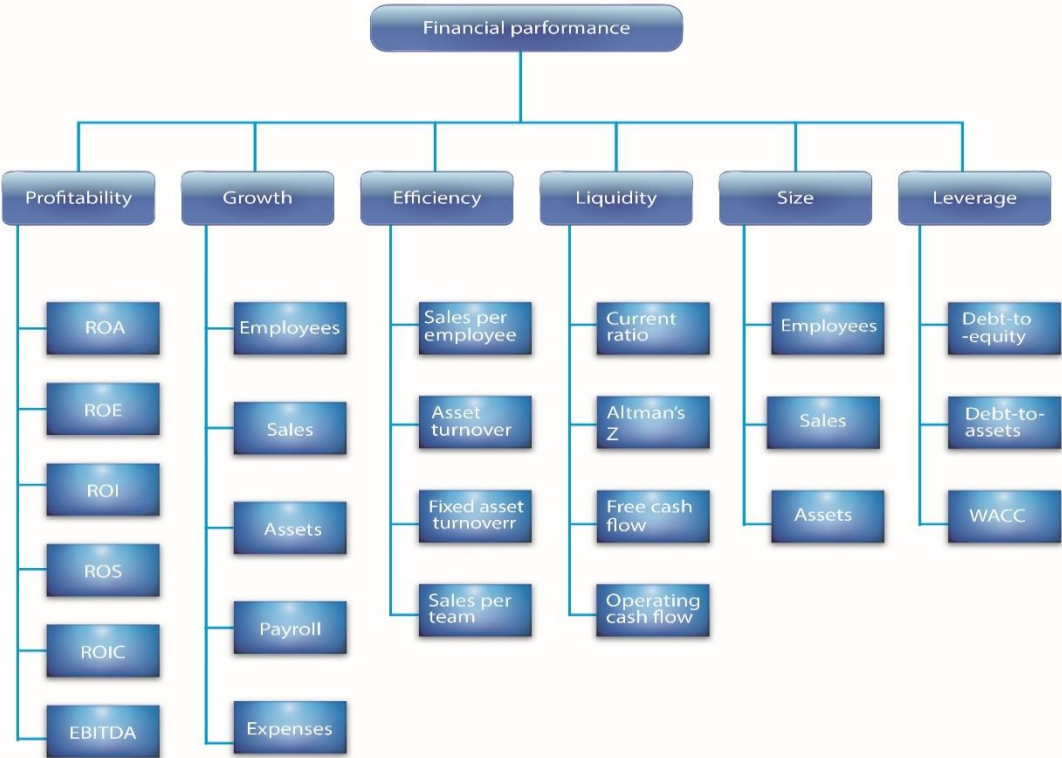
This study uses share increase, value added and cost reduction measures of financial business performance (Saunila, 2016). The overall effect is an increase of the purchaser's economic value (added value). The overall costs of goods and services are an important determinant of the financial performance of a business. Cost-reduction initiatives transfer savings directly to the bottom line. Market share is the output of the firm as a percentage of output for all firms within

the industry (Fraser, Bhaumik & Wright, 2015). Higher market share usually leads to higher profits. Market share also measures performance of finances within a business. Profitability of market share depends on competitive and strategic settings of the company. A strong predictor of cash flow and profitability is market share. Market share relates to the number of customers and the amount that customers purchase (Fraser et al., 2015). Mostly, brands with a large market share do not only enjoy a widespread market advantage, but also tend to have a higher average buying frequency than other small market brands.

3.4.1.1 Financial performance measures

Measures of accounting are indicators that depend on reported statements of financial information like cash flows, income statements and balance sheets (Carey, 2015). The measures of accounting are sub-grouped into growth measures, liquidity measures, profitability measures, leverage measures, efficiency measures, liquidity and cash flow measures in Figure 3.2.

Figure 3.2: Financial performance measures



Source: Carey (2015). Adapted.

3.4.1.1.1 Profitability Measures

The measures of profitability incorporate ratios and values. These ratios and values include net income or part of the net income, namely earnings before tax or operating income (Hla & Teru, 2015). A firm is only able to give returns to equity capital providers when it generates profit and converts it into liquid assets. Without profit or potential prospects of profit, providers of equity capital usually take out their contribution from the business and re-direct them to suitable prospective investment where lucrative returns may be obtained.

Budiarto, Prabowo, Djajanto, Widodo and Herawan (2018) postulate that returns on investment are most critical measurement tool of organisational performance. Although it has been disputed to be the purpose of the organisation, Budiarto and Prabowo (2015) acknowledge that most companies are constrained by objectives of individual stakeholders. As such, the organisation ought to have objectives of a non-economic nature that promote expansion of return on investment. However, this needs satisfaction of the minimal of all stakeholders' expectations. Wynarczyk, Watson, Storey, Short and Keasey's (2016) perspective is both multi-dimension and multi-constituency. Syrjä, Sjögrén and Ilmarinen (2015) indicate that the business unit objectives need to be formed and align with the objectives of the entire organisation. In this case, organisational units may be dealing with large growth of sales, whilst other units of the organisation focus on generating huge finance to meet the cost of sales in lucrative markets.

Return-on-Assets (ROA) accurately presents parameters underlying business in relation to fluctuations of year-to-year rates of return-on-stock market (Abugalia & Mehafdi, 2018). Rates of return-on-stock markets reflect the anticipated future progress rather than current conditions of the business. Reports of the past, for instance measures that are accounting-oriented, on performance do not cater for the prospects of the future of organisational performance. However, they are recognised as significant measures of the present standing of company performance. In the case of markets that are still emerging in which a majority of the companies are surviving on debt-financing instead of equity financing, measures of market-based performance are problematic. Hence measures of market-based performance do not present real actual profits (Budiarto et al., 2019). The price of the market share of companies indicates the value of the market, revealing that the capital market is lucrative and sustainable.

Higher return-on-equity (ROE) and ROA generally reflect the effectiveness in the use of company equities and assets to increase the wealth value of shareholders (Awadallah & Allam, 2015). In addition, it is also important to use ROE and ROA because they dismiss the challenge of organisational size. ROE and ROA reflect easy and effective solutions when comparing performance between two or more firms (Otley, 2016). Moreover, Nuhu, Baird and Appuhami (2016) state that ROE and ROA may take into consideration the fluctuation of year-to-year stock market returns.

However, the utilisation of measures of accounting-based performance is disputed in different facets. To begin with, Nwobu, Faboyede and Onwuelingo, (2015) dispute that measures of accounting-based performance such as ROE and ROA measures past performance, hence they are historic in nature. Past earnings may be poor reflectors of the future profits of the future. Measures of accounting-based performance ROE and ROA are based on past accounting costs. Hence, these accounting-based indicators are not able to directly show current valuations fluctuations in the equity market. Furthermore, Leonidou et al. (2017) indicate that accounting-based indicators are susceptible to alterations and changes in accounting techniques, policies and methods. Moreover, Stone and Parker (2016) assert that measures of accounting-based performance overlook risk. Furthermore, Ortiz-de-Mandojana and Bansal (2016) state that measures of accounting-based performance ignore industry and environmental variations such as customer and employee satisfaction. However, to lower the potential influence of these limitations and weaknesses, a list of control variables can be used.

From the shareholders' perspective, since ROE deals with shareholders' returns, it is therefore regarded as the best ratio to measure company performance (Saridakis, Lai & Cooper, 2017). In the same way, ROA considers assets utilised by the firm in supporting activities of the company. Therefore, it is regarded as a crucial measurement of business performance. In accordance with agency theory, management are most expected to misappropriate the assets of the company by channelling resource towards areas of their own interest. However, measures of accounting-based performance such as ROA and ROE have a direct relationship with the ability of management to effectively and efficiently utilise the assets of the company (Ayatse, Kwahar & Iyortsuun, 2017). A lesser ROA and ROE reflect inefficiency. Hence, from the perspective of shareholders, both

measures are essential. ROA reflects efficiency of the management in using its assets to get earnings and also the profit status of the business. This is obtained through dividing company's net income by the total assets it has: **ROA = Net Income / Total Assets**.

The measures of ROE indicate the company's profit by showing the level of profit generated by the organisation in relation to the resources the investor invested in the company (Khalique, Bontis, Abdul-Nassir-bin-Shaari & Hassan-Isa, 2015). It is obtained through dividing firm's net income by total equity. Return on equity formula: **ROE = Net Income / Total Equity**. All information about the finance of the company which links with ROA and ROE measures are within the balance sheet, where such information is obtained.

3.4.1.1.2 Leverage and liquidity measures of financial performance

Liquidity, cash flow and leverage measure the financial structure of the organisation and its capability to meet its liabilities timeously (Cucculelli & Bettinelli, 2015). These three typical measures are related to a distinct part of company performance. Leverage measures relate to the structure of finance in the organisation and they usually incorporate indicators which encompass debt-to-total assets, ratios of interest-earned and debt-to-share. Liquidity measures explain the capability of the organisation of converting assets into cash and encompasses indicators like interval measurement, current ratios and rapid ratios (Shagari, Abdullah & Saat, 2017). Finally, cash-flow measures relate to the amount of cash obtained by a company, as well as cash sources, in relation to the demand of that cash in the company, incorporating indicators such as cash flow-to-assets as well as cash flow-to-equity. Liquidity, cash flow and leverage measures encompass ratios and values that present the capability of the organisation to align with its financial obligations timeously, as well as give cash return to providers of capital (Semrau, Ambos, & Kraus, 2016). The liquid assets to liabilities ratios can measure the capability of the organisation to meet financial obligations. In addition, the ability of the organisation to generate adequate cash flow to pay outstanding liabilities reflects its performance. The sections that follow discuss all these measures in detail.

3.4.1.1.2.1 Leverage

Leverage affects the performance of the company either negatively or positively. A positive outcome may happen as a result of proper lenders monitoring. Peters, Wieder, Sutton and Wakefield (2016) state that leverage has a key function of lowering agency problems as a

mechanism of internalising corporate governance, particularly to problems of free cash. Hillary (2017) disputes that raising external debt can promote a positive effect. Raising debt constrains managerial discretion. Pinto and Ramalheira (2017) highlight that large debts discipline management to utilise the firm's free cash flows for investments of a non-profitable nature. Since management bears the obligation to meet periodic repayments of principal and interest, Cooper et al. (2017) propose that control of managerial behaviour effectively by lenders not shareholders is required. In the same vein, Bartz and Winkler (2016) dispute that raising the leverage may be a noble measure for the firm's capability to serve huge debts. Furthermore, Bartz and Winkler (2016) anticipate a positive relationship between firm performance and leverage computed by tax shields. Performance of the company can be upgraded by utilising debt in financing the firm as lenders pursue monitoring.

In accordance with the under-investment problem, Bruhn, Karlan and Schoar (2018) report that huge sums of leverage affect the performance of the company adversely in respect of the problem of under-investment. This is due to the fact that an increase in the leverage hinders the capability of the firm to increase new debt. Hence, this results in losing prospects of acquiring investment opportunity. Moreover, Rauch and Hatak (2016) highlight that huge leverage levels affect the stock value in the market, which in turn causes high financial risk. Furthermore, Visnjic et al. (2016) state that from the governance perspective, huge leverage amounts impede the performance of the company by having close monitoring by creditors and formation of unnecessary excessive interest. Hilman and Kaliappen (2015) purport that the less the leverages, the less the distress of financial probabilities. High financial leverage companies are likely to have worse performance than companies with low leverage of finance. Leverage refers to long-lasting debt-to-total assets. It is directly obtained from the balance sheet.

3.4.1.1.2.2 Liquidity

Tayeh, Al-Jarrah and Tarhini (2015) assert that liquidity is crucial for the survival of the company. This is because of its contributions towards changes in growth, financial cost reductions, company risk level as well as sales dynamics. Overall company development requires liquidity stability. Liquidity reflects the market position of the company and its accomplishments. Van-Looy and Shafagatova (2016) state that liquidity is boosted by informed investors and it lowers managerial opportunism, hence increasing decisions of investment through higher prices of informative share.

Hence, there is an anticipated close connection between performance and liquidity. Liquidity is referred to as ability of liquidity within the firm to pay its immediate debts and hence cover its own immediate distresses of finance. Balance sheet is the main source of liquidity. Liquidity is weighed utilizing the current ratio (CR), through dividing the company's current assets by current liabilities. This shows that the company with higher liquidity has the capability to withstand outer shocks as well as commitments within the company. Higher liquidity lowers probabilities of financial distress. Conversely, a high level of liquidity increases the opportunity cost of the firm, in which case it loses the available possibilities to invest these large amounts to get more returns (Rice, Liao, Galvin & Martin, 2015).

3.4.1.1.3 Policies regarding financial performance

The results of financial performance are usually controlled by basic sets of standards of accounting, procedures and principles, known as 'Generally Accepted Accounting Principles' (GAAP) (Singh, Darwish, & Potočnik, 2016). GAAP comes with a combination of the permissible manner of accounting practice and authoritative standards set by policy boards. All statements of finance need to be prepared utilising principles of GAAP (Warren, Moffitt, & Byrnes, 2015). In the profession of accounting, the use of Generally Accepted Accounting Principles ("GAAP") is crucial. When it is applied correctly and consistently, reports of financial statements are: (i) accurate; (ii) present the implementation of opportunities to date; and (iii) reflect materially comparable issues across companies in related sectors. In addition, reports of accounting give crucial information relating to the created value that has been obtained and maintained in the organisation for past times. However, due to the conservative approach the of accounting profession to recognise the gains, the same report does not consider information relating to the future opportunities created by the organisation but not yet implemented (Patiar & Wang, 2016). Precisely, the perspective of accounting in organisational performance is dependent on past managerial decision-making effects and clearly disregard anticipated future effects. Lastly, as the profession of accounting built its rules to give whole users the information relating to financial statements, it takes both the multi-dimensional as well as multi-constituency views of performance. Typical users include creditors, regulatory bodies and equity providers.

However, the rate at which the environment is changing is exceeding the anticipation of flexibility that GAAP ought to be to conform with the needs of the business (Kannadhasan, Goyal & Charan,

2016). Significant insights are required into the relationship of cause-and-effect between financial outcomes and events. This relationship of cause-and-effect may be utilised to develop mutual understanding between non-financial measures and systems of traditional accounting which lead to the general increase in business value. The business performance governance depends on financial indicators. However, grasping the cause-and-effect relationship between financial indicators assists in improving the general comprehension of the aspects that contribute to business value growth.

3.4.1.1.4 The Effects of GAAP on the Economic Reality of Intangible Assets

There are some intrinsic problems associated with Generally Accepted Accounting Principles. For example, the company's intangible assets are difficult to both observe and measure. GAAP needs procedures that are conservative for the capitalisation of intangible assets namely, intellectual property, goodwill and to some extent for acknowledging overlooked physical assets value for instance land and buildings (Takata, 2016). The unnoticed intangible asset value, may be observed by checking the value ratio of market-to-book value ratio of the organisation.

Growth is regarded as the essential dimension of performance, particularly for new businesses as growing in sales shows reception of the products of the venture in the market and also reflects the venture's legitimacy (Thirathon, Wieder, Matolcsy & Ossimitz, 2017). Therefore, companies normally trade-off growth for profitability. Normally, both growth and profitability measures are used to describe the financial performance of the organisation. Whilst growth of sales is regarded as a primary indicator of growth, several indicators can be used such as growth in profit, employees, payroll expenses as well as research and development growth. Parkinson, Riro and Waweru (2015) state that the capability of a firm to accumulate capital is perceived as the crucial dimension of performance. Total assets growth is considered to be a measure of the performance of the organisation. The following section discusses the operational performance measures.

3.4.2 OPERATING BUSINESS PERFORMANCE

Typical operating performance measurements can be innovation, sales, quality of service, productivity and quality of production (Wang, Senaratne & Rafiq, 2015). Through subjective estimates and objective measures, the indicators can be obtained. An objective indicator is often associated with operational measures. Most operational performances can be easily broken down

in numbers, for instance number of customer complaints, quantity of new developed products and number of products produced (Ayob, Ramlee & Rahman, 2015). The measures of operations encompass variables that present the manner in which the organisation is performing on non-financial aspects (Dubey et al., 2015). The performance measurement on dimensions that are non-financial has been receiving attention over the recent years as various companies adopt the approach of balanced scorecard for the purposes of integrating measurements of performance and strategy (Prajogo, 2016). These aspects incorporate customer satisfaction, market share and the transformation in intangible assets, for instance patents. Majority of measures of classification need data from managers that takes the form of assessments of performance, which in turn demands the validity of the responses from the questions. The efficiency ratios, market-based ratios, innovation practices and survival measures are incorporated in measuring the operating business performance.

3.4.2.1 Efficiency ratios

The measures of efficiency encompass ratios and values that present how best the organisation utilises its resources (Saunila, 2016). The efficiency ratios encompass net profit, square foot's net profit, asset turnover and foot square's sales. Majority of ratios of efficiency need data which is obtained from three typical statements of finance (Vij & Bedi, 2016). The measures of efficiency incorporate ratios and values that present the manner in which the organisation uses its resources. The most known efficiency ratios are receivables turnover, turnover of fixed asset, asset turnover, net profit, inventory turnover, square foot's sales and employee's sales. The ratios of efficiency need information from both non-accounting and accounting sources. However, a company should not be efficient only, but it should develop a competitive advantage over others. Basing on differences that are important to customers, the company can lead the market and be successful.

Comparability across firms in an industry and to some extent across sectors is one of the crucial matters that measures of efficiency deal with (Campbell & Park, 2017). For example, performance of retail industry sales-per-square foot is a critical measurement of performance, yet to other industries, this measure is meaningless. The price for companies in the automotive industry is different from other companies in other industries which employ temporary employees for their businesses. However, to some extent even within the same sector, the meaning of efficiency may be different from one company to another. Ratios of turnover also depend on company-to-company

and industry-to-industry differences (O'Neill, Sohal, & Teng, 2016). Normally it is calculated through dividing revenues by the statistics of interest such as fixed assets, inventory, receivables and among others. Inventory turnover significantly differs with industry. Inventory of the jewellery sector is fortunate to turnover even single purchases per annum, whilst inventory in the produce sector usually turns over daily.

3.4.2.2 Market-based ratios

The measures of market-based performance encompass rates or ratio of change that also includes the value of the organisation (Rice et al., 2015). These aspects incorporate Jensen's alpha, added market value, returns to shareholders, Tobin's Q and holding period returns. For these aspects to be calculated, a valuation of the market is required, usually found in companies that trade publicly. The measure of market-based performance incorporates change rates that include the market value of the organisation. Added market value, Jensen's alpha, shareholder returns, Tobin's Q and returns for holding periods are examples of such variables (Jogaratnam, 2017). Market valuation of the company is required in calculating these variable and is usually available to firms that trade publicly. However, the utilisation of measures of market-based performance may pose problems to entrepreneurship due to the unavailability of private companies' market valuations. The measures of market-based performance are hailed as the top economic performance indicators of the organisation.

These measures involve the value formed on existing opportunities and the adjusted risk and expected value of future opportunities should be considered. However, the measures of accounting-based performance problems do not have any effect on stockholder returns (Edeling & Himme, 2018) because measures of accounting are susceptible to management manipulation, whilst a well-controlled market is usually not prone to manipulation. Market-based actions immediately reveal management action and changes the economic value of the organisation. Furthermore, as the past actions' value is included into the market value of the organisation, an assumption is that the transformation in value of the market during a given period reflects management actions and transformations in the market environment during that particular time (Deutscher, Zapkau, Schwens, Baum & Kabst, 2016). Nevertheless, the amendments in accounting-based measures may lag behind management decisions over extensive periods, which in turn cause problems.

3.4.2.3 Innovation Practices

The practice of innovation is the critical determinant that affects current performance of most businesses (Prajogo, 2016). Without significant innovation in the long-run, growth of the business will trample. The major aspects that inspire practices of innovation are: (i) strong demand for improved and new services or products; (ii) as well as stiff competition in the market. The main practices of innovation that have a key effect on the productivity and growth of the business incorporates: new approaches of management; new progressions application; and new structures of the business (Soto-Acosta, Popa & Palacios-Marqués, 2016). The theory of innovation was pioneered by Saunila (2016). He gave five categories of innovation, namely new market discovery, adoption of new processes of the business or industry, developing brand new products or service, existing product reformation, modifying new structures in the industry and creating new sources of material inputs. It is believed that SMCs play an essential role in bringing innovation. Innovation practices are important and very necessary for still growing companies as it is one of the main ways to distinguish the product of a company from its competitors.

Innovative ideas and products are important to make the company competitive, especially if it is not able to have competitive prices (Saunila, 2016). A study conducted by Kamaluddin, Hasan, Arshad and Samah (2016) on innovation surveyed 80 SMCs in Malaysia and found that the culture of innovation is positively related best business performance of SMCs. Innovation practices bring the difference. By taking into consideration consumer perceptions, innovation usually gives value to the company when the markets are rapidly shifting or there is growth of fierce competition. Product innovation refers to the process of modifying past products in order to meet market needs and demands or having a new merger of different existing technologies. The key motive of this concept is to introduce significantly improved or new services or products with superior characteristics or intended functions (Lee, Hallak & Sardeshmukh, 2016). The developments may be part of functional characteristics, materials and components, embedded software, user-friendly attitude and technical specifications.

Furthermore, product innovation is distinguished in relation to distinct time-frames in which the organisation applies its innovative patterns and competitive strategies (Visnjic et al., 2016). For instance, an organisation can strive to be: i) on top and first mover in the market by introducing a

completely new advanced technological product; ii) second mover by immediately imitating and bringing another innovation with extra variations and features; and iii) to enter the market with simple and higher cost-effective product at the completion of product life cycle stage. Process innovation is referred to as the utilisation of a new or better process to produce or deliver the product or services. Important improvements in equipment and techniques are also incorporated in process innovation. Process innovation leads to progress in the quality of production, distribution and selling the product (Clauss, 2017). This enables most companies to accomplish their competitive edge since they are capable of providing the market with superior quality products, efficient and prompt delivery in comparison with their competitors. The results of the study conducted by Azar and Ciabuschi (2017) on organizational innovation in Sweden surveyed to 218 respondents revealed that firm innovation stimulates export performance both indirectly and directly through technological innovation support. Marketing innovation is closely linked to issues related to the marketing mix (e.g. promotion) and improvement of the quality of service.

Innovation in marketing is necessary for companies to discover potential new markets and offer their target customers good quality service (McGuirk, Lenihan & Hart, 2015). Innovation in marketing relates to the application of new methods of marketing where major changes are conducted to pricing policies, placement and promotion of a product, extensive modifications in product design or packaging as well as selling methods. Marketing innovation is aimed at satisfying customer needs and seeking new potential markets to increase business sales. Innovation in processes, services and products becomes a portion of the entire activities of the economy from public-to-market and from traditional to high technology. A study conducted by Mahmoud, Blankson, Owusu-Frimpong, Nwankwo and Trang (2016) focused on business performance which was surveyed to 28 banks revealed innovation is major contributor of business performance. However, technological change has become essential in terms of product and service development, manufacturing and distribution (Ramadani, Abazi-Alili, Dana, Rexhepi & Ibraimi, 2017). In this study, innovation practices are the systematic processes that facilitate the transformation of output with new ideas and add value to the product. The following section discusses the survival measures.

3.4.2.4 Survival measures

Measures for survival reflect whether the company can remain in business over a stipulated period of time. Löfsten (2016) proposes that the ultimate measurement for performance over the long-term is survival. However, a majority of strategic management and entrepreneurship empirical research work have time horizons of not more than five years, hence it is rare to use survival as an overall organisational performance measurement. Firms are expected to meet the entire crucial resource providers' demands as well as give shareholders minimum accepted risk-adjusted returns to maintain long-term survival. Survival is usually determined by the capability of the organisation to conform to dynamic environmental situations (McKenzie & Woodruff, 2015). Those organisations that are adept at dealing with both the present and future situations are the better companies. The following section discusses stakeholder performance.

3.4.3 STAKEHOLDER PERFORMANCE

Employees' experiences, perceptions and attitudes reflected in stakeholder performance are crucial in examining organisational performance (Azar & Ciabuschi, 2017). The term stakeholder includes suppliers, government, trade unions, customers, shareholders and employees. In this study, the term stakeholder performance is limited to employees only. One of the common measures is labour turnover of experienced employees, absenteeism rate and output per employee. Another instance is trying to make a comparison of employee's sales. For example, sales per employee of a company in the construction industry which outsources a majority of its site works is different from a company in retail that utilises its own crews to do site work. Normally, experience of an employee goes hand in hand with output. Quantifying and measuring employees' experiences and attitudes is considered to be a challenge as compared to financial and operational performance. Although experiences and labour turnover takes the form of a quantitative nature, other types of attitudes and behaviour are difficult to quantify (Morioka & de Carvalho, 2016). However, most attitudes and behaviours are translated into quantifiable data, usually through Likert-scale ratings, for them to be analysed quantitatively. The following section discusses the intangible and tangible methods of measuring business performance. The following section discusses the intangible and tangible measurements of financial, operational and stakeholder performance.

3.4.4 INTANGIBLE AND TANGIBLE MEASUREMENTS OF FINANCIAL, OPERATIONAL AND STAKEHOLDER PERFORMANCE

Both intangible and tangible methods can be used to measure financial, operational and stakeholder performance (Osinski, Selig, Matos & Roman, 2017). The company's financial statements are well-known as tangible actions. The statement of finances of the business is always published and are accessed easily. Employee brand or brand value are examples of intangible assets and are complex to control (Pucci, Simoni & Zanni, 2015). However, high fluctuation of value is normally associated with intangible assets, whilst to financial statements, auditing is conducted once a year. Financial ratios or measurements are utilised as easy mechanisms to explain business performance. The measures are prepared with the purpose of supporting the strategies and for the sake of comparing year-after-year outcomes. Financial measures evolve every time and they are continuing to evolve. These measures continue to be tested in various situations. However, the subjective determination of business performance arises in cases where it is difficult to get objective data of market and financial performance (Marić, Marinković, Marić & Dimitrovski, 2016). In this case, a perceived organisational performance may be determined. Examples of market and financial performance are market value, market share, equity returns, asset returns and revenues.

It important to note that one measure cannot be significantly performed to an extent that an objective performance is obtained. Diverse categories of measures must be used in line with the measurement objectives such as assets, dividends, financial strength, turnover, percentage growth, valuation ratios and liquidity (Pastor, Glova, Liptak & Kovac, 2017). In articulation of the manner in which business value is measured, Škec, Cash and Štorga (2017) postulate that traditional systems of management are weak. Considering financial indicators only may cause erratic behaviours which may result in the destruction of organisational value. Kamasak (2017) states that there must be a mixture of intangible and tangible data, as well as non-financial and financial data. When these data are combined, superior business performance is realised. Business organisations provide intangible data much recognition and invest effort as well as considerable time in the current systems of management. Measurement of business performance must always incorporate the values of intangible assets. In defining the holistic value of business performance, intangible assets play an integral role. The non-financial measures' performance framework seems unreachable as compared to the financial measures of high quality.

Uncertainty and confusion have infiltrated the business performance of various companies. The internet benefit indicators also add confusion whilst bringing free access to information and also making it easy for customers to purchase and do their business. Some measures are still challenging to capture, such as capturing the benefit as profit. The majority of the measures of business performance pay attention to quantitative tangible indicators. A holistic and balanced organisational perspective in determination of the integrated value of the firm should take into account the intangible measures (Kamasak, 2017). In addition, organisations ought to consider intangibles such as the customer satisfaction and competitive position as much as they consider non-financial measures. However, various organisations seem to have noticed the long-term advantages of intangibles and their important benefits, which encompasses employee retention, competitiveness and improved productivity (Mubarik, Chandran & Devadason, 2018). E-learning is one of the crucial intangibles that bear more gains than cost when aligned with customer needs and organisational goals.

For overall firm performance, financial measures alone are not sufficient to be a sole measurement. Therefore, in addition to the financial performance indicators, companies need to enter into a broader concept of business performance that emphasizes non-financial indicators (Ofurum & Aliyu, 2018). Profitability has a close relationship with non-financial performance which stimulates improved performance of the business. This entails that non-financial measures enhance companies to see beyond ordinary operational procedures which lead to improved financial performance. Market share is deemed to be an important non-financial performance measure of business performance. Market share is widely recognised as a profitability factor and is an accurate and meaningful performance indicator for companies. Companies normally use market share to measure operating performance, while for measuring market share they utilise Return on Investment (ROI) (Kehelwalatenna, 2016).

One of the most crucial non-financial indicators for companies is customer satisfaction. Satisfied customers are an indication that firms are more likely to retain and attract new customers and satisfy them (Jordão & Almeida, 2017). Previous literature that studied customer satisfaction reveals that customer satisfaction brings economic benefits to the company. Customer satisfaction, for example, has been associated with improved revenue, lower marketing costs and other costs

resulting from defects, complaints and poor quality (Eniola, Entebang & Sakariyau, 2015). Customer satisfaction generally increases the profitability of a company and as a result of these benefits it leads to better business performance. The following section discusses five categories of performance measures.

3.5 CONCEPTUALISATION OF BUSINESS PERFORMANCE FOR SMALL AND MEDIUM COMPANIES

There are numerous ways to recognise the performance of the business. In this research, it is judged upon the profitability, quality, quantity, sales and growth of the organisation which lead to the success of general business performance (Storey et al., 2016). This research focuses on operational, financial and stakeholder business performance resulting from amendments to the Employment Equity Act. Business performance includes operational and economic (financial) aspects. The performance of business can be measured through secondary (outside source database) and primary (within the organisation) databases. Both are used by this study. Business performance is usually sub-divided into higher-levelled and lower-levelled performance. The lower-levelled performance is usually shown by poor operations. Operational performance is seen as performance that is influenced directly by behavioural actions from the workforce of the company. In addition, operational performance should show how financial outcomes were attained (Clauss, 2017). Whilst operational performance indicators are revealed through firm productivity and product quality, stakeholder performance indicators are shown through the absenteeism rate, output per employee and sales per employee. Mutandwa, Taremwa and Tubanambazi (2015) dispute that financial performance is at the far end of the chain. Even though financial indicators appear in numerous forms, for example accounting versus economic values, the famous financial measures used by SMCs are ROE, profit margins and ROA.

However, business performance complexity makes it difficult to define the concept and increases the possibility that performance indicators are sometimes contradictory (Sarwoko & Frisdiantara, 2016). Consequently, different SMCs use different business performance measurements. Business performance measures can be considered in terms of the relative importance of performance measures to the company from various aspects of the company's business. The results from the study conducted by Campbell, Datar, Kulp and Narayanan (2015) on multiple performance measures testing revealed that internal performance measures of the organization strongly show

information pertaining business strategy's challenges. The findings of the study further indicated that performance measures assists the organization to recognize why and where the strategy of the business become unsuccessful. Therefore, to evaluate business performance, Ahmedova (2015) uses cost, flexibility, quality and delivery. The performance of business can be measured by improvements in quality, lead time and cost reductions. The current researchers seem to be in agreement with Sajilan, Tehseen and Adeyinka-Ojo (2016) who state that due to distinctions in each researcher's questions, distinct measures must be applied to distinct areas of the study.

The business performance of SMCs relies on the three basic determinants of performance, namely: (i) process and efficiency reliability; (ii) human resource and relation; and (iii) adaptation and innovation to suit the environment (Rekarti & Doktoralina, 2017). Efficiency is referred to as the practice adopted by a firm or organisation to utilise resources and for employees to conduct essential operations in a manner that minimises costs (Rauch & Hatak, 2016). If resources are properly utilised in comparison with the competitors, then profit margin increases and operation costs decrease. Efficiency is crucial, especially when the organisation's competitive strategy seeks to offer products and services at a less price than the competitors. Rauch and Hatak (2016) state that the main measures used in small organisations incorporate:

- i) **Productivity:** Productivity can be weighed utilising 'hourly work's net-added-value' or 'employee's net-added-value'. Nevertheless, this measure is determined by investment such as capital injection. An investment in training and skills has no effect. A ratio of input in relation to output is known as productivity.
- ii) **Profitability:** For measuring profitability, return on assets is a suitable indicator that can be used. Return of assets measures the manner in which the company uses its assets to make money. However, the values may differ considerably between industries as well as between companies. Hence, the purposes of wider benchmarking can be more effective, in particular profit per employee.
- iii) **Quality:** There are various means to measure the quality of work performed. One such indicator is the proportion of 'work output is rejected or that must be re-done'. Manufacturing organisations can measure quality utilising the 'faults in a particular number of goods'. Precisely, satisfaction of customers can be the best indicator. The exact manner in which customer satisfaction is measured varies from one organisation to another. In the environment of sales, the quality of salesmanship is the proportion of

- inquiries converted to sales. Quality is a commonly used concept. To make the term more tangible than it might otherwise be, quality is measured at multiple checkpoints.
- iv) Innovation: The measure that can be utilised for benchmarking innovation across industries is 'sales from adapted or new products or services. This takes into consideration all the successes of innovation. In the present day market fluctuations, innovation-led strategy should be a priority for small companies. Therefore, innovation strategies are increasingly becoming essential for small companies to advance their performance on innovation. For this study, innovation-led strategy is contextualised as the degree to which the company prioritises innovation. Pucci, Nosi and Zanni (2017) state that the execution of the strategy of innovation may serve as a management's response strategy to achieve targets of innovative performance, that is, the introductions of new service and product development. In summary, strategies of innovation play an integral role for accomplishing innovation development. Innovation is a management system that emphasizes an organization's mission, that searches for new and specific opportunities and the determination of success scales. This indicator focuses on units processed, produced and traded against the pre-set standards. Pre-set standard relates to the number of units that are supposed to be processed, produced and sold.
 - v) Timeliness: This indicator estimates the speed at which the work is performed or the fastness in delivering services to customers. For instance, the in service sector the typical downtime of the customer is an integral gauge of timeliness, whilst in the manufacturing industry what matters much is the units manufactured per hour.
 - vi) Cost-Effectiveness: Typical costs of work must only utilised as a gauge of performance if the employee has some cost control abilities.
 - vii) Creativity: The quantification of creativity as a performance measure is a big challenge, but very important for most white-collar jobs. Employees and supervisors must continue to track creative work as well as try their best to measure it.
 - viii) Adherence to legislation: Deviations from the policies reveal that the performance objectives of an employee are not suitably aligned with the objectives of the company.

The middle level measures are flexibility, customer satisfaction, delay in transformation and delays in delivery. However, a study carried out by Frans, Elize and Hendrik (2014) on performance measurement in SMEs in South Africa surveyed 1495 accountants registered with SAIBA and

revealed that SME managers do not utilise performance measures. In addition, it revealed that the informational support given by performance measures is very critical in the processes of decision-making. The following section discusses the support of high performance work practices towards business performance.

3.6 SUPPORT OF HIGH PERFORMANCE WORK PRACTICE TOWARDS BUSINESS PERFORMANCE

For effective business performance, there is a need of consolidating all business activities into an entity and therefore organisations must commit to innovation and innovative practices in manufacturing and managing their products in order to compete in an ever-changing environment (Saridakis et al., 2017). They also need to build a culture of high business performance that requires employees to be involved within the functions of the organisation. This culture can be found where employees are satisfied and understand why they have to perform in order to achieve the levels and goals expected. Motivation leads to job satisfaction, which leads to performance. Mutandwa et al. (2015) opine that job satisfaction implies that there is a psychological attachment of an employee to the job. A lot of evidence suggests that a cheerful and high-performing workforce (consisting of managers and employees) probably exhibits more distinguished job satisfaction than a less content and productive one (Sharma & Dhar, 2016). By implication, a poorly performing workforce tends to show low levels of worker satisfaction.

According to Fu, Flood, Bosak, Morris and O'Regan (2015), a culture of high-performance is characterised as follows:

- Employees are aware of their responsibilities, knowing exactly what to do with regard to their objectives and accountability;
- Employees are competent to do what is required of them;
- Top performance is noticed and rewarded accordingly; and
- Employees are convinced of the importance of their jobs and their responsibilities.

The following approaches make a remarkable input in building high-performance cultures:

- High-performance implementation by operating work systems of high-performance;
- Usage of rewards; and
- Usage of logical method of performance management.

The result may reflect that organisations must develop their business capacity to perform effectively and expeditiously to accomplish the pre-set results. Effective business performance requires organisations to take systematic steps to improve measures (motivation and job satisfaction) to enhance individual, team and organisational performance (Heffernan & Dundon, 2016). According to Martinez-Conesa, Soto-Acosta and Carayannis (2017), factors that must be considered when the organisation needs to raise individual performance encompass:

- Clear expectations in terms of autonomy, accountability and responsibility;
- Timeous performance feedback;
- Fair reward system and compensation;
- Good performance recognition;
- Poor performance impact;
- Have systems of work that are more meaningful and engaging; and
- Career development and professional opportunities.

The concept of ‘knowledge and skills’ refers to whether employees are competent to work correctly (Shanker, Bhanugopan, Van der Heijden & Farrell, 2017). The elements to consider in this respect include the fostering of:

- Math and literacy through basic education;
- Skills of clinical, professional knowledge and technical;
- The skills of communication;
- Leadership skills, teamwork, problem-solving and critical thinking; and
- The work experience.

The aspects of ‘skills and knowledge’ ensure that employees are able to carry out their duties efficiently (Kamaluddin, Hasan, Arshad & Samah, 2016). The areas considered encompass the development of:

- Mathematical education and basic literacy;
- Professional, technical and clinical skills and knowledge;
- Communication and social skill;
- Critical thinking, problem solving, leadership skills and teamwork; and
- Work-related experience.

In many different respects, individual attributes distinguish workers from each other. Mutandwa et al. (2015) state that individual employees bring into play completely different attributes that will have an effect on their own and the overall performance of their team, namely

- Internal satisfaction;
- Class identity, ethnic and gender;
- Moral value, ethnic and religious;
- Physical, intellectual, creative skills and optional; and
- Work-related experience and past-life.

3.8 CONCLUSION

Business performance is a concept that is complex. Business performance influences the continued existence of the organisation. The main aim of managing business performance is to ensure that organisations attain better results from individuals and teams through managing their performance in terms of agreed objectives, competency and standard requirements. From the literature reviewed, the operational performance, stakeholder performance and financial performance are the key domains of the business performance applicable to SMCs.

CHAPTER FOUR

THEORETICAL FRAMEWORK LINKING THE EMPLOYMENT EQUITY AMENDMENTS AND THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES

4.1 INTRODUCTION

Small and medium companies in South Africa with 50 employees and above or employers with less than 50 staff but who meet the minimum annual turnover threshold are obliged to abide by the provision of the Amendment of EEA 55 of 1998 (Mathapelo, 2014). In terms of the key aim of the legislation, SMCs are required to create a staffing policy where all racial groups are fairly represented particularly, those that play supervisory and managerial roles. Moreover, unfair discrimination needs to be completely eliminated. It is also important to mention that the workforce profile of these small and medium companies must reflect the South African society's demographic composition. However, most of these small and medium companies have disproportionate racial and gender representation, especially at the levels of middle to top management positions (Zondi, 2017). Employment Equity requires adequate racial and gender representation for SMEs to pass the compliance test. The amendments to employment equity came on the eve of various amendments to South African legislation, that is the BBBEEAA, the LRAA, the BCEAA and the SDAA. It can be argued that there is no area of South African law that is of greater importance than the area that handles the elimination of unjustified discrimination in the labour market.

SMEs are needed for the successful and meaningful development of South African economy. These SMCs bring a significant reduction in unemployment levels (Ayandibu & Houghton, 2017). Apart from lowering unemployment levels, SMCs play a pivotal role in transforming the South African economy. Ayandibu and Houghton (2017) studied the role of SMEs and found that SMEs immensely contribute to the huge proportion of the GDP of the economy of the country. It is worrisome that both new and existing small and medium companies continue to fail within a few years of their establishment. The growth of SMCs in South Africa is substantially low despite receiving considerable support from the government (Lose & Tengeh, 2015). The amendments to

employment equity directly and indirectly affects to the factors impacting SMCs business performance. The following section discusses the definition of SMCs.

4.2 DEFINITION OF SMALL AND MEDIUM COMPANIES

The definition of SMCs is propounded by the National Small Business Act 102 of 1996 in which a combination of three aspects are considered, namely annual turnover, gross assets (not including fixed property) and number of employees (Ayandibu & Houghton, 2017). Adhering to the National Small Business Amendment Act 26 of 2003, the definition of small and medium companies outlined in Table 4.1 below.

Table 4.1: Definition of small and medium companies by The National Small Business Amendment Act No. 26 of 2003

Company Size	Number of Employees	Annual Turnover (in South African Rand)	Gross Assets (Excluding Fixed Property)
Medium	less than 100 to 200 , varies with industry	below R4 million to R50 million , varies with industry	Below R2 million to R18 million , varies with industry
Small	less than 50	Below R2 million to R25 million , varies with industry	Below R2 million to 4.5 million , varies with industry

Source: Government Gazette (2003). Adapted.

According to Hamann, Smith, Tashman and Marshall (2017), a small company has 50 employees and below. Depending on the industry the small company is operating under, the annual turnover is below 4 million rands to R50 million rands. Small companies are usually highly established as compared to a very small company and display high complex practices of business. Again depending on the industry the small company is functioning under, the total gross assets is less than 2 million rands to R18 million. Medium companies have 100 employees or 200 employees for the manufacturing, electricity, construction and mining industries (Lose & Tengeh, 2015). The company usually has an annual turnover of less than R4 million to R50 million and its gross assets

is less than R2 million to R4,5 million depending on the sector. South Africa has the thresholds of industries in which the small and medium companies function in. The Government Gazette (2003) stated the categories as per industry. Every industry uses a particular set of criterion. For instance, a medium company in Agriculture has up to 100 employees, whereas medium companies that function in the Construction and Manufacturing industry have up to 200 employees (Iyagba & Mafimidiwo, 2016).

Table 4.2: Small and medium companies' thresholds in different industries

Industry	Category	Number of employees (maximum limit)	Annual turnover in millions (South African rand)	Net assets in millions (South African rands)
Manufacturing	Medium	200	51	19
	Small	50	13	5
Catering and accommodation	Medium	200	13	3
	Small	50	6	1
Construction	Medium	200	26	5
	Small	50	6	1
Agriculture	Medium	100	5	5
	Small	50	3	3

Source: Sitharam and Hoque (2016). Adapted.

As shown in Table 4.2, different industries have different requirements in investment and labour thresholds. It can be deduced that when a company is applied to a certain industry, it can be classified as small and when the very same company is applied to another industry, it is classified as medium. Table 4.3 shows the standard size for the definition of SMCs in South Africa. According to Sitharam and Hoque (2016), a small company has not more than 50 employees and a medium company has 51 to 200 employees. According to Hillary (2017), business performance relates to a measure of accomplishment for companies and individuals.

Table 4.3: Standard size for the definition of small and medium companies in South Africa

Category of the company	Number of employees	Annual turnover	Balance sheet
Small	Not more than 50	Maximum R13m	Maximum R5m
Medium	51- 200	Maximum R51m	Maximum R19m

Source: Government Gazette (2003). Adapted.

Therefore, there is no single definition of SMCs. This study adopts the quantitative definition of SMEs in South Africa as proposed by the National Small Business Amendment Act 26 of 2003. This definition is reflected in Table 4.3 above. The amendments to employment equity are believed to influence small and medium companies' business performance. The following section discusses the current state of the business performance of SMCs.

4.3 THE CURRENT STATE OF THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN SOUTH AFRICA

The South African economic development and growth of the SMCs sector remains affected by many challenging issues. The chief constraint among those issues is the obligation to meet and comply with government laws and rules. A study conducted by The Global Entrepreneurship Monitor (GEM) (2013) revealed that the survival of SMCs around the globe is minimal. The rate of growth of SMCs is lower in South Africa. According to research conducted by Chimucheka and Mandipaka (2015), an average of 50% of SMCs fail to grow. SMCs face a myriad constraints, mostly encountering retarded growth and development emanating from prolonged poor long-term performance. Although the contribution of SMCs is much appreciated, research by Bouazza, Ardjouman and Abada (2015) revealed that in developing countries, there is a higher rate of SMCs failure as compared to developed country counterparts.

Regardless of the lucrative nature of the location and favourable market conditions, small and medium companies always experience influencing factors such as government legislation. These

factors influence the success and failure of small and medium companies. Nowadays, there are more hurdles for entrepreneurs to successfully grow SMCs and one of those challenges is government laws and rules (Masutha & Rogerson, 2015). The political and legal environment which has a direct influence on government laws such as Employment Equity (EE) is very dynamic and complex. Some of the factors that affect small and medium companies incorporate competition, globalisation, crime, corruption, macro-economic factors, finances and managerial skill and competency (Eniola & Entebang, 2015). A research carried out by Ayandibu and Houghton (2017) on the role of SMEs revealed that the major impediments of SMEs are inadequate government support, corruption and insufficient of skilled labour. Similarly, a research carried out by Sitharam and Hoque (2016) on SMEs performance in KwaZulu-Natal, South Africa in which a cross-sectional study was conducted to 74 respondents. The results revealed that corruption and competition as the key constraints to SMEs growth.

Employees in smaller companies have lower knowledge, experience and multi-skills to guarantee the behaviour that results in problem-solving mechanisms, as compared to large companies. A study carried out by Frans, Elize and Hendrik (2014) on performance measurement in SMEs in South Africa surveyed 1495 accountants registered with SAIBA and found that inadequate skills and knowledge of SME managers is the main cause of their failure. Employees face a challenge of detecting problems, finding solutions and resolving problems speedily as compared to their larger companies' counterparts. It is believed that employee commitment is lower in smaller companies (Krause & Schutte, 2015). Employees in small companies do not see mutual agreement with their employers as valuable. However, in small companies that are labour-intensive, such as clothing companies, there is a closer relationship between employees and the employer. Job candidates are normally hired on competencies referred to as values and beliefs instead of skills, abilities and knowledge. It is a fact that skilled potential employees are not hired because they are seen as a threat to owner-managers' valued independence (Ogunyomi & Bruning, 2016).

However, the smaller firms' resources remain scarce. Inadequate resources may be a major constraint causing a non-optimal utilisation of HR practices in smaller companies. Insufficient financial resources can cause small companies to cut formal training that best suits the employees because it is expensive. Smaller companies are characterised with informal ways of operation, they operate in a flexible fashion. These companies need to manage their employees in an efficient and

systematic manner in order to be productive (Peprah, Mensah & Akosah, 2016). Smaller companies normally have varied work roles, hence most of the jobs are less narrowly defined. This means that the jobs are not defined independent of the employees conducting the jobs. Jobs in small companies need to be clearly defined so that employees have job specific skills and understand the organisation without confusion. In addition, an informal environment associated with most small companies usually lacks specialists familiar with most of the jobs (Ogunyomi & Bruning, 2016). These specialists ensure a qualitative utilisation of resources within the organisation.

4.4 DURBAN ECONOMY

Durban is located in the KwaZulu-Natal Province of South Africa and is the biggest city on the south-eastern coast of Africa. It is also the third biggest metropolitan area of South Africa (EThekweni, 2014). The economy of Durban is predominantly steered by its port, which stands as southern Africa's busiest port. Moreover, Durban is marked as South Africa's biggest industrial centre. There was an amplified growth in Durban's SMCs sector after World War Two. An expansion of land utilised for the purposes of manufacturing was seen between 1949 and 1954, in which the growth extended from 692.5 acres to 1135 acres. It was during this period that small and medium companies rapidly grew in areas such as Durban North, Jacobs and Amanzimtoti. The increase in the emergence of small and medium companies supported the industrial development of Durban (Ayandibu, Ngobese, Ganiyu & Kaseeram, 2019). Although they are predominantly local tourists, up to 3.7 million tourists are drawn to the city each year. Indigenous Africans make up the highest percentage of residents at about 74%; followed by Indians who constitute 17, 7% of the residents; whilst 5,3 % are Coloureds, with Whites making up 2% of the people who reside in the Durban area.

SMCs in Durban operate in different sectors, incorporating a diverse range of firms. These do not have a homogeneous setting. SMCs play an integral role in the development of Durban economy (Ndayizigamiye & McArthur, 2014). The Durban Chamber of Commerce and Industry supports the expansion of SMCs in Durban. The main industries in the area comprise the water, gas and electricity industry; repair services, motor trade and retail industry; accommodation, catering and

other trade industry; business and finance services industry; manufacturing industry; construction industry; wholesale trade and other trade; and communications, transport and storage. The industrial economy of Durban has been developing at a remarkable rate as small and medium companies emerged in many industries (Merchant, Kumar & Mallik, 2018). This was seen in the motor vehicle, fabricated metals, chemicals, clothing and textiles industries. The increase in the number of SMCs, especially in manufacturing, has been triggered by the fact that a remarkable number of companies in chemical, rubber, clothing and textile manufacturing, hence they consider it strategic to be located in the Durban area.

In 2012, Durban's GDP accounted for 64.9% of Kwa-Zulu's GDP and constituted 10, 8% of the national GDP of South Africa (Soni, Cowden & Karodia, 2015). The Durban area is the main hub of the economy of the KwaZulu-Natal province. An amount of up to \$21 billion towards the gross domestic product (GDP) was recorded in 2013. This amount constituted two-thirds of the KwaZulu-Natal Province's contribution (State of the Ethekewini Economy, 2016/17). It also contributes 45% of the province's Gross Geographic Product (GGP). Durban accounts for 15% of the national output of South Africa. It is the second biggest industrial hub of South Africa, after Gauteng. The economy of Durban is diversified and is dominated by the manufacturing sector which contributes 26% of the Gross Geographic Product (GGP). The formal employment of the manufacturing sector accounts for 25% of the economy of Durban. The financial sector contributes 21%, whilst the tourism sector accounts for 18% of the GGP. In addition, the clothing industry accounts for 20%, while the chemicals industry contributes 20% of the GGP (Ayandibu, Ngobese, Ganiyu & Kaseeram, 2019). The food and beverages industry accounts for 18% of the GGP. The sectors which are of less significance to the economy of South Africa are the mining, forestry, fishing and agriculture industries, which all combined account for 2% of Durban's GGP. Transport, trade, finance and manufacturing are the key contributors to Durban's GGP.

The Durban economy has been predominantly supported by its locational benefits (EThekwini, 2014). The location factor plays a crucial role in accelerating the economy of Durban. Durban's economy has been shaped by its locational advantages and government policy. These opportunities have been adding much significance to SMCs development, in particular where they engage in substituting most imports by producing local goods which serve the same purpose. The main

catalyst that breeds the emergence of SMCs in different sectors for Durban's industrial development is the important role that the port plays in the general development of the area of Durban (Lekhanya, 2015). Due to government law and policies, employers in the area experience high levels of the cost of doing business. The Durban economy sustains itself because of the operations of SMCs (Soni, Cowden & Karodia, 2015). The major industries occupied by SMCs in Durban predominantly focus on production for domestic markets, with little being channelled towards international markets. Durban requires rapid economic growth in order to meet the needs of its ever-increasing population and high unemployment rate.

4.5 CURRENT SITUATION OF SMCS IN DURBAN

The critical difficulties that small and medium companies of Durban are facing is due to the constant amendments of labour legislation, which pose a serious concern about their future growth, as well as the national economy at large. The tough measures introduced to government employment regulations are cause for concern. A majority of these amendments appear to hamper the business performance of SMCs. Recently amended legislation incorporates the Basic Conditions of Employment Amendment Act (BCEAA) 20 of 2013; the Labour Relations Amendment Act (LRAA) 6 of 2014; the Broad-Based Black Economic Empowerment Amendment Act (BBBEEAA) No.53 of 2003; the Promotion of Equality and Prevention of Unfair Discrimination Amendment Act (PEPUDAA) 2002 (Act 52 of 2002); and the Employment Equity Amendment Act (EEAA) 47 of 2013 (Moodaley, 2014). This is confirmed by the findings of a study on the challenges faced by SMEs conducted by Chimucheka and Mandipaka (2015), which revealed that poor government regulations and policies are key impediments to the growth of SMEs.

However, the EEAA contains many critical amendments as compared to all other legislation that affects SMCs, which prompted this study to examine those amendments. Because of the employment equity amendments, SMCs are extremely challenged with many interlinked problems: i) insufficient management competencies for scale up; ii) general increases in costs; iii) inappropriate and inadequate skills in the workforce; iv) amplified costs of regulatory compliance; v) overall poor business support; and vi) high case volumes at the CCMA, amongst others. The industrial growth of small and medium companies is declining due to, amongst other chief

constraints, the introduction of amendments to employment equity EE. The output in many sectors' SMCs remains static. The business growth of Durban coincides with a rapid increase in employment regulations, mainly amendments to the EEA. Recent industrial development analyses of small and medium companies in Durban have revealed low growth levels since 2014 (State of the EThekweni Economy, 2016/17). The historical prosperity of the Durban economy has been aligned to the government's good labour policies until the promulgation of the EEAA in 2013. Owing to the amendments to the EEA, SMEs are faced with complexities in their performance. However, some amendments are viewed as good.

Durban is seen as the most promising global business competitor in South Africa. There is much optimism in respect of Durban's capacity to adapt and grow small and medium companies. Soni, Cowden and Karodia (2015) iterate that SMEs in different sectors in Durban constituted about 67% of the employment in the KwaZulu-Natal Province of South Africa. Different from Durban, other South African metropolitans have been associated with market-induced decentralization, which results in reduced metropolitan industrial growth levels (EThekweni, 2014). The trajectory of business growth of Durban's small and medium companies has subsided. Durban has been a decentralization point for small and medium companies from the Gauteng and Eastern Cape regions, thereby pulling most companies into the area of Durban. Although Pietermaritzburg is the capital city of the KwaZulu-Natal province, Durban is the biggest city in the province. Other recognized cities in the KwaZulu-Natal province include Richmond, Ladysmith, Estcourt, Eshowe, Newcastle, Port Shepstone and Richards Bay. In recent years, the city has been experiencing deterioration on its economy annually by approximately 0.5%. Growth in output has been a meagre 1.8%, with R19 900 per capita income as compared to the R33 000 of Johannesburg's per capita income. The average rate of growth in employment over the recent 6 years was only 1%. Nearly 50% of the jobs in Durban are in the declining SMCs (Padayachee, 2016). This situation is concerning as SMCs dominate the economy of Durban.

4.6 DURBAN'S HUMAN RESOURCE BASE

Thaver (2010) describes the labour resource as the critical factor of production that plays a prominent role in the better business performance of many small and medium companies in the Durban area. This has been fuelled by the fact that the area draws a great supply of cheap but

skilled migrants, mainly from countries in the Southern African region. The locational benefits encompass the abundant labour supply, big consumer market and big natural harbour. The abundance of skilled labour supply has been largely from (migrants) foreign nationals, with only a few citizens (Ndayizigamiye & McArthur, 2014). In Durban labour market, the local citizens dominate the unskilled and semi-skilled categories of employment. Most of these migrants are now permanent residents of South Africa. However, some of the foreign nationals are still on scarce skills work permits and some are asylum- seekers. Skilled employees are required in SMCs in order to bring about innovation. Innovation creates growth in SMCs. In most sectors, innovation includes new operating practice adoption, production, technical and design actions in the marketing of an improved or new commodity (Ingle, 2014). With appropriate skills, the new product or service can be properly accepted by the market.

Due to the drain of the small skilled base of employees in Durban, the performance of SMCs received a huge blow. In addition, the performance of businesses in the city has been also contributed to by the fact the Durban area has many races in the working class who play significant roles in the development of SMCs through bringing different new ideas in different industries (Soni, Cowden & Karodia, 2015). The factors aforementioned led to the growth of SMCs in many sectors in Durban. However, Durban remains a low-average wage area compared to other metropolitan areas in South Africa. An employee who works in Durban earns an average salary of 82.6% of the salary an employee in Johannesburg earns for similar work (Padayachee, 2016). However, employment equity amendments in the EEAA changed the way labour has been benefiting SMCs in Durban. The following section discusses the factors that affect SMCs.

4.7 FACTORS THAT AFFECT SMALL AND MEDIUM COMPANIES

For full comprehension of the growth and sustainability of SMCs, one needs to know the factors that affect SMCs in order to support and assist in developing the economy of the nation (Lekhanya, 2015). Through reviewing the current literature on SMCs across the globe, various variables are cited as causes of SMCs' failure. The need for SMCs is high in order to avert the economic decline of South African prosperity, in particular unemployment. A remarkable number of those challenges experienced by SMCs in South Africa are deeply-rooted in the history of the country.

Due to the past of the country, the bulk of entrepreneurs were not allowed to participate in the economic activity and hence they lack skills (Bushe, 2019).

SMCs are hugely affected by the business environment. 'Business environment' refers to both external and internal factors that affect the successful and continued functioning of the business. The growth of SMCs is greatly attributed to the environment of the companies (Worku, 2016). 'Internal environment' refers to the factors that are inside the business and 'external environment' relates to the factors outside the organisation. Both external and inside environments are crucial for the growth of SMCs. Scarce financial resources and a lack of economies of scale make that the costs of implementing Employment Equity higher in smaller companies (Cant, Wiid & Sephapo, 2016). Employment Equity directly decreases the profits of smaller companies. Most small companies pursue growth, but because of employment equity they shift their focus to pursue survival. These small companies are usually associated with myriad restrictions, in particular accessibility to investment money and limited capacity. Maduekwe and Kamala (2016) notice that any employer of the small business has the desire or ambition to grow. External and inside environments either negatively or positively affect the operations of small and medium companies.

4.7.1 INTERNAL ENVIRONMENTAL FACTORS

'Internal environment' incorporates business environment factors that are managed and controlled by the organisation (Gwena & Chinyamurindi, 2018). The key constraints in the business's internal environment encompass insufficient critical skills of management and competences, lack of financial knowledge and an inability to keep in line with technological capabilities. The following section discusses the internal environmental factors that affect businesses.

4.7.1.1 Management Skills and Competency

Management competency has a favourable effect on small and medium companies' performances. Managerial knowledge, start-up experience and education are utilised as managerial competency measurements. Inadequate managerial competency is the major reason for failure of SMCs. This was revealed in a study carried out by Balogun, Agumba and Ansary (2018) on the importance of management competencies for SMCs' success. Few people who have business management qualities in South Africa, hence the reason the country has few successful small and medium

entrepreneurs. This contributes overall to the poor economic performance of South Africa. High rates of business failure of new SMCs are also because of insufficient training and education in management capabilities. A research carried out by Kamasak (2017) on performance surveyed 243 Turkish companies and found that capabilities and intangible resources greatly contribute to business performance as compared to tangibles resources. Evidence has revealed that for accomplishing successful small and medium-scale companies, managers should have the relevant abilities and skills to operate the business (Kabanda & Brown, 2017). There is insufficient skilled managers in South Africa who can occupy critical positions in the organisation (Moloto & Seeletse, 2016).

According to Balogun et al. (2018), inadequate funds and insufficient, relevant management competencies are the main two primary causes of failure of SMCs. In a study by Simo (2016), inadequate managerial competencies negatively impact the viability and success of SMEs hence the urgent improvement of business skills of SMCs was recommended. There is an association between the viability and success of SMCs and managerial competencies. Small and medium companies' performance is hugely affected by the educational level of their managers. The findings of Lekhanya (2016) revealed that in spite of the fact that a remarkable number of SMCs' managers are highly experienced and educated in their specialised and particular field of study, most of them lack the capabilities of business management. A study conducted by Rauch and Hatak (2016) on performance of SMEs in which a meta-analysis was performed to 56 studies. The results revealed that skill enhancement is closely related to business performance of SMEs. Similarly, a study carried out by Rice, Liao, Galvin and Martin (2015) on SMEs performances surveyed 444 Australian manufacturing SMEs and found that the deployment of dynamic capabilities is an ingredient for business performance. It is worrisome to note that insufficient skills in business management constitute a survival threat to SMCs. Furthermore, it is the biggest obstacle and challenge to the development and growth of small and medium companies (Van Scheers, 2018).

For SMC businesses to survive, their managers should get the relevant skills. It is crucial for the managers of SMEs to be knowledgeable in respect of the business's functional areas (Makhitha, 2016). According to Enow and Kamala (2016), new entrepreneurs of SMCs lack required skills, which include strategic competencies that relate to entrepreneurship and business planning. A study carried out by Worku (2016) on barriers to SMEs growth in Vaal Triangle in South Africa

surveyed 303 employees and revealed that inadequate skills affect the viability of SMEs. Financial management skills are one of the strategic management skills that managers of SMCs should have. Financial management skills relate to the acquisition of the required financial resource abilities to make sure that the organisation obtains the best favourable results over both the long-term and short-term (Enow & Kamala, 2016).

In addition, financial management skills enable a manager to make the best use of financial resources within the organisation. Poor management of finance is seen as one of the key causes of failure of business. Inadequate know-how of managing company finances is major for high rates of failure and poor survival rates of SMCs in South Africa. Zizile and Tendai (2018) urge SMCs to get the skills of managing finances that help short-term decision-making for their survival. Priority must be afforded to managers of small and medium companies where they should be knowledgeable about the management of cash-flow, as well as to emphasise that having accessibility to finances is not the remedy to the challenges.

In research carried out by Adegboye and Iweriebor (2018), the main contributors to SMC business failure in Africa are a lack of basic skills of business management and poor record-keeping. A research conducted by Irene (2017) on role of competencies in business surveyed 1200 respondents and the results of the study found that the entrepreneurial skills are of great importance for success of the business. A remarkable number of entrepreneurs fail to account for their monthly profits and expenses; do not have the skills in managing a business which includes personnel management, inventory management, basic marketing, bookkeeping; and the worst situation is that they are losing control of their daily transactions. The lack of the aforementioned skills lead some business to permanently close down. This makes it a concern, especially in the small and medium business sector (Mbatha & Ngwenya, 2018). An accounting function is seen as the most critical role as most SMEs experience challenges with their tasks relating to accounting. Accounting skills of managers of SMCs promote the success of entrepreneurial performance. Due to the ignorance of accounting skill, many SMCs have failed. Business failure and stagnation can be attributed to the under-estimation of differentiating between profit and capital by SMCs. Furthermore, SMCs do not keep records of reports and accounting (Merchant, Kumar & Mallik, 2018).

Although some business managers have a basic knowledge of accounting and financial information, they have stern challenges in respect of financial planning literacy. Due to the fact that most managers have a basic knowledge of accounting and financial information, they face challenges relating to grasping common terms, conversions utilised in financial reports and reading the language of finance. Having little know-how about financial information causes poor financial planning as they do not even value information relating to financial statements (Donga, Ngirande & Shumba, 2016). Even after hiring the services of external accountants, small and medium companies do not give much value to the information provided by those hired external accountants. By outsourcing, small and medium companies can get capabilities and skills which are important for the business (Cant et al., 2016). Enow and Kamala (2016) state that the key reasons small and medium companies outsource accounting functions are that they do not have adequate skills and resources needed to conduct the functions of accounting inside the organisation.

Belitski and Liversage (2019) state that small and medium companies face difficulties in effectively employing a marketing function. In general in South Africa, small and medium companies undertake very little marketing and hence experience high rates of failure. Mohamed, Yasseen and Omarjee (2019) highlight that small and medium companies show insufficient marketing skills that result in creating marketing problems and confusion. Marketing determines the business success or failure of small and medium business sector. Generally, poor skills in functional areas which encompass financial knowledge, human resources and marketing are some of the key causes of failure of SMCs. For the survival, success and longevity of SMCs, it is crucial that managers must be knowledgeable and educated about a business's functional areas. Failure to align with this may cause business failure. Ahmad and Mahamed (2015) indicate that poor South African economic performance is attributed to a few entrepreneurs who succeed citing the reason of very few entrepreneurs with the skills in managing SMCs. SMCs are seen as key contributors to poverty alleviation, general development and employment creation.

4.7.1.2 Access to Finance

Financial access is one of the key issues that hinders the survival and growth of SMCs in South Africa. SMCs have more challenges than bigger companies in accessing financial services. SMEs constitute a bigger proportion of emerging companies in the private sector in many countries around the world (Moos & Botha, 2016). This is evident in developing countries where most small

and medium companies encounter bigger constraints to secure external financial sources. Market fluctuations make small and medium companies vulnerable, resulting in total closure of the business. Additionally, commercial banks view SMCs as too risky and therefore they are hesitant to provide credit to them. SMCs in developing countries encounter a financing gap that dwindles economic prosperity. Almost half of SMC rate accessibility to finance as the main challenge (Mukata, Ladzani & Visser, 2018). SMC development is seriously affected by inadequate financial resources. SME development is negatively affected by insufficient financial resources to cater for investment and operational costs. A crucial aspect for SMC development is providing them with access to finance. For the development of the economy of South Africa, SMCs need to succeed and grow. In this case, meaningful success requires adequate financial injection (Belhadi, Touriki & Fezazi, 2018).

The financial crisis and economic slump in 2008 have had an enormous negative influence on the availability of finance to SMCs (Irene, 2017). Credit processing from financial institutions becomes challenging and complex as they are restrictive and cautious due to widespread financial crises, which make it complicated for SMCs to comprehend the decisions and procedures to follow in respect of loan processing (Rambe & Mosweunyane, 2017). Accessing finances to expand and grow for SMCs is seen as a concern in various developing countries. In most of these countries, many banks are reluctant to give adequate loans to SMCs as there is a high rate of SMC failure, particularly newly established ones. In the study conducted by Van Scheers (2016) in South Africa, within the operation of the initial two years, 75% of newly established SMCs failed due to the unavailability of external finance. The bulk of SMCs depend on internal finance, which is inadequate to grow and survive. Internal finance includes the contribution from friends, family and owners. A study carried out by Ayob and Rahman (2015) on SMEs export behavior and financial factors surveyed 356 respondents in Malaysia and revealed that exporters are experiencing high inner cost of financial resources. External finance access is crucial to address the cash-flow challenges for small and medium companies.

Business finance is grouped into two main categories, that is loan finance and equity finance (Van Scheers, 2016). Equity finance refers to the money invested by the owners of the business. Employer contributions can be sourced from friends and savings. Loan finance entails borrowed money on a business's behalf. Banks remain the major source of small and medium companies'

finance. Access to loan finance is a big stumbling block for SMCs in South Africa. SMCs' capital structure and performance is influenced by entrepreneurial and business characteristics. SMEs face challenges in securing bank loans as the rates of interest are not affordable for them (Lose, Tengeh, Maziriri & Madinga, 2016). Credit scoring of a small business is a technology-based transaction that chiefly displays hard facts about a business, as well as that of the owner of the business. The information of the owner is usually personal consumer data extracted from consumer credit bureaus. Information on businesses gathered by financial institutions is from commercial credit bureaus (Lose et al., 2016).

SMCs less than 4 years old do not depend on bank finance and rely much on informal finance (Bushe, 2019). Large companies with huge assets are mostly expected to have good accessibility to long-term debts. Enow and Kamala (2016) indicate that the size of the business influences the probability of failure since SMCs are not often diversified and hence usually fail. Various small and medium companies also participate in the informal economy, which makes it complex to keep a history of the business and show their potential. Furthermore in emerging economies like South Africa, SMCs are not skilled in activities of sound management, book-keeping and marketing, thereby increasing the perceptions of risk for their businesses. Due to poor transparency associated with small and medium companies in comparison to larger firms, financing small and medium companies is seen as higher risk. Creditors and banks use financial information given by companies in predicting future business performance and analysing the present performance. The ability of the borrower to service the loan and future prospects is acquired from information relating to financial statements. Credit rationing and information asymmetry towards SMCs is caused by inadequate information (Lekhanya, 2016).

SMCs need to have collateral to access finance from banks as collateral lowers the risk of the loan. Collateral may be in a form of tangible assets (Mohamed et al., 2019). There is a high rate of SMC failure in South Africa. Therefore, when financing small and medium companies, it is crucial and reasonable for institutions in finance to be cautious, especially when there is little or a non-existent credit history of the SMC. Institutions in the financial industry increase their collateral demands in order to protect themselves against risk. Due to a lack of financial resources, collateral becomes the constraint to viable and potential small and medium companies. An increment in the collateral demands is a mechanism by which banks lower lending risk to SMCs. Collateral serves as a

screening device. In case the lender defaults, the collateral reduces the risk (Enow & Kamala, 2016). Small and medium companies lack adequate collateral which serves as security, hence they are at a disadvantage. Unavailability of a proven credit track record further exacerbates the problem.

Unaware of the existing procedures to secure finance, as well as the high costs associated with the transaction hinder small and medium companies from getting finance. Despite other government agencies that have been created, the banking system of South Africa remains the major source of funds to grow and develop the business (Maduekwe & Kamala, 2016). Financial problems block SMCs' ability to improve the base of management staff and capacity. The probability of SMCs creating sustainable and competitive business is lower if they do not receive adequate support (Moloto & Seeletse, 2016). When SMCs are viewed as not on an equal and sound footing, stakeholders particularly investors become reluctant to fund the business.

4.7.1.3 Technological Capabilities

Lack of technological capabilities is the prime reason why various SMCs encounter growth constraints in developing countries (Bushe, 2019). Despite sophisticated global technological advancement, SMCs are still lagging behind in terms of the implementation of technology in their businesses. For this reason, small and medium companies usually face challenges of growth (Donga et al., 2016). Small and medium companies' technological position is weaker, hence they fail to compete with large-scale organisations that are technologically advanced in operations. The weak technological position of SMCs is attributed to the insufficient resource constraint that hampers their capability to efficiently utilise technological materials and systems (Gono, Harindranath, & Özcan, 2016). Due to poor technology, small and medium companies have limited access to various important information. Small and medium companies mostly reduce technology investment as they take it as an unnecessary cost (Moloto & Seeletse, 2016).

The application of technology is a crucial catalyst for the rapid growth of SMCs. Technology facilitates and makes it possible for SMCs to trade from any place around the world (Lose et al., 2016). One of the most critical technological tools is the World Wide Web. Nowadays, small and medium companies' profitability relies heavily on a commitment to technology. It is obvious that each product or service sold by retail outlets is currently sold through the internet. Ignorance about

technology is very dangerous for small and medium companies as it makes them vulnerable to large companies. Therefore, SMCs become non competitive in the market. Technology helps to improve performance and lower production costs, thereby putting the business at a competitive advantage. Different from large organisations that enjoy economies of scale, small and medium businesses are mostly unable to benefit from economies of scale. For this reason, SMCs especially in developing nations require remarkable support to access finance and information (Kabanda & Brown, 2017). SMCs in South Africa have low-scale production which impedes the capability to lower their costs of produced goods or services. If small and medium companies have the technology, they rarely upgrade it due to a lack of finance and ignorance. In a study conducted by Garg and Choeu (2015) on information technology application, the adoption of information technology assists businesses to communicate with customers, business partners and suppliers, as well as store information. In addition, it helps in doing business transactions as well as enhancing the overall performance of SMCs. Subsequently, it may lead to good performance by lowering the operating costs of the entire business.

4.7.2 EXTERNAL ENVIRONMENT FACTORS

The external environment is made up of crime and corruption, infrastructure, government legislation, economic variables and markets, as well as regulations (Sitharam & Hoque, 2016). In research conducted by Ajayi (2016) on SMEs in Nigeria, it was found that external factors, in particular infrastructural inadequacy and dilapidated economic conditions, hinder the growth of small and medium companies. Just like larger businesses, SMCs need to adapt to dynamics of the external environment, which incorporates competition, globalisation, regulations, macro-economic factors and corruption, among others.

4.7.2.1 Competition

Small and medium businesses' survival opportunities are important in an acutely competitive environment. Businesses attempt to out-compete each other in the market. Due to ever-changing consumer needs, globalised markets and technological developments, the standards of competition tend to continuously change. Competition between large-scale SMCs has radically increased since a few years ago. Sustainability and competition in small and medium companies encompasses factors such as emerging new markets, changing market patterns, organisational techniques and changing technologies. The survival of small and medium companies relies on various factors

which include resilience on re-aligning some business technologies and strategies (Eniola & Entebang, 2015).

The flexibility of SMCs to compete along various dimensions with large companies includes development of suitable marketing strategies, implementation of quick-to-market distribution, developing and designing new products, as well as employing cutting-edge communication (Donga et al., 2016). Most purely domestic SMCs in South Africa whose services and products are locally based and segmented usually confront extreme global competition from both large companies and SMCs across the globe. A research conducted by Leonidou, Christodoulides, Kyrgidou and Palihawadana (2017) focused on performance surveyed 153 small manufacturers of Cypriot and found that competitive edge is crucial in achieving an improved financial and market performance. Globalisation and trade liberalisation processes have heightened competition tremendously between companies, as well as higher expectations from customers (Peprah et al., 2016). However, fierce competition comes with increased customer satisfaction. Small and medium companies gain multitudes of opportunities due to the liberalisation of global markets. Due to trade liberalisation across the world, under-developed markets such as South Africa are entered easily by organised and well-established foreign companies. Local small and medium companies in South Africa are increasingly facing challenges to sustain their position in business in respect of their market and a worse scenario is even survival in business. Fierce competition is affecting SMCs globally. Local SMCs' products are being outcompeted by foreign imported products which are relatively cheap and of good quality that flood the market (Iyagba & Mafimidiwo, 2016).

According to Krause and Schutte (2015), adopting a suitable management style, improving novel sales strategies and utilising the latest marketing methodologies can improve the competitiveness of SMCs. SMCs should strive to make use of communication technologies in a cost-effective manner in order for the products to reach the market at a fair competition level for both international and domestic markets. For the improvement of the competitiveness of the business, SMEs should re-look at the quality, cost, delivery services and product range as crucial areas (Lekhanya, 2015). A majority of SMCs are not able to challenge ordinary market competition. Merchant et al. (2018) rank competition as the third greatest hindrance to growth for many business organisations.

4.7.2.2 Globalisation

In the current absolute competitive global environment, small and medium companies should no longer see themselves as strictly domestic companies. Considering going global should not be a choice or preference, but must a necessity. In a modern business environment, it is a lethal mistake for a business to fail to cultivate global markets, regardless of size (Bouazza et al., 2015). For SMCs to thrive in the twenty-first century, they must occupy a space in the global market. Small and medium companies should consider themselves as businesses without borders in order to be successful in business. However, going global is a challenge to most SMCs in South Africa (Ogunyomi & Bruning, 2016). In the past, countries were isolated by government regulations, culture and language differences, distinctive business operations as well as trade and investment barriers. However, nowadays these restrictions are disappearing as trade barriers are falling. There is an integration of national economies to create a world economic system and there is convergence of market preferences. The pace of convergence of national economies is very quick, thereby forming global competition and opportunities that did not take place in previous years. Considering the economic growth of national economies, namely India and China, SMCs in South Africa would be imprudent to overlook international opportunities (Gono et al., 2016). Great efforts must be channelled towards the equipping SMCs for their betterment to meet the constraints of globalization, as well as benefitting from promotion and opportunities in developing the sector (Masutha & Rogerson, 2015).

4.7.2.3 Regulatory Factors

Small and medium companies business success is increasingly threatened by over-regulation and a retarded in the allocation of resources (Sitharam & Hoque, 2016). Most regulations are associated with red tape, usually resulting in poor business performance of SMCs as they cost the organisation directly and indirectly, which results in an obstruction to business success. The costs of regulations have a heavy blow and huge effect on SMCs. According to a study carried out by Mathapelo (2014), labour laws such as the Employment Equity Act as well as others like BBBEE seem to be the prominent regulations that challenge SMC growth and success. The impact of regulations is usually witnessed by SMCs as they mostly struggle to absorb the costs of compliance as compared to well-established big companies (Ogunyomi & Bruning, 2016). In previous years, small and medium companies have been exempted from most of the regulations enacted by the government,

but nowadays things are no longer the same as regulations that were previously meant for large companies are now applied to SMCs. The government of South Africa's regulations are associated with exhausting bureaucracy, which stands as a big blockage to the growth of SMCs in South Africa (Hillary, 2017). The regulations governing the operations of small and medium companies are really complicated and confusing which is the reason most fail to conform to the stipulations (Masutha & Rogerson, 2015). Some small and medium companies fail to comply because the provisions in those regulations are expensive and time-consuming.

Furthermore, most small and medium companies do not comprehend the governing laws, resulting in having difficulties to comply (Lose & Tengeh, 2015). The provisions of the Employment Equity Amendment Act requirements increase the administrative burden that SMCs have to shoulder in order to be compliant. For this reason, SMCs are found using resources that they could have utilised for other purposes and that can contribute to the effectiveness and efficiency of the business. Due to insufficient competences and skills, a big margin of small and medium companies outsource to labour experts to handle labour issues. Costs associated with hiring those labour experts negatively impact their business. Apart from labour issues, another small and medium companies impediment is high tax requirements demanded by SARS (Maduekwe & Kamala, 2016). As a way of redressing past imbalances, the South African government adopted the EEAA. Although the provisions are aligned to increase the betterment of the previously disadvantaged people through employing a rigorous transformation process, it is becoming a threat to the growth of most SMCs. Initially the application of the provisions were not the same for all business sizes. For this reason, small businesses suffer more in an attempt to be compliant, especially small family businesses. The major constraint for small and medium companies is finding a skilled employee from designated groups.

While SMCs struggle to perform their administrative duties, more administrative responsibilities of sorting their compliance worsen the burden. Bouazza, Ardjouman and Abada (2015) studied factors that affect growth of SMEs in Algeria and found that human resources capacities and the regulatory and legal framework are the factors that influence the growth of the firms. This affects the small and medium companies' potential for growth and performance. Compliance has economic costs which threaten business performance since they may become unbearable for SMCs. Due to inadequate knowledge and information about the implementation of the provisions

of Employment Equity Amendment Act, many SMCs are not compliant. This becomes a risk which results in bearing unwanted costs that immediately impede the potential success and stability of these small and medium companies. Insufficient information and comprehension about the amendments, as well as constant change of the provisions from time to time, weakens the reliability of the Employment Equity Act.

The rigid provisions within the Employment Equity Amendment Act are not conducive for SMC growth. In terms of governments that support labour market effectiveness and efficiency, South Africa rated among the worst across the globe (SME Index by Business Partners (BPLSI) for the first quarter of 2013). Currently in South Africa, labour regulations are seen as major restrictive factors that discourage doing business in the country, as a majority of businesses depend on labour for day-to-day operations.

SMCs tend to avoid formal registration in order to evade formally complying with regulations as this needs money, time and effort and to some extent labour experts' assistance. According to Gwena and Chinyamurindi's (2018) report, most small and medium companies lack skills to align with labour regulations that registered companies are faced with. Small and medium companies must conform in accordance with various EEAA provisions in order to get a compliance certificate. However, the aspect of complying with regulations is crucial for the long-term development of both the business and the country. In addition, removing the regulations burden does not automatically result in SMCs' dramatic development. One can conclude that regulations do not drive the growth of SMCs. In a study conducted by Sitharam and Hoque (2016) it was revealed that the regulatory setting in South Africa discourages SMC growth in the formal sector, which significantly compromises their efficiency. An environment that is conducive for SMCs is one that provides regulations and policies that promote a remarkable contribution to the creation of employment.

4.7.2.4 Macroeconomic Factors

In South Africa, inflation, exchange rates and interest rates are the major macro-environmental factors that adversely affect the success of SMCs. High rates of inflation and a weak rand are the main characteristics of the economic environment of South Africa (van Scheers, 2018). Since the start of 2014, a depreciation of the rand by 5% to the US dollar has been felt by many business

organisations. The rise of interest rates by 5% in the first quarter of 2014 disturbed the prospects of business growth as fuel prices rose. In South Africa, macro-economic factors are perceived to be the third reason for failure of SMCs. Inflation raises the expenses of businesses and reduces the profitability of small and medium companies. Inflation does not only affect SMCs, but ultimately consumers are also the victims as their disposable income shrinks and the cost of goods increases (Iyagba & Mafimidiwo, 2016). All business sectors can be affected by changes in economic factors and most of those economic aspects have a direct influence on the patterns of consumption of consumers.

4.7.2.5 Infrastructure

According to Zondi (2017), the long-term growth of Africa is negatively threatened by poor infrastructure. The development of infrastructure facilitates the growth of international, regional and domestic trade. Modernisation and continued renovation of infrastructure is crucial for economic competitiveness in South Africa, as well as its integration into the global economy. Telecommunications infrastructure is critical for the development of the economy. Poor telecommunications infrastructure encompasses a lack of proper internet service providers, a lack of internet connections and the unavailability of dial-up access of fixed telephone lines for end-users (Eniola & Entebang, 2015). The availability of services which incorporate water, sanitation, transport and electricity is crucial for small and medium business growth and success and are linked directly to the development of the economy of a country. Electricity power failure adversely influences the manufacturing of products, hence adversely affecting the opportunity for SMCs to generate revenue and profits. Most small and medium businesses find it difficult to run their businesses in rural areas although there is high demand for goods, because of poor accessibility. Electricity power failure interrupts the production operations of businesses including those of small and medium businesses (Krause & Schutte, 2015). The supply of electricity is less than the demand of it in South Africa due to profuse power cuts.

4.7.2.6 Crime and Corruption

Rates of corruption are very high in South Africa in comparison with developed countries (Chimucheka & Mandipaka, 2015). The most common crime surfacing in businesses is corruption. It affects business, both larger organisations and small and medium businesses, as well as both the public sector and private sector. Since 2001, South Africa dropped 34 places and is now ranked at

number 72 out of 175 countries by Transparency International's (TI) 2013 annual global Corruption Perception Index (CPI) (Serfontein & De Waal, 2015). The growth of SMEs is hugely hindered by high prevalence of corruption amongst law enforcers. However, all businesses are threatened by high crime levels in South Africa (Merchant et al., 2018).

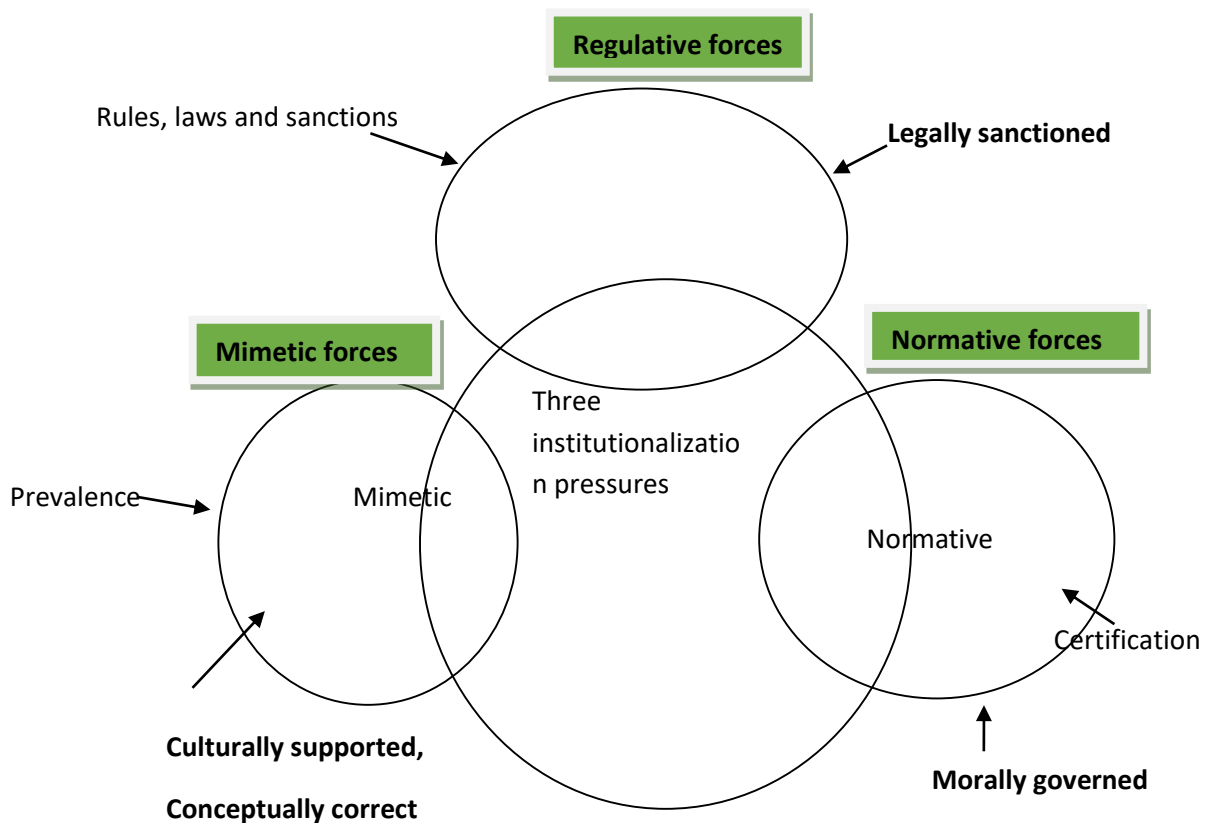
SMCs are the most targeted businesses for crime (Mukata et al., 2018). The effect is worrisome, whatever the actual loss may be. It is common that SMEs lack sophistication to detect the illegal actions of professional corrupt law enforcers early, hence they fall prey to fraud and theft. A loss that comes as a result of corruption and theft can be a big crippling blow to the existence of SMCs. In accordance with Corruption Watch, the success chances of small and medium businesses due to high corruption rates sometimes find small businesses paying bribes to law enforcers to avoid being arrested for non-compliance. Huge sums of money are lost every day by small and medium businesses (Worku, 2016). Not only SMCs lose money in that process, the government loses a lot as the money is converted to personal use by law enforcers. This has been the order of the day of less developed economies around the world. Corruption retards company growth, especially those small and medium businesses as it takes a large chunk of their resources, which would have been utilised to expand and grow operations and activities.

Lose and Tengeh (2015) state that most SMCs do not have bargaining power to contest unscrupulous requests due to lack of knowledge about most labour legislations. The bureaucracy and the urgency to comply forces small and medium businesses to jointly engage in corruption activities with law enforcers. In research carried out in Mexico on small and medium companies, over 50% of those business interviewed reported that their operations were affected by severe practices of corruption (Hayes, Chawla & Kathawala, 2015). Businesses incurred an average of an 81% increase in operating costs. In all negotiations with law enforcers in the public sector, small and medium companies face conduct of corruption, especially when dealing with bureaucracy at municipal level and regional level (Chimucheka & Mandipaka, 2015). Industrial sectors between countries may differ, but corrupt requests are normally experienced when SMCs fail to comply with the demands of the public sector. The following section discusses the theoretical framework of this study.

4.8 THEORETICAL FRAMEWORK

Harish, Frank and Christa (2012) state that the Neo-institutional theory focuses on shaping the actions of the organisation to align with external social forces. These forces influence the manner in which operations of certain functions are done, thereby becoming institutionalised within the organisation. In accordance with Neo-institutional theory, the key assumption is that organisations want to prove legitimacy from the external world. Figure 4.1 below shows the primary mechanisms that affect organisations' actions, which are subdivided into three, namely regulative forces, normative forces and mimetic forces. Firstly, *regulative forces* are forces connected to certain government rules and laws. Failure of organisations to abide with these regulatory forces risks the attraction of legal sanctions. In reference to this study, the regulative force is EEA and failure to abide by it exposes the organisation to legal sanctions (Khumalo, 2017). Regulative forces play a critical role in determining the way organisations should act in response to employment equity. An improvement in regulatory forces enforcement within the organisation may increase the compliance rate.

Figure 4.1: The Neo-institutional theory



Source: Harish, Frank and Christa (2012). Adapted.

Environmental uncertainty and legal compulsion are factors that impose pressure on organisations to meet certain standards. According to the Employment Equity Amendment Act in South Africa, an increase of the penalty from R10 000 to R30 000 is charged depending on whether earlier infringements were committed over a particular time or not (Matyala, 2016). When employers view enforcement mechanisms as weak, the motivation to abide with the law weakens. The magnitude of environmental uncertainty is also of significant influence on institutional pressures that an organisation has to comply with. In the context of South Africa, the Department of Labour of South Africa and the Employment Equity Commission monitor organisations by forcing them to submit their annual reports.

When the organisation contravenes the Act, written undertakings are given to the organisation by the Employment Equity Commission of South Africa. Compliance orders are sanctioned to the organisation when the results from labour inspectors indicate that the organisation fails to meet written undertakings. The Department of Labour's Director-General gives an order for compliance through the Labour Court if the employer fails to abide with compliance orders. Despite publications of the sanctions by labour ministers, employers are found in non-compliance conditions in 2017-2018 (Squire, 2015). Mathapelo (2014) states that the recent amendment to the Employment Equity Act of South Africa intensifies enforcement mechanisms as it increases the non-compliance costs.

However, this does not necessarily mean that these costs are sufficient to create favourable employment equity goals that prompt higher compliance. Adjustment of the penalties covers the weak view of the previous fines by employers, which demotivated them to abide by the legislation. The magnitude of environmental uncertainty also affects institutional pressure compliance. The fact that organisations that fail to comply are publicised and put to shame enforces organisations to comply (Ebrahim, 2018). This move also reduces chances of an organisation to hide behind a shroud of uncertainty.

Secondly, *normative* forces, are the second mechanism that comes into existence as a result of professional standards (Harish, Frank & Christa, 2012). In other words, normative forces are associated with managers' professional norms. In this regard, employees are expected to conform to the expectations as well as norms of a designated profession in respect of EE actions and initiatives. For this reason, organisations tend to follow traditional societal norms that promote discrimination if employment equity compliance is ambiguous. Some organisations resort to manipulative actions aimed at convincing regulators that progression towards employment equity is being made when in actual fact nothing is happening.

The organisation can respond to institutional pressure by defiance, manipulation, avoidance or acquiescence (Hideg and Ferris, 2017). The response is based on the extent of legal coercion and uncertainty within the organisation. However, due to the fact that organisations operate in various organisational fields, institutional forces are less likely to be a fully determinant. Social customs and norms within the community of despising women are entrenched in workplaces where women are less likely to be hired for jobs such as engineers and managers. So it is institutionalised that men are given priority for particular jobs, overlooking women.

Thirdly, *mimetic* forces see organisations imitate other organisations as a way of addressing uncertainties in the environment. In other words, mimetic forces deal with imitations of an inter-organisational nature. Due to high uncertainty conditions, organisations imitate each other. Mimetic forces cause the institutionalisation of the ways of doing certain aspects, which can be absorbed by all employees with the organisation. Organisations emulate one another by responding to institutionalised beliefs, rules and norms, thereby creating organisational isomorphism. Organisations are apt to imitate each other under conditions of higher uncertainty. Historic norms of discrimination within society may be followed if there is any ambiguity in respect of Employment Equity Act compliance (Toit, 2014).

A comprehensive learning and adaptation of the Employment Equity Act facilitates the achievement of employment equity goals. Imitating other organisations that are working towards compliance with the legislation strengthens the desire to meet periodic Employment Equity goals. To some extent, instead of organisations using strategies of complying with the legislation, they are developing strategies to avoid or reduce compliance (Kowalik, 2014). A crucial aspect about

Neo-institutional theory is that it is grounded in environmental influences, for instance similar conditions of other organisation's practices and policies. Despite an increment in the mechanisms of enforcement there is a persistence of imitative behaviour across all job categories. The following section discusses the relationship between the Employment Equity Amendment legislation and business performance.

4.9 CRITICAL EVALUATION OF THE RELATIONSHIP BETWEEN THE EMPLOYMENT EQUITY AMENDMENTS AND BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES

SMCs play a critical role in meaningful reduction of unemployment levels in the Durban economy and South African economy at large. SMCs struggle and encounter many constraints for them to survive, despite the fact that they contribute to global economic growth and in particular prosperity of the South African economy. The prevalence and growth of SMCs in Durban is very low. Considering this current state of SMCs in Durban, it is crucial to scrutinise the impact of EEAA on the performance of SMCs.

The section 6(4) clause was put in place to give effect to the Fila SA (PTY) & Others vs Mangena and others judgement in which the judge cited challenges in the EEA of not having clear clause that specifically deal with 'Equal Pay-for-Work of Equal value' (Mathapelo, 2014). It is also in this context that the legislation should meet International Labour Organisation Convention 100 obligations. Pay reflects on employee's sense of self-worth, hence giving a clear recognition of employees from designated groups, especially women, and maintains equal status amongst employees who are doing the same work in a modern day South African labour market. Equal work-equal pay is believed to be a great catalyst that boost employee satisfaction as employees see that they are fairly treated. Business efficiency and productivity are accomplished through having satisfied employees. In addition, being attentive to both socio-emotional and physiological needs is crucial for employees. A study conducted by Menezes and Kelliher (2017) reports that there is a positive association between individual performance and job attitudes. In another meta-analysis carried out by Hartnell, Ou, Kinicki, Choi and Karam (2019), it was established that there is a positive association between employee satisfaction and profit, productivity, customer satisfaction and sales turnover.

The argument in favour of 'equal pay-for-equal work' must be executed as a social justice concern. It is unfair that an employee who does the same work as others gets less pay merely because the employee belongs to a certain race or sex. Small and medium companies need to recognise certain skills that employees from designated groups possess and address discriminatory underpayment tendencies by offering fair compensation. There is a strong argument that the insertion of section 6(4) and 6(5) that focus on equal work equal pay in the EEA contributes directly towards the increment of salaries of the employees from historically disadvantaged groups in South Africa. This can remedy the under-valuation of Black employees' work and effort. This is usually prevalent in SMCs where they usually do not pay much attention to pay structures.

Normally, incorrect assumptions that are obtained from historic and social norms cause the under-valuation of female employees. Gender discrimination and disparities are still dominant in pay structure. Black employees experience greater proportions of segregation of occupations in terms of pay. Women would gain from the provision of 'equal pay-for-equal work', which may result in pay increases in occupations they occupy. The provision of 'equal work-equal pay' also builds a more inclusive context for employees doing the same work and hence stimulates productivity. This aligns with the International Labour Organisation Convention Concerning Equal Remuneration for Men and Women Workers of Equal Value (No 100) and the United Nations Convention on the Elimination of (All Forms of) Discrimination against Women. A research conducted by Henrico (2015) on discrimination at the workplace revealed that the ILO plays a crucial role in shaping the way in which national legislation explains the right not to be unfairly discriminated against and the right to equality.

However, equal work-equal pay can be too expensive for SMCs, which may force employees to be relieved from their duties and hence result in higher unemployment rates. Higher unemployment rates come when SMCs are compelled to pay non-discriminatory rates to employees and they fail to afford the same numbers of employees. In this case, SMCs are forced to cut the number of employees to remain with fewer employees that are affordable. Most SMCs struggle to bear the cost of wage adjustments. This negatively affects the business performance as well as the entire economy at large as the overall cost of adjusting pay is unsustainable. In addition,

unjustified discrimination in the amendment of EEA includes the differences in employment conditions and terms amongst or between employees of the same organisation doing similar or identical work or equal value work, which is indirectly or directly grounded on one or more aspects stipulated in sub-section (1). The provision adversely influences employment numbers as the employer, especially in SMCs, may not have enough money to increase salaries of some employees to match that of others. Although 'equal pay-for-equal work' is seen a major setback that brings critical drawbacks of higher unemployment and is unmanageable, the evidence to back up these contentions is very little and they are over-stated. Studies conducted overseas in respect of the implementation of equal work-equal pay found that it is manageable, without significant long-term or short-term costs. A research conducted by Ebrahim (2018) focused on equal pay revealed that although equal pay for equal work is not complicated to grasp, it remains very complex to prove.

Criticism emerges about job evaluation systems for evaluating the work of the employee in order to meet the provision 'equal pay-for equal work'. Generally, the evaluation of work is procedurally complicated and unavoidably subjective, hence it is difficult to remove bias. Moreover, the highest criticism levelled against systems of job evaluation is that there is no accurate standard that is universally set and agreed upon job evaluation system to use. Tools that are used when evaluating a job differ highly from one job to another. There is a high complexity in measuring the worthiness of the job, such that even experts argue with each other as to which criteria and what system to utilise. Even though similar types of factors such as responsibility, training, working conditions, skills and experience are utilised globally, the weighting of points to these factors differs based on the job evaluation system tools being utilised. Those tools peg points for occupations which are completely different, such as an accountant versus a technician. The trick about this is that there is neither wrong nor right answers to the decisions. As a result, high levels of subjectivity are inevitable. Subjectivity triggers various schemes of job evaluation as 'unreliable and arbitrary' since the identical nature of work can be differently rated under varied schemes. Hence, job evaluation cannot be treated as a science of rationality since it is impossible to establish the value of the work objectively. Small and medium companies may find job evaluation schemes highly

expensive and complicated since in some instances they are required to hire experts for the compilation and assessment of the information.

However, the job assessment scheme does give consistency to the manner in which different jobs are analysed, utilising the same criteria. Those evaluations are merited for being transparent in the sense that entire parties are made of why, as well as how, the job is rated. Job evaluation itself does not accomplish change, but is a vehicle through which an anticipated transformation can be accomplished. Although it is commonly accepted that not all job evaluations systems succeed in addressing bias, they contribute towards a reduction in pay discrimination and significantly improve earlier job evaluation systems.

Regulation 5 points out the assessment methodology for an equal-value claim as follows: (i) it should be determined whether the job under scrutiny has an equal value; (ii) existence of the differences in employment conditions and terms should be established; and (iii) thereafter, it should be determined whether it constitutes unfair discrimination. Regulation 6 stipulates the criteria for determining whether the job is of same value. Regulation 6(1) sets out that the jobs concerned should be objectively assessed taking into consideration: a) the conditions under which the job is done, encompassing psychological conditions and physical environment; b) mental, emotional and physical effort needed to do the job; c) experience, prior learning, skills and qualifications; d) the responsibility of the job demanded; and e) any other relevant factor.

It is crucial for employers to foster a conducive work environment with non-discriminatory pay structures that stimulates increased employee satisfaction levels. This is due to the fact that employee satisfaction has a stimulus effect on employee confidence, which results in quality improvements of outputs as well as an increase in productivity (Booyesen & Nkomo, 2014). Satisfied employees perceive that the firm will be more satisfying in the long-run, hence employees care about the work quality. Employees who are satisfied are more committed to the company, resulting in the establishment of Organisational Citizenship Behaviour. Dissatisfied employees always have a mental and physical problems that affect them. Therefore, the overall performance of the organisation deteriorates, as the greater part of the time of production is lost because employees are not fully giving their attention to work. This signifies the worthiness of employees

within organisations, since employees are the key promoters of the excellent performance of the organisation.

Cross-fertilisation of ideas take place when people from previously disadvantaged groups work together with people from previously advantaged people, which brings innovation and creativity. Different backgrounds of knowledge of employees from various groups bring a multitude of skills and innovation. A research conducted by Tuan, Nhan, Giang and Ngoc (2016) on firm performance in Hanoi, Vietnam surveyed 150 respondents and the results indicated that innovation has positive relationship with firm performance. Employers and employees of small companies should work together, especially in times of uncertainty, so that they gain advantages of innovation. A study conducted by Hilman and Kaliappen (2015) on innovation surveyed 475 managers in Malaysia and revealed that both strategies of service and product innovation positively aligned to business performance. Every small company that focuses on innovative activities enjoys a large market share. Higher levels of innovation are experienced in smaller companies than big companies.

However, employees from designated groups suffer lower knowledge levels and most SMCs do not have a proper mechanism of knowledge transfer. A research conducted by Mubarik, Chandran and Devadason (2018) on human capital and the results revealed that experience is more important than qualification and education. The main drivers of productivity and profit in smaller businesses are employees. Even the impulse in product innovation and quality activities that perhaps increase smaller companies' profits comes from the brains of employees. It is doubtful if this can happen without big brains. Without skilled employees, even sales growth will dwindle. A research conducted by Rangriz and Soltanieh (2015) on organizational effectiveness surveyed 58 managers and the results revealed that managerial competencies and organizational capabilities significantly contribute to the organizational effectiveness. However, non-designated groups that incorporate whites, South African permanent residents and foreigners feel alienated due to affirmative action's enforcement, which portrays a permanent nature. This feeling compromises production and results in retarded performance. This is in line with a study conducted by Hideg and Ferris (2014) on EE policies surveyed 81 respondents which found that non-beneficiaries view EE policy as a threat.

In addition, powerless feelings permeate their minds as employees experience low possibilities of favourable future, hence they are likely to leave to other countries where they can fulfil their aspirations. This drains the already dilapidated skilled labour force, hence negatively affecting the performance of most businesses, particularly small and medium companies. A research conducted by Sajilan, Tehseen and Adeyinka-Ojo (2016) focused on business performance of SMEs in Malaysia utilising content analysis and found that due to inadequate competencies among SMEs, very few succeed and most of them are at the verge of collapse. The exclusion of South African permanent residency and foreign nationals from benefitting from affirmative action does not mean that they can be unfairly discriminated against since all employees in South Africa are entitled to have protection against unfair discrimination.

As a result of EEA amendments, most foreign-owned small and medium companies relocate to other better countries. In addition, some foreign experts leave because of poor prospects of growth. South Africa is already short of skilled and scarce jobs. A study carried out by Frans, Elize and Hendrik (2014) on performance measurement in SMEs in South Africa surveyed to 1495 accountants registered with SAIBA found that inadequate skills and knowledge of SME managers is the main cause of their failure. For this reason, the application of affirmative action is a luxury that cannot be afforded in this current situation of abundant poorly skilled personnel. Zondi (2017) believes that the economy's growth ceiling comes as a result of its skill ceiling. The issue of shortage of skills is burdening small and medium companies, especially when coupled with employment equity law enforcements. A survey conducted by World Bank Enterprise (2014) revealed that majority of developing countries' SMEs approximately 20-40% encounter the challenge of unavailability of suitable skills which impedes their meaningful development.

The aspect of bringing compliance certificates fast-tracks enforcement of the provisions as the current legislation is cumbersome and takes too long. Reports help to get a compliance certificate which is advantageous in bidding contacts. However, most SMCs do not have adequate knowledge

about the EE reports hence they source the service from consulting firms, which is expensive. A study conducted by Bruhn, Karlan and Schoar (2018) on impact of consulting services to SMEs in Mexico surveyed 432 respondents. The data gathered from the survey found that although the consulting services are expensive they contribute to productivity of SMEs. This is because many managers in SMEs lack skills in dealing with heavily cumbersome regulatory and legal framework. The increase in the number of reports adds an administration burden for small and medium companies. However, the forms for reporting were reduced from 23 forms to 12 forms. The findings of the study carried out by Bouazza, Ardjouman and Abada (2015) on factors that affect growth of SMEs in Algeria revealed that a manager in SMEs play multi-functions roles of marketing, accounting, production and procurement. Hence increase in reporting in the amendments to EEA bring more heavy burden to them which distract them from formulating good strategic plans for the growth of the business. The replacement of 36(1) from ‘must’ to ‘may’ provides flexibility to inspectors to exercise discretion in the matter and is a way of strengthening enforcement.

However, this is seen as an avenue for breeding corruption. Penalties linked to turnover threaten the financial viability of the business. These penalties drain the already over-strained financial coffers of SMCs. A study carried out by Ahmedova (2015) on competitiveness of SMEs revealed that 86% of SMEs have insufficient financial resources to invest in their operational activities. However, the enforcers indicate that a penalty linked to turnover is highly effective as compared to other sanctions as employers who abide by the legislation fear nothing about it. A report compiled by Heerden (2015) on employment equity reports in South Africa indicates the EEAA increased the scope of the penalties that may be enforced on an employer who fails to abide by its reporting requirements. Similarly, a report compiled by Johane (2017) on workplace inequality revealed that organisations that fail to prepare EE plans face the wrath of the law. In the same report, six organisations were named and shamed for providing wrong information.

The extension of unfair discrimination to incorporate ‘any other arbitrary grounds’ promotes an outstanding internal working environment without unfair discrimination which usually leads to satisfied employees who in turn are capable of giving customers exceptional service. In this case,

customers value and recognise the excellent service given to them, which lead to increased referrals and repeated purchases (Odoom, 2016). Satisfied employees create loyal and satisfied customers, which results in the superior performance of the organisation. A study carried out by Bakotić (2016) affirms that there is a positive association between employee satisfaction and the financial performance of a business. In contrast, employee dissatisfaction that comes as a result of harsh workplace environments can cause a decrease in productivity, leading to lower company performance (Hammer & Avgar, 2017). Hence, it is crucial for small companies in the service industry to direct adequate resources towards employee satisfaction. Effectiveness includes doing the right things with the right quality at the right time.

Zablah, Carlson, Donavan, Maxham III and Brown (2016) point out that happy workers tend to provide multiple customer satisfaction, which in turn leads to positive performance in the organisation. Lu, Lu, Gursoy and Neale (2016) support the preceding assertion and reiterate that employee performance has a significant positive association with competitive advantage and overall organisational performance. Hence, employees with higher satisfaction are important in influencing the performance of the organisation. This implies that strategic ways of managing performance should be treated and viewed as continuous, long-term mechanisms that enhance organisational success and guarantee that strategic thrust is sustained.

However, the extension of unfair discrimination to incorporate ‘any other arbitrary grounds’ in the new amendments to the Employment Equity Act is vague as it opens the flood-gate for litigation. Generally, this adversely affects overall performance businesses spend much time dealing with multitudes of discrimination, especially SMCs which in most cases are incapable of hiring a full employed industrial relations specialist to handle such matters. This also promotes uncertainties at the workplace, thereby compromising the productivity of the workforce. The discretionary power given to the Minister in issuing a regulation setting-out the methodology and criteria for the assessment of jobs of the same value was in line with section 6(4). There is an infringement of free negotiation between unions and employers where arrangements of a specific workplace are discussed, rather than having all the powers in decision-making centred on the Minister.

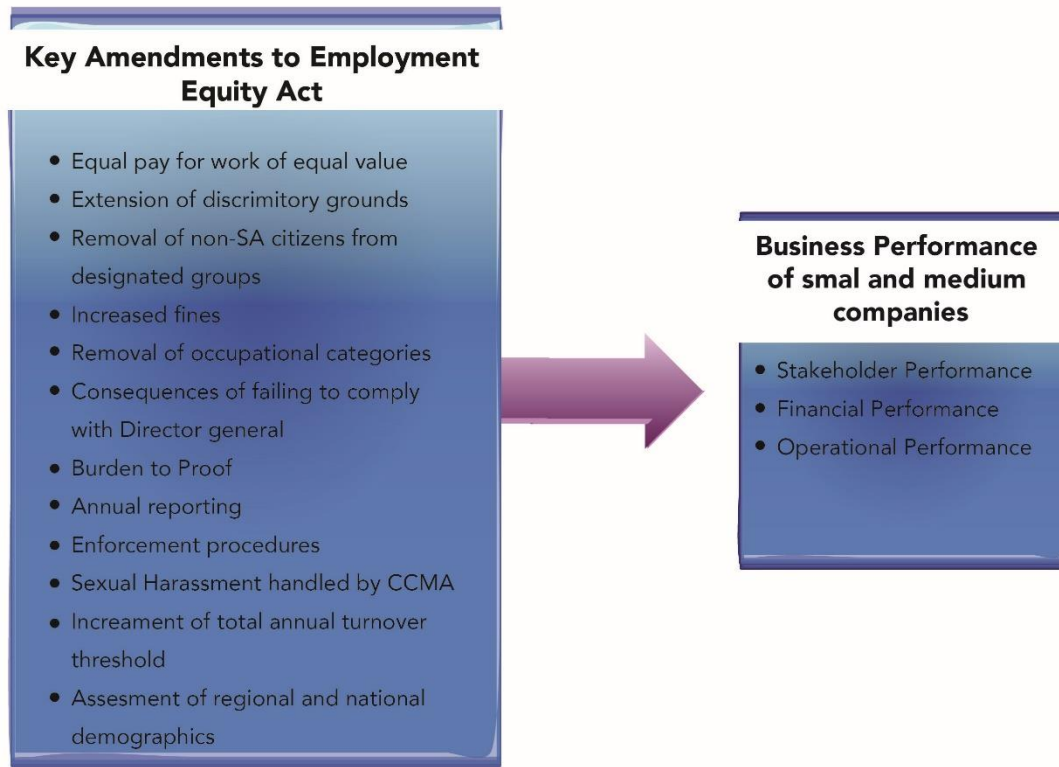
Before the amendment of section 10(4), disputes were unilaterally referred to the Labour Court after unsuccessfully conciliation (Mathapelo, 2014). Upon consent by all parties, disputes may be

referred to the CCMA. Contrary to the previous procedure, in the new amendment, employees who earn below the threshold pegged by the Minister can unilaterally refer disputes to the CCMA. The amendment is seen as a danger to SMCs as most employers are caught unaware because most employees are silently lodging their dispute with the CCMA without the employer's knowledge. This adversely affects mostly small and medium companies as most of their employees earn below the threshold stipulated by the Minister. Hence, small and medium employers spend most of their much needed time attending CCMA cases which would have been resolved within the company had the employer known about the employee's decision. This adversely affects production and subsequently the overall performance of the business. The insertion of sub-section 6(5) is seen as placing more power with the Minister, which may result in an abuse of power as the Minister put in efforts to resolve anomalies in income differentials. However, the court of law is available to handle any abuse of power by the Minister.

Section 8(d) does not clearly state the kinds of similar assessments that should be HPCSA-certified. Not all tests and assessments can be certified by the HPCSA, for example competence tests that reflect the NQF. One may argue that the amendment does not specify the other body that should be delegated or appointed by the HPCSA "or any other body appointed or delegated by the Health Professions Council of SA to have tests or assessments certified". The clause referring claims of unfair discrimination to the CCMA was inserted for the protection of vulnerable group's Constitutional right of equality by which everyone has accessibility to justice without shouldering the burden of the Labour Court legal cost. Vulnerable employees who fall below the threshold of the BCEA are entitled to refer all claims of unfair discrimination to the CCMA. Due to high rates of sexual crimes, sexual harassment is elevated to the same level as unfair discrimination.

Before the amendment, it was mandatory to take into consideration all the factors that establish whether the employer adheres to the law or not. Under the new amendment to section 42(1), some factors were removed, but there is an outcry that those that were not removed are only serving as guidelines and they lose status. This opens the door for dramatic increases in race-based employment formula enforcement. The right to objection is removed for the facilitation of fast enforcement of the provisions via the Labour Court. The following diagram (Figure 4.2 shows a proposed integrated model of employment equity amendments and business performance

Figure 4.2: Proposed integrated model of employment equity amendments and business performance



Source: Researcher's own (2020).

The literature review revealed much criticism of employment equity amendments, not supported by evidence, purporting to negatively impact the business performance of small and medium companies. However, Booysen and Nkomo (2014) state that it is common that labour environment intervention is normally met with resistance, hence fear must not permit persistent exploitation, marginalisation of historically disadvantaged groups and continued unfair discrimination at workplaces. This study will exhaustively examine the actual impact of employment equity amendments through analysing the empirical evidence which will be obtained from the primary data. The degree to which each section of the Employment Equity Act that was amended in the EEAA No. 47 of 2013 (Figure 4.1) impacts business performance of SMCs will be tested and scrutinised.

4.7 CONCLUSION

One may conclude that the concerns voiced towards anti-discrimination initiatives on the grounds that it spells economic and financial ruin is misleading, as these initiatives bring longer term social good while sacrificing short-term price. However, for establishing the impact of amendments to employment equity on business performance in Durban, Chapter 6 will summarise the entire empirical evidence of relationships that form a base of convincing body of research. The next chapter discusses the methodology of this study.

CHAPTER FIVE

RESEARCH METHODOLOGY AND DESIGN

5.1 INTRODUCTION

Bryman and Bell (2015) define research as the process of developing that which is not in existence today, or as answering unanswered questions. According to Flick (2015), research entails the process of using scientific methods to broaden the knowledge of a certain field. Research methodology denotes a manner of resolving research problems logically, or conducting research scientifically (Sekaran & Bougie, 2014). The purpose of a study is to find and give answers to the research study's questions. The fundamental purpose of research design is to structure and plan a research study in such a manner that the validity of the findings of the research is maximised. The processes conducted in collecting primary data are discussed in this chapter and are all directed by the research objectives. This chapter discusses the methodology used in this research undertaking.

The current chapter covers aspects that encompass the population, research design, data collection method, data analysis, sampling technique and research instruments. To reiterate, this study seeks to examine the impact of employment equity amendments on the business performance of small and medium companies in Durban. In this study, the 'Employment Equity amendments' is the dependent variable, whilst 'business performance' is the independent variable. An independent variable is a factor measured and observed to check its influence on the dependent variable. A dependable variable denotes a factor manipulated and varied deliberately in order to determine its connection with the independent variable. The following section outlines the research objectives of this study.

5.2 RESEARCH OBJECTIVES

The research methodology chosen for the study was derived from the study's objectives, namely:

5.2.1 PRIMARY OBJECTIVE

- To ascertain the extent to which the new employment equity amendments affect the business performance of small and medium companies in Durban.

5.2.2 SECONDARY OBJECTIVES

- To explore the perceptions of industrial relations personnel in small and medium companies in Durban on the new amendments to employment equity;
- To examine the business performance challenges associated with new amendments to employment equity for small and medium companies in Durban;
- To investigate the factors influencing the business performance of small and medium companies in Durban in relation to new employment equity amendments;
- To develop a model that helps track and monitor the impact of the new amendments to employment equity on the business performance of small and medium companies in Durban;
- To explore the application of regional and national demographics within the employment equity context of South Africa;
- To establish the improvements made by small and medium companies in Durban to align with the new amendments to employment equity; and
- To critically analyse how the new amendments to employment equity can be implemented without affecting the business performance of small and medium companies in Durban.

5.3 PRINCIPLES OF RESEARCH METHODOLOGY AND DESIGN

The research design provides a framework for the researcher to follow so that acceptable and coherent conclusions are drawn from the research findings (Adams & Lawrence, 2015). Research design stands as a chief plan that identifies the procedures and methods for data collection and analysis. Different research designs are discussed below, before this study contextualises the research design adopted by the researcher.

5.3.1 RESEARCH DESIGN

This study adopted the exploratory research design. There are several types of research design. The researcher explains the main types of research design as ethnographic, exploratory, action and descriptive research designs (Brynard, Hanekom & Brynard, 2014). Exploratory research

addresses all types of research questions and is used when problems are at an initial stage. *Ethnographic* research relates to the study of the behaviour of a human. The research centers on showing the real culture of the participants. The *action research* design involves the application of skills to diagnose changes of action and to constantly evaluate research in a cyclical manner. Additionally, the *descriptive research* design depicts the real picture of the situation where the collection of data can be administered by the researcher. The descriptive research design gives baseline knowledge where in-depth information is required about a phenomenon (Carrie & Kevin, 2014). In some cases, a descriptive research design is used to provide a classification of the characteristics of a phenomenon.

The descriptive research design creates an information base to assist the researcher to design analysis, measurements and data collection procedures. According to DePoy and Gitlin (2015), descriptive research focuses on describing situations and people. Data from descriptive research can take either a quantitative or qualitative form. The descriptive research design is viewed as fact finding that establishes the truth. Harney and Monks (2014) postulate that the descriptive research describes the current state of the phenomenon through the determination of prevailing attitudes, conditions, practices, as well as searching for suitable descriptions of an activity.

5.3.2 RESEARCH APPROACHES

This study utilised a mixed methods approach in order to increase validity. For the purpose of this study, the mixed methods research design was utilised adopting concurrent triangulation. The Mixed research methodology was applied to the research question from various perspectives, as well as for ensuring the non-existence of gaps in the collected data. Lampard and Pole (2015) point out that mixed research, qualitative research and quantitative research are the three well-known and recognised approaches for a research design. Qualitative research is carried out in a natural setting, usually involving the adoption of a broad and complex picture of a certain phenomenon (Wilson, 2014). According to Scheyvens (2014), quantitative research is an investigation into an identified problem, mainly centred on theory testing which is calculated with figures and analysed using techniques of a statistical nature. Mixed methods research utilises both research methods, namely quantitative and qualitative, in the same research project in order to corroborate and have a comprehensive understanding of the study. This study utilised a mixed methods approach because it generates adequate information that answers the research objectives of the study. A

research study can use different types of mixed methods, namely concurrent triangulation, sequential explanatory and sequential exploratory (Bell & Water, 2014). Concurrent triangulation involves carrying out quantitative and qualitative methods at the same time, which results in triangulation (Rubin & Babbie, 2016). According to Lampard and Pole (2015), triangulation involves a scenario of having a report of results from multiple sources. The sequential explanatory method denotes following a sequence of carrying out quantitative research, then later qualitative research. The sequential exploratory method focuses on carrying out qualitative, then later a quantitative method.

5.3.2.1 The qualitative research design

Qualitative research is developed to explain people, events, as well as matters aligned with people through scientific applications (Creswell, 2014). It does not rely on data that takes the form of numerics, although it can utilise quantitative techniques and methods. Qualitative research is usually used when the researcher is building the theory, as well as when conducting research topics associated with ethnography, case studies and grounded theory. Lampard and Pole (2015) posit that qualitative research involves a comprehensive examination of the knowledge pertaining to some facets of social life. The use of qualitative research generates data in the form of words rather than numerics for analysis. Qualitative research is usually recognised by the procedures of data gathering and the types of research instruments used.

Qualitative research usually utilises in-depth interviews, open-ended questionnaires, participant observation and ethnographic studies. The research instrument for data collection allows flexibility for the researcher. According to Gray (2017), the major characteristics of qualitative research that reveal the flexibility, variety and naturalism are as follows:

- Oral words that include monologues, conversations and sentences;
- Field notes recorded by interviewers and observers from participants who engage in interviews, meetings or any life incidents;
- Recorded narrative stories and life histories in the form of oral or transcribed;
- Words written in letters, journals, scripts, books, autobiographies, historical documents and official reports; and

- Visual observations in the form of still pictures, videotapes as well as any other expression of a model, such as modes of dress, facial expressions and physical representations.

5.3.2.2 The quantitative research design

The quantitative part of the research method is best suited for correlational research and hence enables the researcher to either reject or accept the research hypotheses. According to Adams and Lawrence (2015), quantitative research refers to the objective and systematic process of utilizing numerical data from the selected sub-section of the universe in order to make a generalization of the findings to the population on which the study is being conducted. Quantitative research deals with phenomena that can be calculated and counted. In some cases, it focuses on determining the association of two variables by selecting a sample of the target population in order to guarantee its representativeness. Sekaran and Bougie (2014) highlight that one of the major critical disciplines of quantitative research is the utilization of statistics to explain and process data, as well as summarising the findings. In simple terms, quantitative research relates to statistical analyses and systematic measurements.

Quantitative research explains, describes and predicts data using mathematical and statistical methods. It is usually used for testing models. Quantitative research requires methods such as surveys to explain and describe the phenomena. The methods encompass techniques such as investigations, preliminary, questionnaires and quantitative analysis. Bell and Water (2014) state that quantitative research is highly pre-determined, fixed, rigid and structured to promote the reliability and validity of information. The main characteristics of quantitative research are namely objectivity, hardness, hypothesis testing, fixed, value-free and abstract. The purpose of this research study is to examine the impact of employment equity amendments on business performance through the use of numeric and statistical tests.

Statistical-testable samples and hypothesis testing are aspects that fall under a quantitative research design, measuring the relationship between employment equity amendments and business performance. For this study, the quantitative research design measures how the independent variable, *Employment Equity amendments*, influences the dependent variable, *business performance*. The quantitative research design relies on deductive logic, not inductive logic (Bryman & Bell, 2015). Moreover, it is emergent and flexible in nature.

5.3.3 STUDY SITE

The study site relates to the physical place at which the research study is carried out for the purpose of gathering the data (Heerden, 2015). For this study, small and medium companies registered with the DCCI is the study site. All small and medium companies situated in Durban Central, Durban North, Durban North-Central, Durban South, Durban South-Central, Durban Outer West, as well as Durban Inner West (Figure 5.1) was incorporated into this study. The researcher focuses on this province only because the DCCI where the researcher gained access to details of a database of registered SMCs is located in Durban. The researcher focused on Durban because it is experiencing a low growth rate of SMCs (State of the eThekweni Economy 2016/17). Generally, there is a poor growth rate of SMCs, with uncertainties within laws and regulations being the key cause in particular the EEAA. The Durban economy is characterized by a low growth rate of SMCs and high unemployment (Merchant, Kumar & Mallik, 2018). There are structural problems within the Durban economy as most of the people are unemployable because they lack the critical skills required (Lekhanya, 2015). In addition, it is convenient for the researcher to carry out the research within the city. It is also important to consider the contribution of small and medium companies to the National Development Plan (NDP) 2030, which clearly highlights that South Africa is required to craft policies that promote the acceleration of economic progress and growth. The NDP states that small and medium companies are more likely to create more jobs in the short to medium-term, provided that the policies are conducive for their operation. Therefore, government policies and laws need to be examined in order to give adequate support and remove unnecessary barriers that impede the existence and growth of SMCs in South Africa, in particular in the city of Durban.

5.3.3.1 The structure of Durban

Durban is one of the big cities in South Africa and it has an approximate population of 3.1 million people (Durban population, 2020). It covers over 2 297 km², this encompasses the coastline stretch of 98 km. Durban is the city within the metropolitan area called eThekweni.

Figure 5.1: Durban map



Source: Durban map (2013). Adapted.

5.3.4 TARGET POPULATION

According to Creswell (2014), the target population is referred to as all elements that meet the research criteria from which a sample is selected. The total units targeted to undergo investigation by the researcher is known as the population. The elements normally have varying characteristics. For this study, the target population constituted all 550 industrial relations representatives (either industrial relations managers or industrial relations officers or any industrial relations assistants) in small and medium companies across all industries in Durban that were registered under the DCCI. Since there were no records of databases with all the SMCs in the Durban area, a sampling frame that constituted all SMCs in Durban that subscribed to membership with the Durban Chamber of Commerce and Industry (DCCI) was utilised. A total of 550 SMCs located in Durban were identified from DCCI's directory and database for the year 2017/2018. From the database of the Durban Chamber of Commerce and Industry of 2017/2018, 550 SMCs were identified as being

located within Durban area, with not less than 50 and not more than 200 employees. In this study, the number of employees was used to determine whether or not the employer qualifies to be a designated employer. 'Designated employer' refers to an employer who is obliged to abide by the provisions of the EEAA. In terms of EEAA, the employer should have at 50 employees and above to qualify to be a designated employer. Due to a lack of information on the financial data of the companies, the researcher did not use financial turnover as a determinant in identifying the designated employers. Hence, in this study, the companies in the target population have not less than 50 and not more than 200 employees. A sampling frame was consisted of all small and medium companies that have not less than 50 and not more than 200 employees that are members of the DCCI.

For the qualitative part of the study, since industrial relations representatives have adequate information in respect of the employment equity amendments and business performance, 550 industrial relations representatives made up the target population. Therefore, in this study, the target population for the qualitative analysis is the same as that of the quantitative part of the study. The chief question in purposeful or theoretical sampling is 'which group of respondents has sufficient knowledge of phenomenon under this study?', which informed the choice of sample.

5.3.5 THE SAMPLING STRATEGY

A sampling strategy may be non-probability or probability, or both. Both non-probability and probability sampling were utilised because the researcher sought to lessen bias in selection and needed to conduct statistical inferences from the data. Under the probability sampling approach, a simple random sampling technique was employed to select a sample in which computer generated random numbers were utilised in selecting the sample. According to Carrie and Kevin (2014), a simple random sampling technique selects a particular sample size with minimal chances of bias. Under the non-probability sampling approach, theoretical or purposeful sampling was adopted. According to Gray (2017), theoretical or purposeful sampling relates to elements of the population that are chosen to form a sample simply because they are most likely to be informative and knowledgeable about the phenomenon under investigation by the researcher. The purposive sampling method was utilised to choose the respondents. The key purpose of purposive sampling is assumed logically as being representative of the population. Another reason is that this group has a better understanding of the aspects of employment equity amendments. The sampled

respondents have adequate information that can assist the researcher in respect of the research topic. According to Carrie and Kevin (2014), sampling refers to the process of choosing the objects or individuals who represent the whole population from a sampling frame. According to Bryman and Bell (2015), a vital requirement of an excellent sample is the equivalent opportunity of inclusion of each unit in the target population. Non-probability sampling and probability techniques are two major sampling methods.

Probability sampling relates to the manner of picking representative samples from the large population (Carrie & Kevin, 2014). There are four key techniques of probability sampling designs, namely cluster sampling, systematic sampling, simple random sampling and stratified sampling, (Sekaran & Bougie, 2014). Flick (2015) describes *simple random sampling* as usually being utilised when the population is believed to be comparatively standardized with regard to the questions of interest. In *stratified sampling*, initially the target population is divided into uniform categories known as strata in which a sample is selected from the strata using simple random sampling (Carrie & Kevin, 2014). *Systematic sampling* relates to the process of selecting every nth element to form a sample from a sample frame (DePoy & Gitlin, 2015). *Cluster sampling* relates to the procedure in which elements of the target population are not independently sampled, rather they are sampled as cluster groups (Bell & Water, 2014).

Non-probability sampling refers to any sampling technique in which the sample items are selected without the determination of chance, but rather by expert judgement, personal convenience or any other kind of sensible selection that may be deemed appropriate by the researcher (Carrie & Kevin, 2014). The elements of the population in a non-probability sampling design have no equal selection opportunities (Lampard & Pole, 2015). In non-probability sampling, the population under study cannot be statistically represented and no conclusion can be drawn from the results. The selection of the sample in non-probability sampling is not necessarily based on the idea of getting a population's statistical representation (Creswell, 2014). Hence, the probability of an element being chosen within a population is unknown. The non-probability sampling techniques are:

- Convenience sampling;
- Quota sampling;

- Self-selection sampling;
- Purposive sampling; and
- Snowball sampling.

Convenience sampling relates to the selection of a sample mostly due to its easy accessibility and the representativeness of the interested population (Scheyvens, 2014). Convenience sampling is a sampling technique in which the respondents are selected on the grounds of their accessibility and availability to the researcher. *Judgmental sampling* relates to the deliberate selection of items from the population on the grounds of the judgment and experience of the expert in that particular field (Flick, 2015). According to Carrie and Kevin (2014), *quota sampling* refers to the stratification of big numbers of variables of demographics in order to come up with a sample of respondents from small specified sub-groups. Normally, biased selection and non-representation of the population result from non-probability techniques.

5.3.6 SELECTION OF THE SAMPLE

According to Adams and Lawrence (2015), a sample size is defined as the number of members or units that are selected in the study. The final sample of the research study should begin with the population identification in which the survey is conducted. General population denotes the total elements of the research, whilst survey population refers to the aggregate elements from which a sample is picked (Bryman & Bell, 2015). A sampling unit is an entity on which the survey focuses. For the quantitative part of this study, the researcher utilises simple random sampling because each element in the population has the same opportunity of being selected to make-up the sample. In addition, simple random sampling was utilised because it is the cheapest and easiest method to carry out the study. Simple random sampling without replacement was utilised because it is a fair technique for selecting a sample without any bias as each unit within the population has an equal chance of being chosen. The sampling frame was the list of small and medium companies obtained from the DCCI, where every unit of analysis was listed once only. For qualitative part, theoretical or purposeful sampling was adopted in which industrial relations representatives were chosen to form a sample simply because they are most likely to be informative and knowledgeable about the phenomenon under investigation.

The sample of the study was drawn from the DCCI database, which has all registered small and medium companies. In accordance with a sample size table developed by Krejcie and Morgan (1970), as cited in Sekaran and Bougie (2014), a sample size of 226, Table 5.1, should be utilised for a target population consisting of 550 elements/units. Through the application of this table, a sample size of 226 was recommended for a total population of 550 members.

Table 5.1: Population and sample size

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	356
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10 000	370

150	108	750	254	15 000	375
160	113	800	260	20 000	377
170	118	850	265	30 000	379
180	123	900	269	40 000	380
190	127	950	274	50 000	381
200	132	1000	278	75 000	382
210	136	1100	285	100 000	384

N = Population size S = Sample size

Source: Krejcie and Morgan (1970)

The sample selected produced statistical results that are of high significance for generalisation. The sampling frame was the list of all 550 small and medium companies from the DCCI's head office in Durban, in which each unit of analysis is only listed once. Computer-generated random numbers were utilised in selecting the sample. The selection of the sample was performed by computer-generated random numbers. Should any numbers be repeated, those numbers were not considered. Only one of the aforementioned people per company was asked to complete the questionnaire. However, since concurrent triangulation was adopted, the same sample of industrial relations representatives of small and medium companies registered under the DCCI were chosen for both quantitative and qualitative methods in which each selected company had only one respondent.

5.3.7 SAMPLE

A sample is a small portion of members selected from the whole population to participate in the study (Gray, 2017). The sample of 226 industrial relations representatives (either industrial relations officers or industrial relations managers or human relations administrators or industrial relations partners or any industrial relations assistants) of small and medium companies registered with the DCCI were chosen, in which each selected company should only have one respondent. Since concurrent triangulation was adopted, the same sample of 226 industrial relations representatives of small and medium companies registered under the DCCI were chosen for both quantitative and qualitative methods in which each selected company had only one respondent. Therefore, a sample of $n=226$ was considered to be appropriate for both quantitative and qualitative methods.

5.3.8 DATA COLLECTION

Data collection has two main sources, namely primary data and secondary data. Gray (2017) states that Secondary data relates to the published summaries performed for other purposes by some researchers. Primary data refers to the data gathered by the researcher for the particular purpose at hand (Bell & Water, 2014). For this study, a questionnaire was employed as a research instrument to gather primary data. The questionnaire was designed utilising both open-ended and closed-ended questions. A Likert scale was utilised in order to solicit the respondents' perceptions and judgements, as well as to apply analytical statistical tools. The questionnaires were sent via email to the respondents. A letter of consent and information was enclosed when the questionnaire was sent. Clear instructions were also contained in the questionnaire. Participation in the study was voluntary. DePoy and Gitlin (2015) state that the necessary steps must be taken to increase the number of respondents who return the questionnaires. In this study, the sample respondents selected were constantly reminded to complete the questionnaire.

For this study, a mail online survey technique was employed in collecting data. The method of collecting data utilised in the research differs based on nature of study, as well as the discipline in which the study is being carried out, but honesty and accuracy in collecting the data remain the same. The main techniques of collecting data are mail online surveys, telephone interviews and the personal method (Flick, 2015). The *telephone interview* entails the situation whereby sample respondents are telephoned, usually by trained interviewers, to collect data on the interview questions (Creswell, 2014). The *mail online survey* denotes the use of the web/internet in which questionnaires are sent via the email of each respondent and the respondent completes their responses online (Gray, 2017). The *personal method* relates to the face-to-face method of collecting data from participants. A *personal interview* is a typical example of the personal method whereby the researcher gathers the information personally from the respondents through direct interviews (Adams & Lawrence, 2015). Each of the methods has merits and demerits.

5.3.8.1 Primary data collection

Closed-ended and open-ended questionnaires were utilised by the researcher to look for answers to the research objectives, through posing questions relevant to the subject. The questionnaires were sent to industrial relations representatives of the SMCs. The self-administered questionnaire

were emailed to 226 industrial relations representatives situated in the Durban area. Flick (2015) highlights that questionnaires and interviews are the two most common primary data collection methods. Primary data is collected in person by the researcher or obtained through observing directly the phenomena under investigation (DePoy and Gitlin, 2015). Primary data is usually obtained when the researcher has an insight about the problem through the review of secondary data or through examining previous data collected. All research is generally concerned with obtaining answers to questions. For an empirical investigation, structured closed-ended questions are the first point of departure as a primary source. Primary data is gathered for a particular reason and the researcher has control over the entire process. Bryman and Bell (2015) state that primary data is gathered when the researcher embarks on field work or empirical research. Primary data is costly to gather and usually takes a longer period to process.

5.3.8.2 Secondary data collection

According to Adams and Lawrence (2015), secondary data refers to the collection of data which already exists in the field of study. Secondary data saves time as compared to primary data, as it is acquired from case studies, literature reviews, published texts, accredited journals and the internet (Bryman & Bell, 2015). Secondary data refers to the data available from other sources (Gray, 2017). This data is cheap and accessible as compared to primary data. Although secondary data does not consume money and time, the researcher needs to be selective when incorporating this data.

5.3.9 RESEARCH INSTRUMENT

The key aim of the current research is to investigate the impact of employment equity amendments on the business performance of small and medium companies in Durban. The study instruments that are usually utilised for the collection of primary data include documentation, standardised tests, interviews, questionnaires, observations and interviews (Adams & Lawrence, 2015). For this study, the questionnaire was developed to gather the primary data. The web-administered survey was utilised in this study. Sekaran and Bougie (2014) describe a questionnaire as a document that has questions crafted to solicit suitable data for analysis. It may be used to generate data of a qualitative and quantitative nature. A questionnaire is one of the measuring tools used in the collection of data for this study, the purpose of which is to set a guide to the entire process. The closed-ended questionnaire and open-ended questionnaire were utilised. Respondents were asked

to rate the extent to which they agree with statements regarding employment equity amendments and business performance. The 5-point Likert scale was used for the questions asked (strongly agree, agree, neutral, disagree and strongly disagree).

The items were aimed at establishing the impact of employment equity amendment legislation on the business performance of SMCs. For the open-ended questionnaire, respondents were asked to answer the question on answer spaces below each question. The quantitative structured questionnaire (Annexure B) constituted 62 statements and the qualitative open-ended questionnaire had 6 questions. The questionnaire took approximately 30-40 minutes to finish. For this study, an online questionnaire was considered to be the most appropriate instrument for collecting data for the following reasons:

- Administering the instrument to the industrial relations representatives in small and medium companies is easy;
- It gives remarkable amounts of data;
- The questionnaire may be utilised to elicit data on perceptions, attitudes as well as individual opinions;
- The instrument is seen as an appropriate means of gathering precise, relevant data for this study; and
- The instrument is considered as the most cost-effective method for this study.

5.3.9.1 Advantages of using web-administered questionnaires

The web-administered questionnaire is quick to collect information from a large number of respondents. Furthermore, Gray (2017) states that a questionnaire is more flexible. In addition, Lampard and Pole (2015) maintain that a questionnaire lowers results variability as the respondents get the identical questions, thereby making coding, analysing and interpretation of results easy. Use of a questionnaire lowers the bias that interviewers may normally impose through appearance, conduct and mood (DePoy & Gitlin, 2015). The standardised answers allow respondents to have a similar way of interpreting the answers. The questionnaire lowers mistakes that may be made when recording responses. The aforementioned advantages motivated the researcher to utilise the questionnaire in this current study. The demerits of utilising a questionnaire are explained in the following section.

5.3.9.2 Disadvantages of utilising a questionnaire

Although various merits exist for using the questionnaire as the research instrument, Flick (2015) argues that questionnaire designing is a very time-consuming and very complex exercise. The next section discusses the development of the questionnaire and the pilot survey.

5.3.10 QUESTIONNAIRE DEVELOPMENT

Questionnaire development is referred to by Bell and Water (2014) as the decisions related to the wording and selection of the response options, mode and format of administering questions, as well as question ordering. This research instrument requires proper preparation and responsible administration in order to be an effective instrument for collecting data. All the questions were derived and developed from the literature and are directly linked to the objectives of this research. This was performed to guarantee that the research objectives are addressed by the statements in the questionnaire. This also ensures the validity of the research results. In addition, the questionnaire's validity was enhanced by conducting a pilot study. In this case, this improved what the researcher intended to measure. Questions viewed as sensitive were removed and this was conducted to improve the response rate.

Considerable caution was taken to ensure that the questions are understandable, unbiased, unambiguous and not offensive. This is of paramount importance since the main aim of the questionnaire in this study was to have a vivid communication with industrial relations representatives of small and medium companies. The questionnaire constituted 68 questions which were fragmented into three sections. The quantitative structured questionnaire (Annexure B) constituted 62 statements and the qualitative open-ended questionnaire comprised 6 questions. The first section focused on the respondents' demographic characteristics and the other two sections addressed the study's objectives. For closed-ended questions, Carrie and Kevin (2014) state that all possible answers should be contained in the questionnaire in order for respondents to make choices from options on the pre-set answers. Closed-ended questions reduce the chances of getting inappropriate answers and it eases the encoding of data. However, open-ended questions serve for the betterment of the outcome since they provide an opportunity for respondents to give full expression to each question. In terms of the closed-ended questions, Adams and Lawrence (2015) mention six types of questions of a closed-ended nature, namely rating, grid, listing, quantity, category, listing and ranking.

For this study, the questionnaire had a combination of category and rating types of closed-ended questions. Likert scale-type questions were measured utilising SD (Strongly Disagree), D (Disagree), N (Neutral), A (Agree) and SA (Strongly Agree). Clear instructions were provided on the questionnaire. Each respondent was asked to click the box matching his or her option. The questions were designed in such a manner that they allowed statistical analysis and rapid computation, as stated by Rasinger (2014). Sekaran and Bougie (2014) highlight that a questionnaire should be well-formulated such that the important information is not omitted. A *right* questionnaire is one that meets the research objectives; attracts the respondent's involvement; obtains reliable and valid data from respondents; and facilitates the processing of data (Wilson, 2014). In this study, the questionnaire had vivid instructions on how to answer the questions. The questionnaire was divided into sections in order to have a smooth flow and understanding of the research. The questionnaire avoided sensitive, negative and leading words.

5.3.11 PILOT STUDY

A pilot study refers to the initial small-scale study carried out prior to the main research (Gray, 2017). The key aim of a pilot study is to have a verification of the study and to establish perfection in the planning and designing of the research. Performing a pilot survey reduces the mistakes and challenges in the questionnaire prior to the distribution of the final questionnaire to the participants. The pilot study also identifies areas that require revision or correction. Creswell (2014) states that a pilot study provides an opportunity for assessing the validity of the questions contained in the instrument, as well as the reliability of the data to be gathered. The validity of the data to be gathered may be improved by analysing the data collected through a pilot study since this can reveal whether or not the data that will be gathered will address the objectives of the research. Considering the advantages that may be obtained from carrying out a pilot study, a pilot study was performed with 15 (respondents) industrial relations representatives to assess the instrument layout, to assess the grammar, questionnaire length, clarification of questions and instructions, as well as the distribution and collection of the completed questionnaires. The results revealed some spelling mistakes on 5 questions, which were all corrected. Four questions were re-worded. The findings also showed that the respondents did not incur any challenge in comprehending the questions, but the questions needed to be short and direct as respondents valued their precious time.

5.3.12 DATA QUALITY CONTROL

For reliability testing, a pilot study was carried out on 15 industrial relations representatives. By doing this, there was item consistency, sequential appropriateness of the questions and easy understanding of the measurement instrument. Some questions were re-worded so that they tally in the context of the study to avoid ambiguity. Validity entails the extent to which an instrument of measurement assesses in the way it is made to assess (Creswell, 2014). A pilot study was conducted to ensure validity. This is vital for minimising measurement error and improving questionnaire readability and content (DePoy & Gitlin, 2015). The outcome of the pilot study was utilised to develop the final version of the research instrument. The following sections discuss the validity and reliability of the research study.

5.3.12.1 Validity of the research

For this study, validity was addressed by carrying out a pilot study and a two-factor analysis. The researcher made sure that the questionnaire was developed based on the research literature and research objectives. Respondents were requested to give comments with regard to the wording, length and format of each item in the questionnaire. For ensuring validity, a suitable sample was selected. Bell and Water (2014) state that there are mainly four categories of validity. *Face validity* relates to the researcher's subjective judgement. Two questions are asked: i) is the measuring instrument measuring what is actually set out to measure? And ii) does the sample under measurement represent the trait or behavior being measured? *Content validity* entails the degree to which an instrument measures the entire content of a given construct that it intended to measure (Carrie & Kevin, 2014). *Construct validity* relates to the research instrument's quality in measuring what it is intended to measure (Lampard & Pole, 2015). Construct validity ascertains the contribution of every construct to the discrepancy identified in a particular setting. The higher the discrepancy attributed to the construct, the greater the instrument's validity.

Criterion validity constitutes a variety of measurements, formed through making a comparison of scores in an instrument with an external criterion which measures the behavior, concept or trait of the study (Scheyvens, 2014). According to Flick (2015), the instrument's measurement validity is compromised by the following factors:

- When the instrument has been proven unreliable, it automatically becomes invalid;

- Distortion and bias may render data obtained through interviews invalidated;
- The mind of an interviewee may record distortion if it happens that some rationalisations take place;
- Respondents may be afraid to tell the truth about the subject;
- The tendency of respondents to just agree with all questions; and
- Responses of a political nature that are correct.

5.3.12.2 Reliability of the study

Reliability describes the capability of the data collection methods to gather consistent and accurate results (Lampard & Pole, 2015). For this study, Cronbach’s alpha value was utilised for reliability testing. A Reliability test is crucial to ensure that gathered data is consistent from various administrations using the same measuring scale. The measures utilised to make improvements to the validity and reliability of the questionnaire are as follows:

- A Pilot study was conducted, which highlighted key areas for improving the instrument’s reliability;
- This study had a large sample, which is highly likely to give great accurate results as compared to a scenario where a small sample is used;
- The questions incorporated in the questionnaire of this study were directly derived from the study’s objectives;
- Every question asked was aligned to a particular objective;
- The questions were short, straightforward and easy in order to make them understandable to respondents with distinct dimensions of intellectual capacities; and
- The instrument used in this study was pre-tested to give proper information that assisted in structuring the instrument to improve the validity of the results.

Table 5.2: Reliability Test – Pilot Study

Reliability Test – Pilot Study			
	CRONBACH'S ALPHA		
	Before changes	Changes made	After changes made
Equal pay-for-equal work	0.93		0.93

Extension of discriminatory grounds	0.55	Made one statement positive (Without changing the meaning)	0.71
Removal of non-SA citizens from the designated groups	0.65		0.65
Increased fines	0.86		0.86
Removal of occupational categories	0.88		0.88
Consequences of failing to comply with Director-general	0.97		0.97
Burden of proof	0.95		0.95
Annual reporting	0.93		0.93
Enforcement procedures	0.72		0.72
Sexual harassment handled by CCMA'	0.86		0.86
Increment of total annual turnover threshold'	0.92		0.92
Psychometric tests	0.92		0.92
Assessments of compliance	0.40	Made two statement positive (Without changing the meaning)	0.73
Stakeholder performance	0.96		0.96
Financial performance	0.69		0.69
Operational performance	0.58	Made one statement positive (Without changing the meaning)	0.76

Table 5.1 illustrates the calculation of Cronbach's alpha for 13 factors on the amendments to employment equity legislation and 3 factors for business performance. Cronbach's alpha

coefficient was utilised to calculate the reliability of the pilot survey. Hair (2006) states that the minimum acceptable level of reliability is indicated by an Alpha value of 0.6.

Table 5.1 shows that a Cronbach's alpha value of 0.55 was obtained for 'extension of discriminatory grounds', which is lower than the minimum expected value of 0.6. Some positive alterations were performed to one statement without changing its meaning. After the changes, a calculation was conducted utilising the Cronbach's alpha and the value of 0.71 was obtained.

'Assessments of compliance' garnered a Cronbach's alpha value of 0.40, which is lower than the minimum expected value of 0.6. Alterations were made to two statements without changing their meaning. After the changes, a calculation was carried out utilising the Cronbach's alpha and the value of 0.73 was obtained.

'Operational performance' scored a Cronbach's alpha value of 0.58, which is lower than the minimum expected value of 0.6. Alterations were made to one statement without changing its meaning. After the changes, a calculation was done using the Cronbach's alpha and the value of 0.76 was obtained.

Modification of the statements after the pilot survey

Extension of discriminatory grounds

Statement 9.2

- Original Statement - Our company does not have policies that counter discrimination.
- Changed Statement – Our company has policies that counter discrimination.

Assessments of compliance

Statement 9.9

- Original statement - Our company does not consider both regional and national demographics when placing employment equity targets.
- Changed statement- Our company considers both regional and national demographics when placing employment equity targets.

Statement 9.58

- Original statement - We have confusion in respect of the implementation of regional and national demographics.
- Changed statement - We do not have any confusion in respect of the implementation of regional and national demographics.

Operational performance

Statement 9.18

- Original statement - Our production did not decrease significantly in the past 3 years.
- Changed statement - Our production decreased significantly in the past 3 years.

5.3.12.3 Trustworthiness of the qualitative part of the study

In qualitative research, trustworthiness is achieved by engaging in detailed and in-depth multiple meanings and perspectives ascribed by respondents in their respective personal responses (Harney & Monks, 2014). Trustworthiness of the process of the study is measured by the degree to which the research gives information, as well as the manner in which the results have been obtained. According to Gray (2017), there are four components of assessing trustworthiness of the qualitative part of this research, namely transferability, dependability, credibility and conformability. Transferability refers to the extent to which the findings of the research have a meaning to others in the same setting (Lampard & Pole, 2015). According to Scheyvens (2014), dependability refers to the reliability and consistency of the findings of the research, as well as the extent to which procedures of the research are documented, allowing any other person to critique, audit and follow the process of the research. Credibility entails the extent to which the researcher ensures research participants are identified and accurately described (Harney & Monks, 2014). Conformity refers to the objectiveness of the research, the extent of congruence of accuracy, relevance or meaning of data conducted by two or more people (Adams & Lawrence, 2015).

5.3.12.3.1 Transferability

The transferability of the research was made by ensuring that the research objectives guide the study. When developing the open-ended questions, the researcher utilised a theoretical framework as guidance in developing the research questions, which in turn informed the objectives of the research underpinning this study.

5.3.12.3.2 Dependability

The dependability of the research was guaranteed. In this study, the researcher ensured that the design of the open-ended research questions was performed in such manner that if future studies are to conduct the same study in the same setting, same or similar results will be produced. The existence of variations amongst responses from different SMCs were verified to check the extent of consistency of the findings.

5.3.12.3.3 Credibility

The study's credibility was ascertained by utilising methods of qualitative research which were once used in earlier studies. In-depth open-ended questions were utilised to gather important first-hand information from the views of participants in respect of the impact of employment equity amendments on the business performance in Durban. In this the participants were industrial relations representatives from SMCs in Durban registered with DCCI. The codes were cross-checked to avoid mistakes. In addition, the respondents were afforded an opportunity to exercise their right not to participate in this study. This is to ensure the collected data is gathered from those who free to give information and take part in the study willingly.

5.3.12.3.4 Conformability

The researcher kept checking the data repeatedly to ensure that the interpretation and findings which emerge from the open-ended questionnaire are not biased but are a true reflection of the views of the participants. In this study of SMCs in Durban, the researcher checked the conformability through confirming responses from other participants (industrial relations representatives), as well as by comparing the responses that may answer the objectives of this study.

5.3.13 HYPOTHESES FORMULATION

According to Carrie and Kevin (2014), hypothesis testing is the process that begins with the researcher's beliefs and ideas regarding the components of certain variables in the population. Beliefs and ideas are therefore tested to check their credibility in relation to the data from the sample. These hypotheses bring specificity, focus and clarity to the problem statement. The hypothesis is utilised to statistically test the significance between two variables to give a conclusion, namely the dependent variable and independent variable (DePoy & Gitlin, 2015).

For this study, 'employment equity amendment legislation' is the independent variable (x), whilst 'business performance' is the dependent variable (y). A more detailed discussion of the hypotheses tested in this study is carried out in the following chapters, namely the analysis of results and discussion of findings. The following hypotheses were tested in this study:

- H1** There is a significant relationship between the insertion of equal pay for equal work and the stakeholder performance of SMCs.
- H2** There is a close relationship between the insertion of equal pay for equal work and the financial performance of SMCs.
- H3** There is a correlation between the extension of discriminatory grounds and the stakeholder performance of SMCs.
- H4** There is a close relationship between the extension of discriminatory grounds and the operational performance of SMCs.
- H5** There is a significant relationship between the removal of non-South African citizens from designated groups and the stakeholder performance of SMCs.
- H6** There is a correlation between the removal of non-South African citizens from designated groups and the operational performance of SMCs.
- H7** There is a close relationship between the increased fines and the financial performance of SMCs.
- H8** There is significant relationship between the increased fines and the operational performance of SMCs.
- H9** There is a correlation between the increase in the total annual turnover threshold and the operational performance of SMCs.
- H10** There is a close relationship between the amendments to the assessments of compliance and the operational performance of SMCs.
- H11** There is a close relationship between the exclusion of occupational categories and the operational performance of SMCs.
- H12** There is a significant relationship between the amendments to consequences of failing to comply with the Director-General and the financial performance of SMCs.
- H13** There is a close relationship between the amendments to consequences of failing to comply with the Director-General and the operational performance of SMCs.

- H14** There is a significant relationship between the amendments to enforcement procedures and the operational performance of SMCs.
- H15** There is a correlation between the amendments to burden of proof and the stakeholder performance of SMCs.
- H16** There is a significant relationship between the amendments to psychometric tests and the stakeholder performance of SMCs.
- H17** There is a correlation relationship between the amendments to psychometric tests and the operational performance of SMCs.

5.4 ANALYSIS OF DATA

Data analysis refers to the summation, manipulation, categorisation and ordering of the data in a clear and meaningful manner (Adams & Lawrence, 2015). For conducting an analysis of an online survey, the QuestionPro program was used. Before the data was imported to SPSS 25.0, the respondents were requested to complete all questions online. Two methods of analysing data were utilised, namely statistical analysis and thematic analysis. For the determination of variation, the data gathered from the questionnaires was coded statistically. The coding involves allocating numbers to responses in order to group the data into categories. QuestionPro captured the data automatically as each respondent opened and answer questions on the survey link. This software program facilitated the numerical codes being allocated to every variable, which was thereafter exported to the Statistical Package for the Social Sciences (SPSS) (QuestionPro, 2020).

5.4.1 QUANTITATIVE ANALYSIS

This study used both inferential and descriptive statistics to carry out the data analysis. Inferential statistics are referred to as the methods utilised to obtain inferences or conclusions about the population characteristics in line with the sample data. According to Lampard and Pole (2015), descriptive statistics are referred to as methods of summarising, presenting and organising data in an informative and convenient manner, utilising numerical and graphical techniques. Graphical techniques were utilised for descriptive analysis. In this case, the presentation of data was in the form of tables, charts, pie and graphs. The presentation of data on numerical techniques takes the form of frequencies, proportions, measures of dispersion and central tendency as well as percentages. The researcher analysed whether or not there is a relationship between two variables

using Spearman's correlation test and regression analysis. Data analysis was utilised for hypotheses testing, to develop explanations, determine patterns and describe facts. When analysing data, raw data (not yet processed information) was organised and arranged to facilitate the extraction of valuable information from it (Scheyvens, 2014)

Complex mathematical calculations are produced by inferential statistics. In this study, the correlation analysis, analysis of variance (ANOVA) and factor analysis are typical examples of inferential statistics that were utilised for the interpretation of the data. This affords one an opportunity to infer patterns about a bigger population in line with a sample drawn from it. Inferential statistics support the testing of theory, assumptions or questions with data gathered in order to draw empirical conclusions in line with a pegged level of significance. Mostly, a pegged level of significance is 5%. Correlation analysis was utilised for testing whether or not there is significant relationship between the independent variable (employment equity amendments) and the dependent variable (business performance). The multi-regression analysis was applied to assess which independent variables amongst all the amended sections of EEA has a greater impact on the dependent variable (business performance). In addition, the researcher used the analysis of variance (ANOVA) for testing if there is a significant difference between the sections of employment equity amended legislation and business performance. It is imperative to utilise robust parametric testing in determining whether or not the relationship is significant. According to Creswell (2014), the hypotheses should have the following characteristics:

- It is a proposition that is tentative;
- There is no substantial validity; and
- Normally, it indicates the relationship of two or more variables.

The hypotheses are acceptable for testing when:

- They are conceptually clear;
- The identified variables can be described clearly, utilising operational definitions;
- An empirical reference can support the hypothesis;
- Any hypothesis is specific and narrow enough to give an investigation that is short and well-delimited; and
- The existing techniques are able to test the hypothesis and the measurement method must be available.

5.4.2 QUALITATIVE ANALYSIS

In this study, Thematic Analysis was chosen because it is an unsupervised approach, which means that the researcher is not required to set-up categories and there is no need for having algorithm training. Hence, thematic analysis captures the unknowns easily. Different from all other approaches, thematic analysis gives a deep and transparent extraction of information that does not need manual rule and training data (Harney & Monks, 2014). Text analytics denotes the extraction of a meaning from the text (Scheyvens, 2014). Sekaran and Bougie (2014) state that the approaches of text analytics incorporate topic modelling, text categorization, manual rules, word spotting and thematic analysis. *Topic modelling* refers to the unsupervised approach of machine learning in which learning is drawn from the text. *Text categorization* entails the supervised approach in which an algorithm of machine learning sets out categorization rules for new text and manually analyses previous categorized text (Adams & Lawrence, 2015). *Manual rules* refers to the approach of guidelines which focus on complex matching of patterns of text. *Word spotting* entails the recognition of handwriting and spotting written words. *Thematic analysis* refers to the extraction of themes from the text in which emerging, recurrent trends are tracked, in which usually similar ones are merged (Lampard & Pole, 2015).

The responses from the open-ended questionnaire were quoted verbatim. The use of verbatim responses permits one to augment the presentation without any alteration of the original statements from the participants. In this case, themes emerged through the responses to the open-ended questionnaire. The themes were derived from the textual content obtained from the responses. A suitable approach should organize and merge themes in an expressive manner, in which a set of themes produced should not be too large and generic. Mostly, themes are expected to cover a minimum of verbatim responses amounting to 80% (comments of the respondents). Clauses of complex negation should be properly handled in theme extractions. Concordant and corresponding materials were put together and then analysed. Sekaran et al. (2014) state that it is difficult to interpret data until the data is organised well. Part of the data organisation process was to synthesise contradictory and dissimilar information into their different themes. The process of coding helped to identify themes that were deduced from the responses. In this study, the gathered extracts from participants' responses are collated and categories were compiled from the themes.

The data was analysed and interpreted for patterns that may have arisen. In addition, it assisted in designing and developing concepts and concepts maps. The researcher utilised the following steps:

- i) Patterns and themes generation-The information was classified into patterns and themes, which also maintains the confidentiality of the participants.
- ii) Coding schemes were applied by the researcher in which the passages were diligently marked utilising codes. Codes may take the form of key words. Data coding is a logical presentation of analytical thinking.
- iii) Understanding emerging information through data tests - At this stage, the researcher evaluated the centrality and usefulness of the data. The research information established the relevance of the study.
- iv) Look for alternative descriptions- The researcher looked for a way to describe to the participants when the participants had missed something.
- v) Report writing- The researcher wrote a formal report.

5.5 ETHICAL CONSIDERATIONS

Ethics entail commonly recognised standards of wrong and right behaviour (Flick, 2015). Many actions to maintain ethics were conducted during this research study. Ethics cover moral principles relating to human conduct (Harney & Monks, 2014). Researchers bear the ethical responsibility to provide sufficient protection of the human rights of participants during research. In this study, the researcher followed the following research considerations:

5.5.1 CONFIDENTIALITY AND ANONYMITY

Confidentiality entails the safeguarding of the name and sensitive information of the respondents by the researcher (Scheyvens, 2014). Confidentiality implies that information provided by respondents cannot be traced back to the same respondent. The existence of anonymity takes place when the subject cannot be associated with the collected data. Confidentiality and anonymity were maintained by ensuring that the answered questionnaires were not accessed by the public and the researcher also made sure that respondents did not divulge their names on the questionnaire. The respondents were assured of absolute identity protection and that their responses were confidential. The researcher also told the respondents the manner in which the information gathered will be utilised and shredded 5 years after its use.

5.5.2 INFORMED CONSENT TO PARTICIPATE IN THE STUDY

Informing refers to the process of transmitting important information relating to the subject being conducted by the researcher (Carrie & Kevin, 2014). Respondents were informed about the reasons for conducting this study, the key aim of the study, as well as that the results can be given to respondents who want them. The respondents were guaranteed that they would not be coerced to take part in the study if they were unwilling to be part of it. Therefore, their participation in the study was voluntary.

5.5.3 RESPECT FOR RESPONDENTS

Respondents were told that they have a right to withdraw from participating in the research at any time they deemed necessary. They were given a chance to ask questions and clarifications about the research. They were also afforded the right to refuse to provide information. Respondents were not exposed to any kind of risk.

5.5.4 PERMISSION TO CONDUCT STUDY

Two independent reviewers reviewed the researcher's research proposal and it was subsequently accepted by the panel of the Faculty Research Committee. The University of KwaZulu-Natal's Research Ethics Committee issued an ethical clearance for this study. The DCCI gave the researcher a gatekeeper's letter. In this study, the letters of permission are attached as annexures.

CHAPTER SIX

DATA ANALYSIS

6.1 INTRODUCTION

The chapter provides the analyses and patterns of the findings in line with the hypotheses and research objectives formulated in previous chapters. Lampard and Pole (2015) state that data analysis deals with technologies and activities which encompass the checking, editing, entry and coding of data in order to provide insight into the data collected. It also involves response analysis, weighting and tabulations. Currently, it is not evident in literature whether new employment equity legislation fuels or retards the business performance of small and medium companies. There is little understanding of the possible impact of amendments to employment equity on business performance. However, the amendments are assumed to have an impact on the success of business performance. Hence, it is the main focus of this study to empirically test the impact of employment equity amendment legislation on business performance, with particular reference to small and medium companies in Durban. This chapter empirically analyses the practical effects of these amendments to employment equity on the business performance of SMCs.

The aim of the study was to examine the impact of the new amendments to employment equity legislation on the business performance of small and medium companies in Durban. The objectives of this study were: i) To ascertain the extent to which the new employment equity amendments affect the business performance of small and medium companies in Durban; ii) To explore the perceptions of industrial relations personnel in small and medium companies in Durban on the new amendments to employment equity; iii) To examine the business performance challenges associated with new amendments to employment equity for small and medium companies in Durban; iv) To investigate the factors influencing the business performance of small and medium companies in Durban in relation to new amendments to employment equity; v) To develop a model that helps track and monitor the impact of the new amendments to employment equity on the business performance of small and medium companies in Durban; vi) To explore the application

of regional and national demographics within the employment equity context of South Africa; vii) To establish the improvements made by small and medium companies in Durban to align with the new amendments to employment equity; and viii) To critically analyse how the new amendments to employment equity can be implemented without affecting the business performance of small and medium companies in Durban.

6.2 QUANTITATIVE ANALYSIS

For this study, the respondents' background information, data analysis against every objective of this study and the response rate were provided as part of data presentation. Data analysis was carried out in respect of responses to items in the questionnaire. The chapter presents the inferential analysis and descriptive analysis. Inferential analysis presents the regression analysis, analysis of variance and correlation analysis. Descriptive analysis describes the characteristics of the demography of the participants, measurements of the dispersion of the construct and central tendency measurements of the construct. For this study, the research was mainly quantitative comprising a closed-ended questionnaire with a few qualitative elements constituting an open-ended questionnaire that had option for free-typing text. Table 6.1 shows the study's response rate.

6.2.1 RESPONSE RATE

Table 6.1: Response rate

Questionnaires distributed	226
Questionnaires returned	78
Response rate	34.5%

For this study, 226 questionnaires were distributed via email to the chosen study sample. A total of 78 questionnaires were answered. Hence, this implies that for this study the response rate of 34.5% was obtained. According to Nulty (2008), this response rate is within the expected general norm for web surveys of 20-47%, hence for this study the response rate of 34.5% was considered adequate. Before the analysis of data began, it was necessary to make sure that that the data was

reliable, usable and valid. For checking the validity, usability and reliability, variable screening and case screening were conducted.

6.2.2 VARIABLE SCREENING AND CASE SCREENING (DATA SCREENING)

Variable screening and case screening refers to the processes that ensure that data is ready and clean before statistical analysis is conducted (Gravetter & Wallnau, 2014). The data should be screened to make sure the data is valid, usable and reliable for causal theory testing. The first step to take under case screening is the identification of missing rows and where the data is missing completely, the row is deleted. In addition, under case screening, the unengaged responses are screened. In terms of variable screening, the first step is the identification of missing data in columns, then a mean calculation is carried out for ratio data and a median calculation is conducted for interval data. Under variable screening, no columns are deleted. In this study, there was no missing column.

6.2.2.1 Case screening – screening missing data in rows

For screening missing data in rows, the function of count blank () in excel was utilised. It is usually advisable to delete the entire row where the data is missing in rows. There were 5 rows in which most of the data was missing and all those five rows were deleted. Subsequently, the collected data was reduced to 73.

6.2.2.2 Case Screening - Screening Unengaged responses

Unengaged responses refer to the responses where the respondent give the same response across all questions (Gray, 2017). In this case, the respondent just filled the questionnaire for the sake of formality and there is no application of concentration and thinking in filling the questionnaire. In this case, unengaged responses are screened utilising standard deviation. In this study, there were no unengaged responses.

6.2.3 RELIABILITY TESTING

Since the study was conducted by only one researcher, the use of the inter-rater reliability test was not suitable. In addition, only one instrument, that is the questionnaire, was utilised in collecting data. Hence the use of the parallel reliability test would be inappropriate. Furthermore, since the study was cross-sectional whereby all industries were accommodated, the use of the test-retest reliability test was not suitable. Therefore, the suitable test for this study was the internal consistency reliability test which was performed by computing Cronbach's alpha. Table 6.3

reflects the calculations of Cronbach’s alpha for 16 factors on amendments to employment equity and 3 categories on business performance. The minimum accepted value of Cronbach’s alpha coefficient is 0.6, especially for exploratory research. For the measurement of internal consistency, Cronbach’s alpha was the most ideal tool because the questionnaire had multiple Likert scale statements. In this case, Cronbach’s alpha established the extent to which the scale is reliable. Cronbach’s alpha coefficient falls between 0 and 1.

The individual scale items should not have identical scales for the Cronbach alpha coefficient to be utilised effectively. Cronbach’s alpha cannot be utilised for testing the reliability of data which is unordered and haphazard. Hence, except for a few open-ended questions because they had qualitative responses, Cronbach’s alpha was carried out on all closed-ended questions. Cronbach’s Alpha coefficient was utilised for measuring the stability and internal consistencies of the constructs, that is: ‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of compliance’, ‘stakeholder performance’, ‘financial performance’ and ‘operational performance’. Table 6.2 shows the Cronbach Alpha coefficient’s rule of thumb of labelling by Hair, Money, Samouel and Babin (2003).

Table 6.2: Cronbach Alpha coefficient’s rule of thumb

Alpha coefficient	Reliability levels
Below 0.60	Poor
From 0.60 to 0.69	Fair
From 0.70 to 0.79	Good
From 0.80 to 0.99	Very good

Source: Hair, Money, Samouel and Babin (2003)

As observed in Table 6.2, a Cronbach Alpha Coefficient that is below 0.60 indicates ‘poor reliability’. A Cronbach Alpha Coefficient of between 0.60 to 0.69 represents ‘fair reliability’. A Coefficient of Cronbach Alpha that ranges from 0.70 to 0.79 indicates ‘good reliability’. A “very good reliability” is revealed by a coefficient of Cronbach Alpha that falls between 0.80 to 0.94. In accordance with the rule of thumb, the coefficients of Cronbach Alpha of ‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of compliance’, ‘stakeholder performance’, ‘financial performance’ and ‘operational performance’ are computed. Table 6.3 below illustrates the reliability tests of this study.

Table 6.3: Reliability Test

Number	Construct	Coefficient alpha	Number of items	Reliability level
1	Equal pay-for-equal work	0.93	5	Very good
2	Extension of discriminatory grounds	0.71	4	Good
3	Removal of non-SA citizens from the designated groups	0.65	4	Fair
4	Increased fines	0.86	5	Very good
5	Removal of occupational categories	0.88	4	Very good
6	Consequences of failing to comply with Director general	0.97	3	Very good
7	Burden to proof	0.95	3	Very good
8	Annual reporting	0.93	3	Very good

9	Enforcement procedures	0.72	3	Good
10	Sexual harassment handled by CCMA	0.86	3	Very good
11	Increment of total annual turnover threshold	0.92	3	Very good
12	Psychometric tests	0.92	3	Very good
13	Assessments of compliance	0.73	3	Good
14	Stakeholder performance	0.96	3	Very good
15	Financial performance	0.69	3	Fair
16	Operational performance	0.76	3	Good

As evident in Table 6.3, the coefficient alpha of ‘equal pay-for-equal work’ is 0.93 and it was measured using 5 items. The coefficient alpha of ‘extension of discriminatory grounds’ is 0.71 and it was measured utilising 4 items. A Coefficient alpha of 0.65 was obtained for ‘removal of non-SA citizens from the designated groups’ and was measured using 4 items. ‘Increased fines’ was measured utilising 5 items and scored a coefficient alpha of 0.86. The coefficient alpha of ‘removal of occupational categories’ is 0.88 and was measured utilising 5 items. A coefficient alpha of 0.97 was obtained for ‘consequences of failing to comply with the Director-General’ and was measured utilising 3 items. In accordance with Table 6.3, the coefficient alpha of ‘burden of proof’ is 0.95 and it was measured utilising 3 items. A coefficient alpha of 0.93 was obtained for ‘annual reporting’ and was measured utilising 3 items. The coefficient alpha of ‘consideration of experience’ is 0.96 and was measured utilising 4 items. The coefficient alpha of ‘enforcement procedures’ is 0.72 and was measured utilising 3 items. A coefficient alpha of 0.86 was obtained for ‘sexual harassment handled by CCMA’ and was measured utilising 3 items. The coefficient alpha of ‘increment of total annual turnover threshold’ is 0.93 and it was measured using 3 items. The coefficient alpha of ‘assessments of compliance’ is 0.73 and it was measured utilising 3 items.

As illustrated in Table 6.3, the coefficient alpha of 'stakeholder performance' is 0.82 and it was measured using 3 items. The coefficient alpha of 'psychometric tests' is 0.92 and it was measured using 3 items. A coefficient alpha of 0.69 was obtained for 'financial performance' and it was weighed using 3 items. As depicted in Table 6.3, the coefficient alpha of 'operational performance' is 0.76 and it was measured utilising 3 items.

The coefficient alpha for 'removal of non-SA citizens from the designated groups' and 'financial performance' fall under a "fair reliability". The coefficient alpha for 'extension of discriminatory grounds' and 'enforcement procedures' fall under a "good reliability". Moreover, the coefficient alpha for 'assessments of compliance' and 'operational performance' also fall under 'good reliability'. The coefficient alpha for 'equal pay-for-equal work', 'increased fines' and 'removal of occupational categories' fall under a "very good reliability". Furthermore, the coefficient alpha for 'consequences of failing to comply with the Director-General', 'burden of proof', 'consideration of experience', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'stakeholder performance' and 'psychometric tests' falls under "very good reliability". One may conclude that the reliability coefficient accomplished by all constructs is suitable as they are over 0.60, hence reflecting questionnaire stability and consistency (Hair et al., 2003). The calculation of Cronbach's alpha was performed and the outcomes of the statements were positive. As depicted in Table 6.3 above, the results of the research instrument reflects favourable reliability for measuring the impact of amendments to employment equity on business performance. Hence, these results show that the instrument of this research appears too reliable to measure the impact of the amendments to employment equity on business performance and accomplish all its objectives. Section A below analyses the demographic data.

6.2.4 SECTION A: DEMOGRAPHIC DATA ANALYSIS

The biographical data of the respondents utilised for the collection of primary data were obtained. To ascertain that the respondents included in the study were relevant, the study asked them for some demographic information. The background information that relates to the number of employees that a company has, the sector to which the companies belong, occupation of the respondents, the level which the occupation falls under, highest level of education, gender, age bracket and race of the respondents were analysed. All this background information is analysed in

the following section. The study initially sought to analyse the demographic information of the respondents in order to determine the fitness of the respondents in providing the needed data for the validity of the study. Figure 6.1 below illustrates the number of employees employed by companies that participated in this study.

NUMBER OF EMPLOYEES WITHIN THE COMPANIES

The bar graph in Figure 6.1 presents the data in respect of the number of employees the companies of the respondents have.

Figure 6.1: Distribution of number of employees within the companies (N=73)

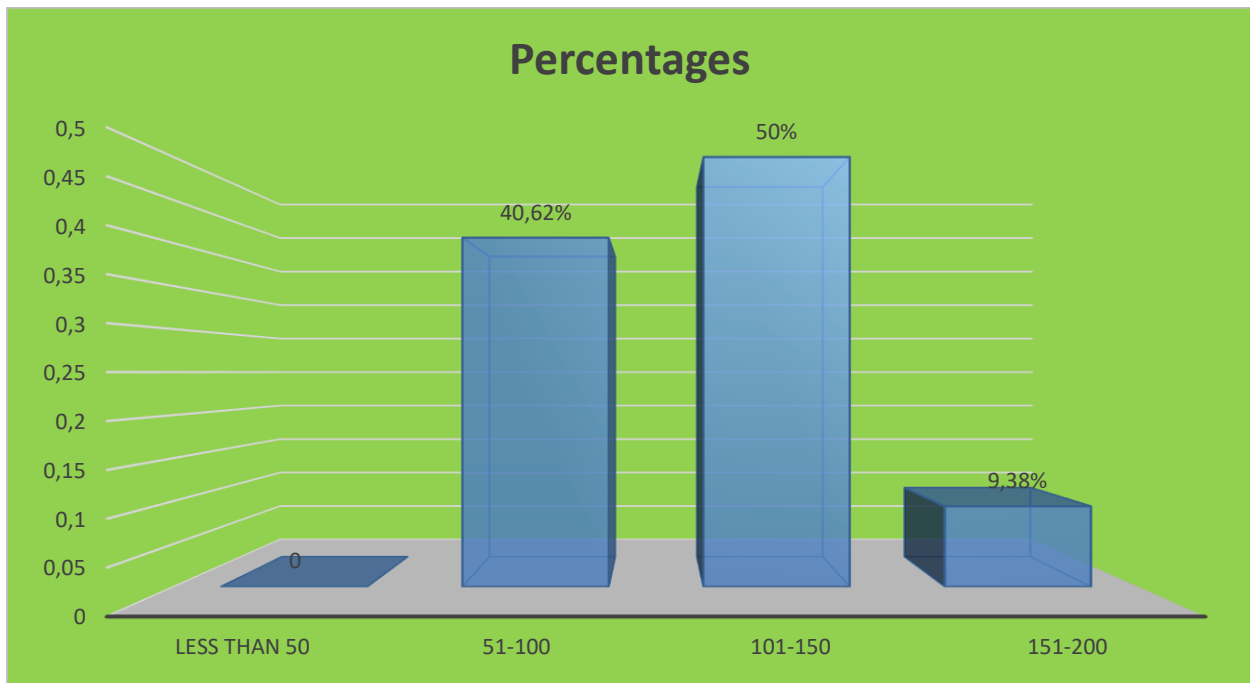
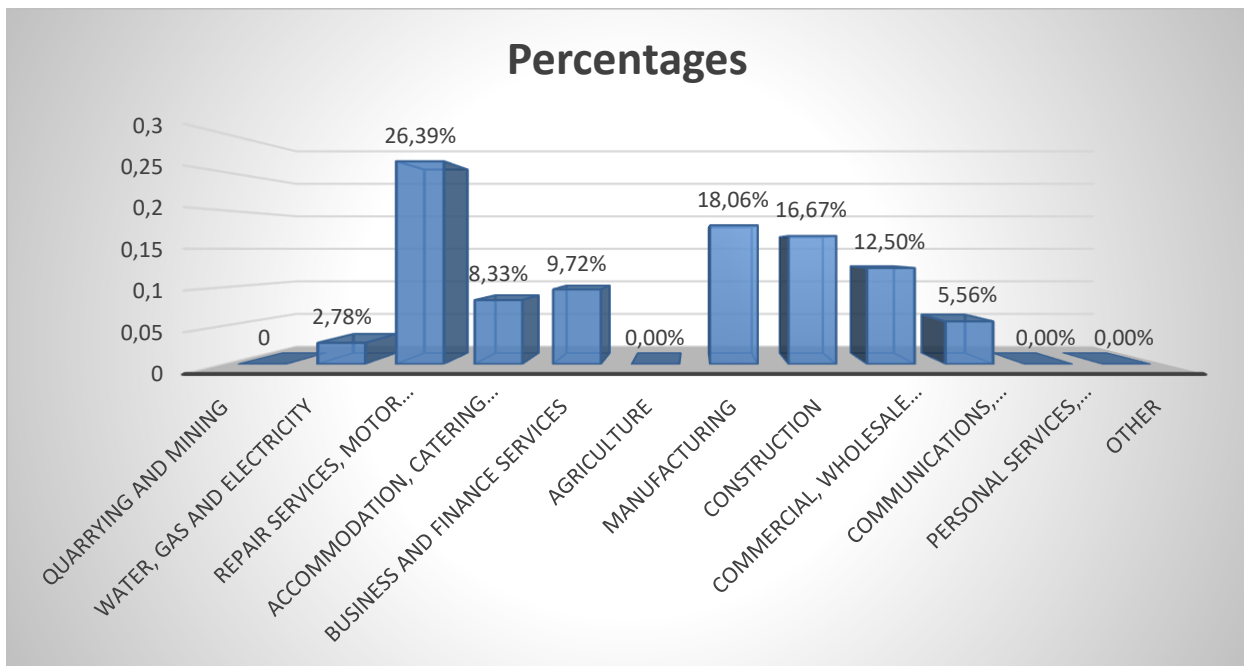


Figure 6.1 points out that companies that had 51 to 100 employees were 40.62%; those companies which had 101 to 150 constituted 50%, whilst those that had 151 to 200 were 9.38%. Figure 6.2 below reports the distribution of the industries that participated in this study.

DISTRIBUTION OF THE INDUSTRIES

The bar graph in Figure 6.2 shows data in terms of industry or sector.

Figure 6.2: Distribution of industry (N=73)

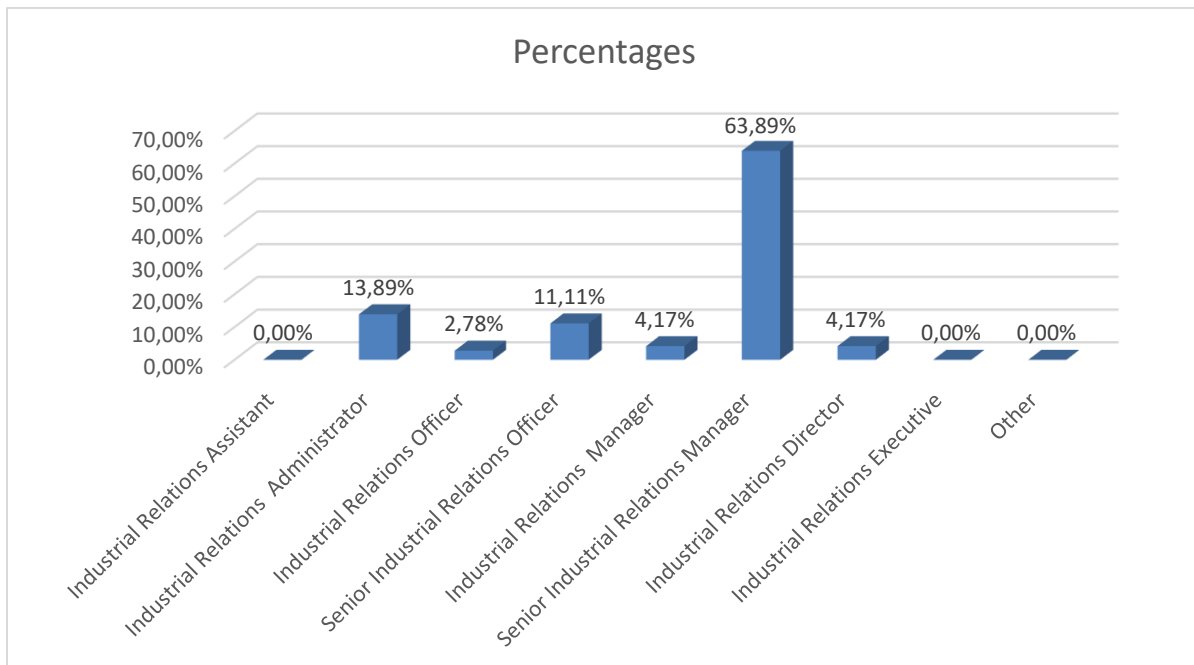


According to Figure, 6.2, the respondents that belonged to the Water, Gas and Electricity industry were 2.78%; 26.39% of the respondents belonged to Repair services, Motor Trade and Retail industry; Accommodation, Catering and other trade industry were 8.33%; Business and Finance services industry were 9.72%; and 18.06% of the respondents belonged to Manufacturing industry. Those respondents that belonged to Construction industry were 16.67%; Commercial, Wholesale Trade and other Trade were 12.50%; and the respondents that belonged to the Communications, transport and storage industry were 5.56%. Figure 6.3 below covers the distribution of designations of the respondents.

DISTRIBUTION OF DESIGNATIONS OF THE RESPONDENTS

The researcher sought to find out the designations of respondents in small and medium companies.

Figure 6.3: Distribution of designations of the respondents (N=73)

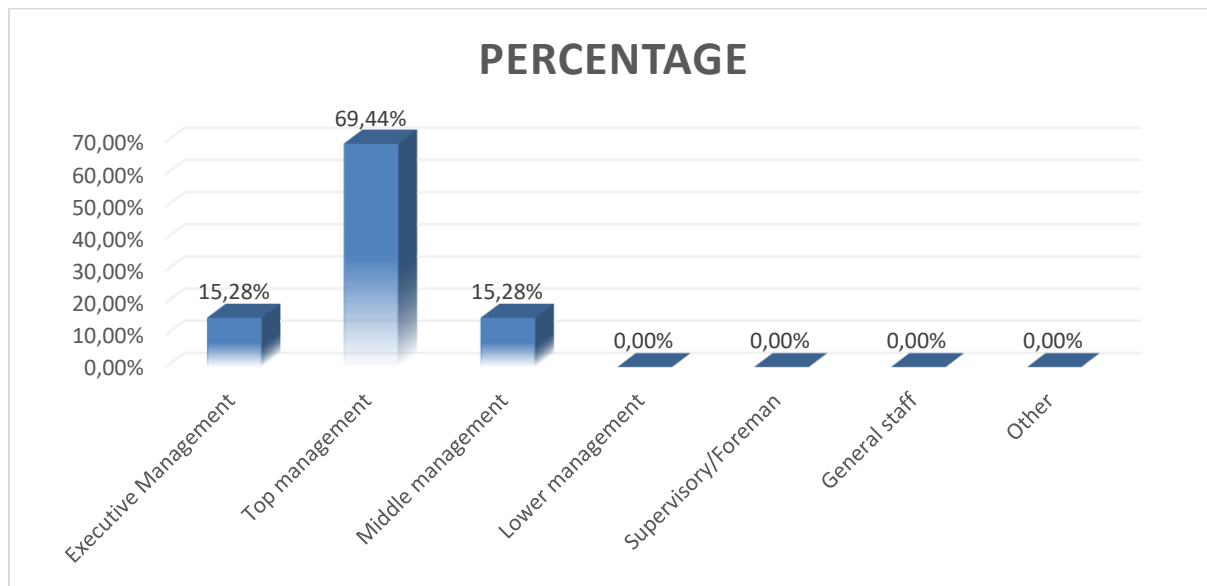


As evident from Figure 6.3, the respondents that held the senior industrial relations manager position were 63.89%, followed by industrial relations administrators (13.89%), senior industrial relations officers (11.11%), followed by industrial relations directors (4.17%), industrial relations managers (4.17%) and lastly industrial relations officers (2.78%). Figure 6.4 below contains the results of the distribution of occupational levels of the respondents.

DISTRIBUTION OF OCCUPATIONAL LEVELS OF THE RESPONDENTS

The graph in Figure 6.4 displays the data in terms of the occupational level in the organisation.

Figure 6.4: Distribution of occupational level of the respondents (N=73)

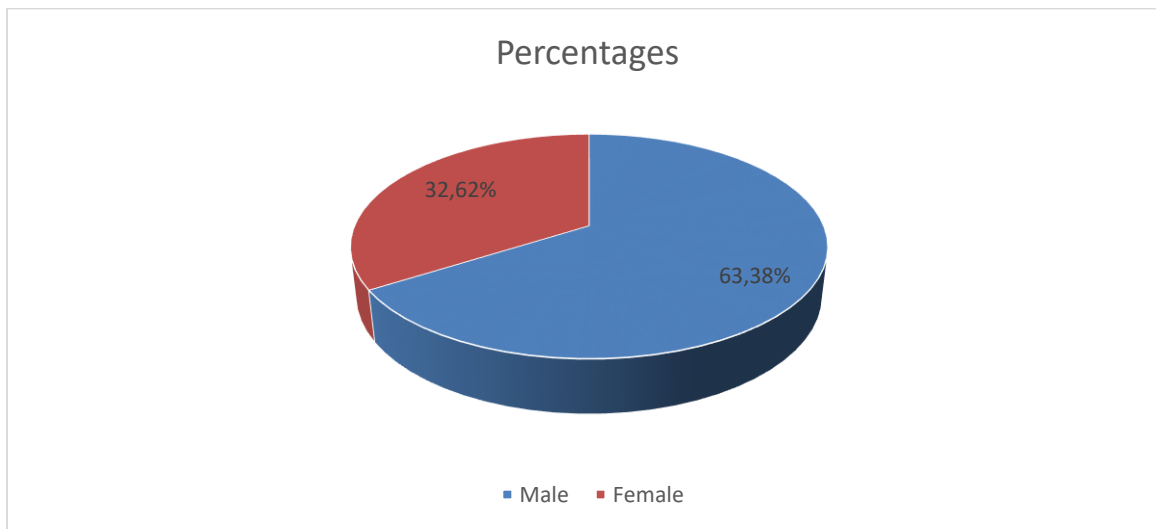


As observed in Table 6.2, out of the entire respondents surveyed, 15.28% occupied the Executive Management level; 64.44% occupied the Top Management level; and the Middle Management level constituted 15.28%. Figure 6.5 below illustrates the distribution of the gender of the respondents.

DISTRIBUTION OF THE GENDER OF THE RESPONDENTS

The researcher sought to clarify the gender distribution of industrial relations representatives (respondents) in small and medium companies.

Figure 6.5: Distribution of gender of the respondents (N=73)

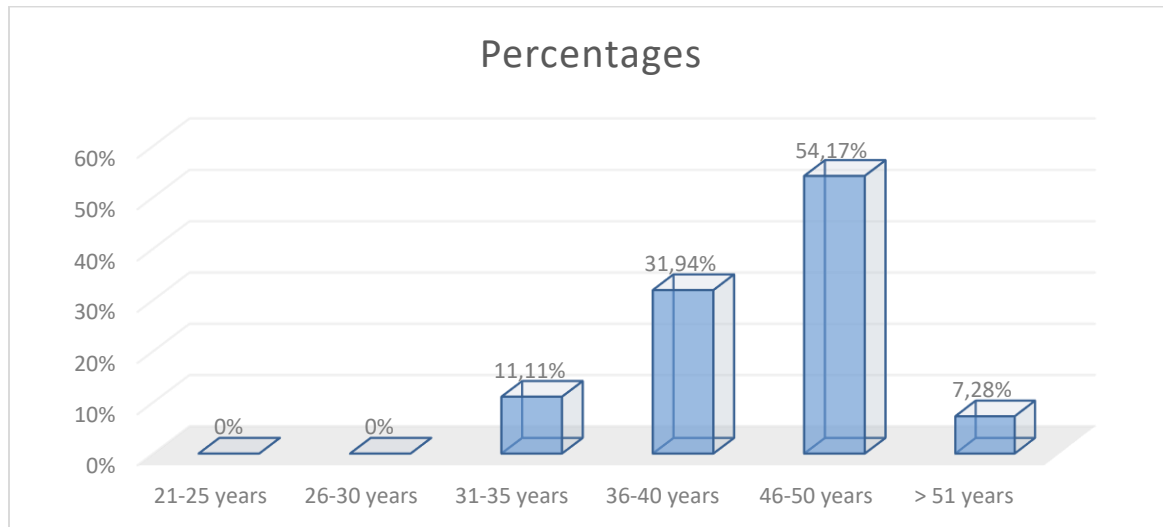


The pie chart in Figure 6.5 reflects the data in terms of gender. For this research, 63.38% of the respondents were males, whilst 32.62% were females. Figure 6.6 below covers the distribution of the age of the respondents.

DISTRIBUTION OF AGE OF THE RESPONDENTS

The bar graph in Figure 6.6 represents the data in terms of age.

Figure 6.6: Distribution of age of the respondents (N=73)

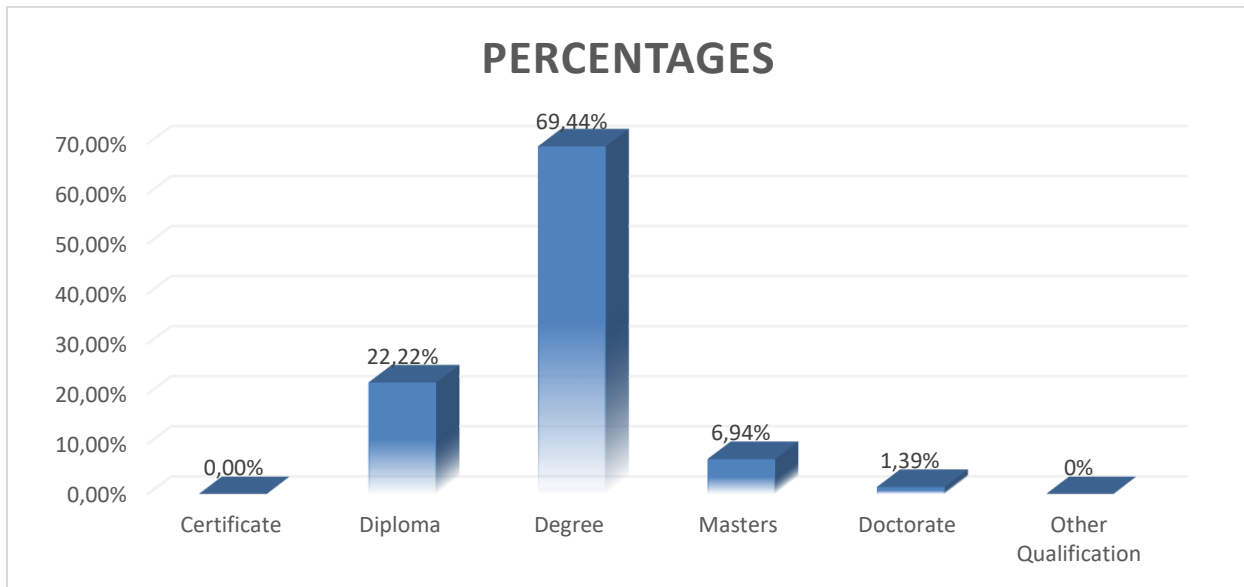


As illustrated in Figure 6.6, the respondents between 31-35 years old were 11.11% and 31.94% were respondents between 36-40 years old. Those respondents between 46-50 years old were 54.17% and 7.28% of the respondents were 51 and above years old. Figure 6.7 below reports on the distribution of the qualification of the respondents.

DISTRIBUTION OF THE QUALIFICATION OF THE RESPONDENTS

The researcher sought to establish the academic qualifications of the industrial relations representatives handling industrial relations matters in small and medium companies. The bar graph in Figure 6.7 presents the data in terms of the qualification of the respondents.

Figure 6.7: Distribution of qualification of the respondents (N=73)

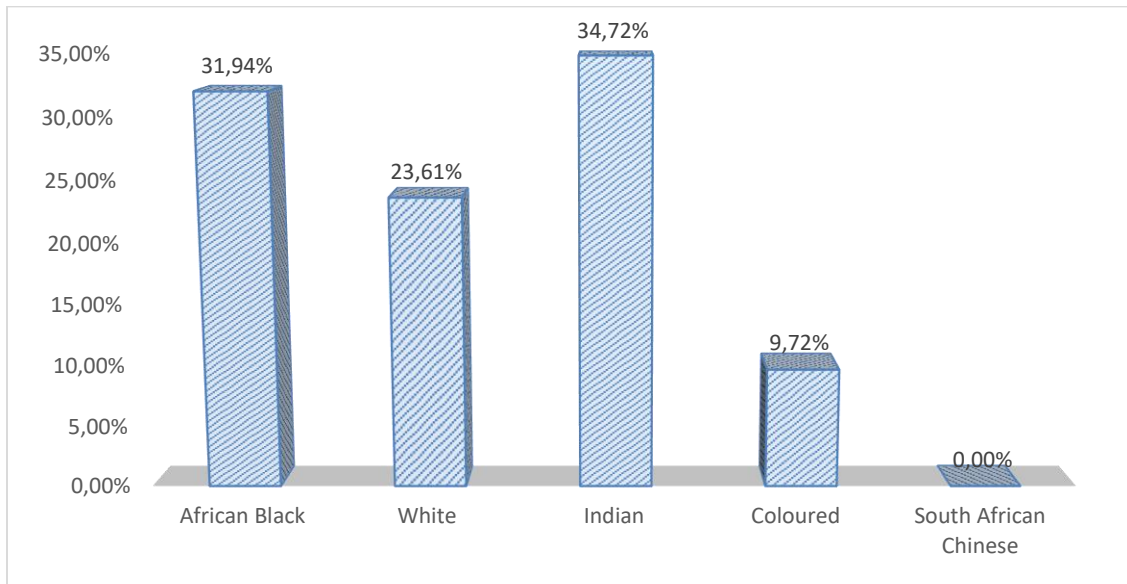


As evident from Figure 6.7, those who had diploma as their highest qualification constituted 22.22% of the respondents and those with a degree level as their highest qualification comprised 69.44% of the respondents. Figure 6.7 further indicates that the respondents who held Master's degrees as their highest qualification were 6.94%, whilst 1.39% of the respondents were Doctoral degree holders. The findings indicate that most respondents had degrees. This clearly indicates that the respondents were reasonably educated to grasp matters pertaining to the impact of amendments to employment equity legislation on business performance. This implies that most small and medium companies hired well-trained candidates who have sufficient capabilities to administer and handle the industrial relations matters, in particular the amendments to employment equity legislation, without much difficulty. Figure 6.8 below contains results in respect of the distribution of the race of the respondents.

DISTRIBUTION OF THE RACE OF THE RESPONDENTS

The researcher sought to establish the race groups of the respondents.

Figure 6.8: Distribution of race of the respondents (N=73)



This question was asked in order to establish the races of respondents within the organisations. The graph in Figure 6.8 shows the data in relation to race groups of the respondents. As per the data in Figure 6.8, 31.94% of the respondents were Africans; 23.61% of the respondents were Whites; Indians constituted 34.72%; whilst those from the Coloured race group were 9.72%. The following Section (B) covers the descriptive and inferential analyses.

6.2.5 SECTION B: DESCRIPTIVE AND INFERENCE ANALYSES

6.2.5.1 CONFIRMATORY FACTOR ANALYSIS

Confirmatory Factor Analysis refers to the process of determining whether the hypothesized structure gives an excellent fit to the data (Sekaran & Bougie, 2014). In this case, it entails the association between the variables observed and the existence of their fundamental latent construct. The factors of the amendment of employment equity were identified and for the purpose of measuring each factor, the set of statements were identified. A Pilot study was carried out with 20 industrial relations representatives who were not part of the sample. In terms of the outcome of reliability, four statements were modified. Then, the online questionnaire survey was carried out and the data was gathered. After the gathering data was completed, the data analysis commenced. The identification of factors and their statements were conducted. At this time, it was crucial to validate the research through conducting the statistical relationship measurement between every factor and its respective variable.

Checking whether or not the identified variables of every factor are suitable for measuring that particular factor, at this point Exploratory Factor Analysis was carried out. Total variance was explained and Kaiser-Meyer-Olkin (KMO), Communalities and Bartlett's Test of Sphericity were utilized for measuring the statistical connection between the factors and the variables. The obtained outcomes through carrying out EFA has shown a significant statistical relationship between the factors and their variables. The results further indicated that the variables are suitable for measuring their respective factors.

For this study, the factors were identified as follows: 'equal pay-for-equal value', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories, consequences of failing to comply with the Director General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold' and 'assessments of compliance'. The impact of these amendments to employment equity legislation had to be

measured on ‘stakeholder performance’, ‘financial performance’ and ‘operational performance’. These three factors of business performance were identified.

5.2.5.1.1 Exploratory Factor Analysis

The following tests were utilised under EFA, in this case, the data adequacy and validity:

- i) KMO and Bartlett’s test
- ii) Communalities
- iii) Total variance explained

i) KMO and Bartlett’s test

Bartlett’s Test of Sphericity and Kaiser-Meyer-Olkin (KMO) tests were utilised for assessing the data suitability for factor analysis. According to Hair, Money, Samouel and Babin (2003), the tests of the correlation amongst the variables is conducted by Bartlett’s test of sphericity. A Bartlett’s Test of sphericity value of less than 0.05 shows the existence of a statistically significant correlation amongst variables. The sample adequacy criteria is measured by KMO, in which a low correlation value of variables shows that they are not adequately fit to be a member of any of the factors. The bigger the KMO value, the more it signifies greater correlations amongst the variables and hence shows that variables are adequately fit to be a member of any of the factors. In accordance with Adams and Lawrence (2015), a KMO value higher than 0.6 is considered as appropriate.

KMO values fall between 0 and 1. According to Hair, Black, Babin, Anderson and Tatham (2006), the interpretation of the statistics is done through a rule of thumb as follows:

- Values of KMO that fall between 0.8 and 1 show that sampling is appropriate.
- Values of KMO that are lower than 0.6 show that the sampling is inadequate. In this case, the remedy to address the problem should be found.
- Values of KMO that near zero imply that there are huge partial correlations. In simple terms, the correlations are too wide, which is a huge problem for factor analysis.

For the sake of referencing, Kaiser put values on the outcomes as follows:

- 0.90 to 1.00 represents ‘marvellous’
- 0.80 to 0.89 represents ‘meritorious’
- 0.70 to 0.79 represents ‘middling’
- 0.60 to 0.69 represents ‘mediocre’
- 0.50 to 0.59 represents ‘miserable’
- 0.00 to 0.49 represents ‘unacceptable’

Table 6.4 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.867
Bartlett's Test of Sphericity	Approx. Chi-Square	8182.102
	Df	136
	Sig.	0.000

Table 6.4 shows that the value of KMO is 0.867, which indicates that the data is perfectly suitable for the purpose of factor analysis. The value of Bartlett’s is 0.000, which illustrates that the data is multivariate normal and acceptable for data analysis. The following sub-section analyses the communalities.

2) Communalities

Factor analysis produces communalities between variables through the utilisation of variances. Communalities show the degree of variances on each variable which is accounted for (Creswell, 2014). The removal of common variance is the main objective of ‘extraction’. The ‘Maximum likelihood method’ was used as the extraction method.

The Maximum-Likelihood Method refers to the method of factor extraction that yields estimates of parameters which are more likely to have yielded a matrix of the observed correlations, provided

the sample has a multivariate normal distribution (Carrie & Kevin, 2014). The uniqueness inverse of the variables weighs the correlations, hence an iterative algorithm was utilized. Table 6.5 covers the communalities.

Table 6.5 Communalities

	Initial	Extraction
Equal_pay-for-equal work	1.000	.963
Removal_non-SAcitizens	1.000	.546
Ext_discrimin_grounds	1.000	.792
Increase fines	1.000	.944
Annual reporting	1.000	.944
Consequences_Director	1.000	.959
Removal_Occ_categories	1.000	.881
Psych_tests	1.000	.903
Burden_proof	1.000	.875
Enforcement_procedures	1.000	.854
Sexu_harass_CCMA	1.000	.865
Increment_threshold	1.000	.920
Assessments_compliance	1.000	.823
Stakeholder_performance	1.000	.972
Financial_performance	1.000	.930
Operational_performance	1.000	.786
Extraction Method: Principal Component Analysis.		

As evidenced in Table 6.5, there can be a problem in the data if the value of extraction of any variable is lower than 0.2. According to Table 6.5, the data was appropriate for factor analysis as

all the values were greater than 0.2. The following sub-section analyses the total variance explained.

C) Total variance explained

The Eigenvalue shows extracted factors whose sum must be equivalent to the items which are subject to factor analysis (Harney and Monks, 2014). The Table shows extractable factors from the analysis together with their eigenvalues. The eigenvalue values in Table 6.6 was divided into three categories, namely the extraction sums of squared loadings, rotation of sums of squared loadings and initial eigenvalues. The Maximum Likelihood method is utilised as the extraction technique. Table 6.6 covers the total variance explained.

Table 6.6 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.779	75.169	75.169	12.779	75.169	75.169	7.748	45.578	45.578
2	2.129	12.522	87.691	2.129	12.522	87.691	7.159	42.113	87.691
3	.606	3.567	91.258						
4	.419	2.466	93.724						
5	.286	1.683	95.407						
6	.172	1.011	96.418						
7	.132	.777	97.195						
8	.121	.712	97.907						
9	.103	.605	98.512						
10	.069	.406	98.919						
11	.049	.290	99.209						
12	.046	.271	99.480						

13	.025	.148	99.841						
14	.015	.089	99.930						
15	.008	.046	99.976						
16	.004	.024	100.000						

According to Table 6.6, all the factors equated to 87.69% of the variance. The Total variance explained of 87.69% surpasses the minimum common threshold utilised in social sciences of 60% and hence shows that the data is appropriate for analysis. Table 6.3 below provides the results of the factor correlation matrix.

Table 6.7 Factor Correlation Matrix

	Eq ual _p ay _v alu e	Rem oval _no nSA citiz ens	Ext _dis cri min _gr ound s	I n c _r _fi n _e s	A _r _ep ort in g	Co nsi d_e _xpe rie nce	Con seq uen ces_ Dire ctor	Rem oval _Oc c_ _ca _t _g _e _g _o _r _ies	P sy c _h _t _e _s	B ur de n_ _pr oo f	En for ce _me _nt_ _pro _c	Sex u_h _aras _s_ _C _M _A	Inc rem ent _th _res _hol _d	Ass ess men ts_ _c _omp _laint _s	Sta keh old _er_ _perf _orm	Fin anc ial _p _erf _orm	Op erati onal_ _perf _orm
Equ al_p ay_v alue		-.035	-.053	-.007	-.008	.017	-.008	-.010	.006	-.007	.016	-.021	-.004	-.005	.004	.011	.035
Rem oval _no nSA citiz ens	-.035		.06	.007	-.058	-.006	-.062	-.062	.003	-.002	-.052	.070	-.032	-.063	-.063	-.014	.007
Ext_ discr imin _gro unds	-.053	.106		-.021	-.029	-.062	-.014	.010	.012	-.015	-.043	.049	-.006	.011	-.037	-.031	-.047

Incr_fin es	- .00 7	.007	- .021		- .0 06	.00 4	- .011	- .009	- .0 11 1	.0 14	- .00 6	.01 6	.01 4	- .023	- .00 5	.00 2	- .00 9
Ann _rep ortin g	- .00 8	- .058	- .029	- .0 0 6		.00 7	- .003	.000	- .0 1 7	.0 17	.02 9	.00 1	.00 9	.008	.01 3	- .00 5	- .02 1
Con sid_ expe rien ce	.01 7	- .053	- .062	.0 0 4	.0 07		.007	- .011	- .0 0 6	.0 05	- .00 4	- .02 1	.01 1	.012	.01 2	.02 1	.02 2
Con sequ ence s_Di rect or	.00 8	- .052	- .014	- .0 1 1	- .0 03	.00 7		.020	.0 0 4	- .0 18	- .01 3	- .01 3	.01 2	.035	.01 1	.00 8	- .01 7
Rem oval _Oc c_ca tego ries	- .01 0	- .062	.010	- .0 0 9	.0 00	- .01 1	.020		.0 5 9	.0 02	- .00 2	.00 4	- .02 4	- .011	.01 3	- .03 0	- .08 0
Psyc h_tes ts	.00 6	.003	.012	- .0 1 1	- .01 7	- .00 6	.004	.059		- .0 15	- .01 3	.039	- .033	-.026	- .002	- .04 0	- .066
Burd en_p roof	- .00 7	-.002	- .015	.0 1 4	.01 7	.00 5	- .018	.002	- .0 1 5		.05 7	- .007	- .028	-.053	.016	- .04 1	- .048
Enfo rcem ent_ proc	.01 6	-.052	- .043	- .0 0 6	.02 9	- .00 4	- .013	-.002	- .0 1 3	.0 57		- .011	- .035	-.033	.015	- .04 2	- .026
Sexu _har ass_ CC MA	- .02 1	.060	.049	.0 1 6	.00 1	- .02 1	- .013	.004	.0 3 9	- .0 07	- .01 1		- .037	-.051	- .017	- .03 6	- .061

Increment_threshold	-.004	-.032	-.006	.014	.009	.011	.012	-.024	-.033	-.028	-.035	-.037		.002	.006	.035	.032
Assessments_complaints	-.005	-.053	.011	-.023	.008	.012	.035	-.011	-.026	-.053	-.033	-.051	.002		.005	.013	.004
Stakeholder_performance	.004	-.063	-.037	-.005	.013	.012	.011	.013	-.002	.016	.015	-.017	.006	.005		-.007	-.005
Financial_performance	.011	-.014	-.031	.002	-.005	.021	.008	-.030	-.040	-.041	-.042	-.036	.035	.013	-.007		.063
Operational_performance	.035	.007	-.047	-.009	-.021	.022	-.017	-.060	-.066	-.048	-.026	-.061	.032	.004	-.005	.063	

The entire values in Table 6.7 were lower than 0.7, therefore data has discriminant validity. The Maximum Likelihood method was utilised as an extraction technique. The following sub-section covers the variables.

6.2.5.2 VARIABLES

For this study, the sub-independent variables were picked from the literature review. In this case the sub-independent variables are sections of amendments in the Employment Equity Amendment Act 47 of 2013 Table 6.8 shows the sub-independent variables that were reviewed from the literature.

Table 6.8 Sub-independent variables from literature review

Independent variable	Sub-independent variables
Employment Equity Amendments	<ul style="list-style-type: none"> • Equal pay-for-equal work
	<ul style="list-style-type: none"> • Extension of discriminatory grounds
	<ul style="list-style-type: none"> • Removal of non-SA citizens from the designated groups
	<ul style="list-style-type: none"> • Increased fines
	<ul style="list-style-type: none"> • Removal of occupational categories
	<ul style="list-style-type: none"> • Consequences of failing to comply with Director-General
	<ul style="list-style-type: none"> • Burden of proof
	<ul style="list-style-type: none"> • Annual reporting
	<ul style="list-style-type: none"> • Enforcement procedures
	<ul style="list-style-type: none"> • Sexual harassment handled by CCMA
	<ul style="list-style-type: none"> • Increment of total annual turnover threshold
	<ul style="list-style-type: none"> • Assessments of compliance
	<ul style="list-style-type: none"> • Psychometric tests

Table 6.8 reflects the sub-independent variables from the Employment Equity Amendment Act 47 of 2013. For this study, the aim is to test the impact of employment equity amendments on business performance in SMCs in Durban. Hence, the researcher tested and analysed the sub-independent variables identified in the literature review on the EEAA 47 of 2013. .

Dependent variables

For this research, the dependent variable is business performance. As identified from the literature review, business performance can be measured by financial status, operational status and stakeholder status.

Control variables

Control variables refer to the variables whose influence is not incorporated in order to test the correlation of other variables without interference. ‘Controlled variable’ is the other term used for an independent variable and therefore must not be confused with ‘control variable’. In this case, there were control variables, that is, ‘small and medium companies’ and ‘Durban’ were the controlled variables. The following sub-section reports the results of the descriptive analysis.

6.2.5.3 DESCRIPTIVE ANALYSIS

The responses of the respondents were provided on a five-point Likert scale in which ‘strongly disagree’ is represented by numeric (1), ‘disagree’ is represented by numeric (2), ‘neutral’ is represented by numeric (3), ‘agree’ is represented by numeric (4) and ‘strongly agree’ is represented by numeric (5). ‘Disagree’ and ‘strongly disagree’ scores are represented by scores equivalent to a mean of 0 to 2.5. The score mean of 2.6 to 3.4 is represented by the Likert scale score equivalent to ‘neutral’. The score mean of 3.5 to 5.0 is represented by the Likert scale score equivalent to ‘strongly agree’ and ‘agree’. Mean calculations were conducted out utilising SPSS software to analyse the respondents’ responses and subsequently address the objectives of this study. A growing cognisance of what measures in the new amendment of employment equity legislation could do for business performance is needed. Table 6.9 below illustrates the general perception of respondents towards the amendment of employment equity legislation.

6.2.5.3.1 General perception

The study sought to establish the degree to which the respondents agree with statements relating to their general perception towards the amendments of employment equity legislation.

Table 6.9 General perception

	N	Maximum	Mean	Std. Deviation
9.6 I perceive that the amendments of employment equity are too harsh for our business.	73	5	3.67	.800
9.7 I perceive that the amendments to employment equity bring more harm than good.	73	5	3.58	.956
9.11 The amendments to employment equity are negatively affecting our performance in business.	73	5	3.59	.847
9.35 We have a significant number of skilled white male South Africans who quit the job since 2014 and went overseas.	73	5	3.68	.780
9.15 Sometimes our organisation just hires employees from previously disadvantaged groups to avoid penalties.	73	5	3.85	.844
9.23 We are hiring semi-skilled employees at our company as skilled citizens are few, the available ones are grabbed by large companies.	73	5	3.75	.813
Valid N (listwise)	73			

As observed in Table 6.9, the sample respondents perceived that the amendments to employment equity are too harsh for their business, as indicated by a mean score of 3.67. The amendments to the employment equity legislation met with an outcry from businesses, particularly SMCs. In this respect, the sample respondents affirmed that the amendments to employment equity are negatively affecting their performance in business, as shown by a mean score of 3.59. A similar perception was recorded again as the sample respondents also perceived that the amendments to employment equity bring more harm than good, as reported by a mean score of 3.58. Table 6.9 further indicates that the sample respondents agreed that they have a significant number of skilled white male South Africans who quit the job since 2014 and went overseas, as shown by a mean score of 3.68. One cannot discount that the amendments to employment equity legislation is the

main cause of this exodus. On another statement in Table 6.9, the sample respondents from small and medium companies in Durban agreed that sometimes their organisations just hire employees from previously disadvantaged groups to avoid penalties, as supported by a mean score of 3.85. A further confirmation came from a majority of respondents from small and medium companies in Durban who agreed that they are hiring semi-skilled employees at their companies as skilled citizens are few and the available ones are grabbed by large companies, with a mean score of 3.75. It was deduced from the findings that amendments to the employment equity legislation are not favourable to the business performance of small and medium companies. Table 6.10 below contains the results in respect of ‘equal pay-for-equal work’.

6.2.5.3.2 Equal pay-for-equal work and business performance

The study sought to establish the respondents’ level of agreement with statements relating to ‘equal pay-for-equal work’ and business performance

Table 6.10 Equal pay-for-work and business performance

	N	Maximum	Mean	Std. Deviation
9.12 We are having difficulties in measuring the value of work.	73	5	3.58	.848
9.24 I perceive the higher satisfaction that comes as a result of equality increases our business performance.	73	5	3.77	.755
9.31 I perceive that the equal pay-for-equal work is causing an increase in job losses.	73	5	3.45	.778
9.32 We are still struggling to bear the cost of wage adjustments that come as a result of equal pay-for-equal work.	73	5	3.71	.808
9.5 Our company gives the same pay for people who are doing the same work, regardless of race, gender and nationality	73	5	3.86	.585
Valid N (listwise)	73			

As illustrated in Table 6.10, the sample respondents from small and medium companies in Durban agreed that they perceive the higher satisfaction that comes as a result of equality increases business performance, as reported by a mean score of 3.75. It is clear from this study that full

implementation of equal pay-for-equal work or work of equal value brings high satisfaction amongst employees, which leads to high productivity. As evident in Table 6.10, asked on whether they are still struggling to bear the cost of wage adjustments that come as a result of equal work-equal pay, the sample respondents agreed, with a mean score of 3.71. An important issue met with equal pay for work of equal value was the challenges in measuring the value of work. In respect of this, the sample respondents from small and medium companies in Durban confirmed that they are having difficulties in measuring the value of work, as reported by a mean score of 3.58. It is interesting to note that Table 6.10 further indicates that the sample respondents believed that their companies give the same pay for people who are doing the same work, regardless of race, gender and nationality, as supported by a mean score of 3.86. The sample respondents took a tentative position when asked if the equal pay equal work is causing an increase in job losses, as indicated by a mean score of 3.45. These findings imply that although SMCs struggled to make adjustments with changes that were brought by the insertion of equal pay for equal work, they managed to give the same pay to people who are doing the same work, regardless of race, gender and nationality. The struggle in making adjustments may be attributed to the fact that SMCs did not have adequate funds to meet sudden changes in their environment. Table 6.11 below examines the results in respect of the removal of non-SA citizens from the designated groups.

6.2.5.3.3 Removal of non-SA citizens from the designated groups and business performance

The study sought to ascertain the degree to which the respondents agree with statements relating to the ‘removal of non-SA citizens from the designated groups’ and business performance.

Table 6.11 Removal of non-SA citizens from the designated groups and business performance

	N	Maximum	Mean	Std. Deviation
9.1 We have increased the numbers of previously disadvantaged employees at all levels.	73	5	3.74	.727
9.3 We are no longer consider foreign nationals for our mandate to meet equity goals.	73	5	3.60	.878
9.14 Loss of foreign skilled employees lowers our production.	73	5	3.73	.750

9.33 We have a significant number of skilled non-South Africa citizens who quit the job since 2014 and went overseas.	73	5	3.62	.827
9.21 The qualification of an employee is crucial to our good business performance.	73	5	3.75	.741
9.22 The experience of an employee is crucial to improve our business performance.	73	5	3.81	.739
Valid N (listwise)	73			

As depicted in Table 6.11, the sample respondents agreed that they no longer consider foreign nationals as they push for their mandate to meet equity goals, as indicated by a mean score of 3.60. However, it is worrisome to note that the sample respondents believed that the loss of foreign skilled employees lowers production, as supported by a mean score of 3.73. These results were in line with the views of Makhitha (2016) that inadequate available skills from citizens of South Africa is one of the crises that small and medium companies are facing, which is compromising production. Further reinforcement was affirmed by Table 6.11, when asked whether they have a significant number of skilled non-South African citizens who quit the job since 2014 and went overseas, the sample respondents confirmed this with a mean score of 3.62. It is equally interesting to observe that the sample respondents affirmed that they have increased the numbers of previously disadvantaged employees at all levels, as shown by a mean score of 3.74. The findings imply that the space for the increase in the number of previously disadvantaged groups may have been created by the resignation of non-South African citizens. In terms of experience, the sample respondents believed that the experience of an employee is crucial to improve business performance, as indicated by a mean score of 3.81. In addition, the sample respondents also confirmed that the qualification of an employee is crucial for good business performance, as supported by a score mean of 3.75. Table 6.12 below reports on the extension of discriminatory grounds.

6.2.5.3.4 Extension of discriminatory grounds and business performance

The study sought to establish the respondents' level of agreement with statements relating to the 'extension of discriminatory grounds' and business performance.

Table 6.12 Extension of discriminatory grounds and business performance

	N	Maximum	Mean	Std. Deviation
9.2 Our company has policies that counter discrimination.	73	5	4.00	.236
9.44 We have a fair pay structure in our organisation.	73	5	3.85	.593
9.38 I think the extension of unfair discrimination to incorporate 'any other arbitrary grounds' in the new amendments to Employment Equity Act is vague as such it opens the flood gate for litigation.	73	5	3.62	.793
9.39 We spend a lot of time dealing with a multitude of issues of discrimination at our within the past three years.	73	5	3.66	.803
Valid N (listwise)	73			

The extension of unfair discrimination to incorporate 'any other arbitrary grounds' took centre stage amongst the aspects that are posing discomfort to business. In line with this, the sample respondents felt that the extension of unfair discrimination to incorporate 'any other arbitrary grounds' in the new amendments to the Employment Equity Act is vague and as such it opens the flood gate for litigation, as indicated by a mean score of 3.62. Further reinforcement was affirmed as respondents reported that they spent a lot of time dealing with a multitude of issues of discrimination at their companies within the past three years, as supported by a mean score of 3.66. However, as observed from Table 6.12, the sample respondents affirmed that their companies have policies that counter discrimination, as shown by a mean score of 4.00. These findings imply that despite small and medium companies having policies that counter unfair discrimination, they are still experiencing cases of unfair discrimination based on arbitrary grounds. This may be attributed to the fact that their policies do not accommodate unfair discrimination based on arbitrary grounds. In addition, it was found that the companies that participated in this study have a fair pay structure. This was confirmed by a score mean of 3.85. Table 6.13 below looks at the results in respect of increased fines.

6.2.5.3.5 Increased fines and business performance

The study sought to ascertain the degree to which the respondents agree with statements relating to ‘increased fines’ and business performance.

Table 6.13 Increased fines and business performance

	N	Maximum	Mean	Std. Deviation
9.4 We once received a penalty for not meeting employment equity targets.	73	5	2.99	.858
9.13 Hefty penalty charges stipulated in the new amendments to employment equity diminishes our revenue.	73	5	3.75	.703
9.16 High penalties stipulated in the new amendments to employment equity lowers our profits.	73	5	3.74	.727
9.29 Any penalty in the new amendments to employment equity that may be fined is likely to lead to the shut down of our company.	73	5	3.75	.760
9.30 The hefty penalties stipulated in the new amendment to employment equity are likely to cause bankruptcy for our company.	73	5	3.77	.808
Valid N (listwise)	73			

The sample respondents from small and medium companies in Durban indicated that hefty penalty charges stipulated in the new amendments to employment equity diminish their revenue, as shown by a mean score of 3.75. The results in Table 6.13 clearly point to sample respondents from small and medium companies in Durban seeing themselves shutting down their companies if they receive any penalty in terms of the new amendments to employment equity. This is supported by a mean score of 3.75. In the same vein, the sample respondents from small and medium companies in Durban affirmed that hefty penalties stipulated in the new amendments to employment equity legislation are likely to cause bankruptcy for their companies, as indicated by a mean score of 3.77. The Table 6.14 below covers items relating to annual reporting.

6.2.5.3.6 Annual reporting and business performance

The study sought to establish the degree to which the respondents agree with statements relating to ‘annual reporting’ and business performance.

Table 6.14 Annual reporting and business performance

	N	Maximum	Mean	Std. Deviation
9.10 Our company submits employment equity reports every year.	73	5	3.75	.703
9.17 The shift from reporting the employment equity goals once every 2 years to once every year strains our company.	73	5	3.75	.760
9.37 The increase in the number of reports adds an administration burden.	73	5	3.73	.768
Valid N (listwise)	73			

From a practical organisational point of view, the sample respondents indicated that the increase in the number of reports adds an administration burden, as indicated by a mean score of 3.73. However, sample respondents from small and medium companies in Durban affirmed that they submit employment equity reports every year. This was confirmed by a mean score of 3.75. A further confirmation came again from the sample respondents from small and medium companies in Durban who indicated that a shift from reporting the employment equity goals once every 2 years to once every year strains their companies, as shown by a mean score of 3.75. The overall viewpoint of the findings implies that reporting every year is a huge burden for small and medium companies. Table 6.15 reports on the consequences of failing to comply with the Director-General.

6.2.5.3.7 Consequences of failing to comply with the Director-General and business performance

The study sought to establish the respondents’ level of agreement with statements relating to the ‘consequences of failing to comply with the Director-General’ and business performance.

Table 6.15 Consequences of failing to comply with Director-General and business performance

	N	Maximum	Mean	Std. Deviation
9.25 The removal of a chance to object to some compliances causes inflexibility in our business.	73	5	3.78	.731
9.26 The removal of a chance to object to some compliances causes stunted growth to our business and some others order suppress innovation.	73	5	3.75	.795
9.34 Penalties issued for failure to comply with the Director General stifle production of goods and services	73	5	3.68	.762
Valid N (listwise)	73			

In terms of the consequences of failing to comply with the Director-General, the sample respondents indicated that the removal of a chance to object to some compliances causes inflexibility in their businesses, as indicated by a mean score of 3.78. On the other related statement, the sample respondents affirmed that the removal of a chance to object to some compliances caused stunted growth to their businesses and some others suppress innovation. This is shown by a mean score of 3.75. In the same vein, the sample respondents from small and medium companies in Durban believed that penalties issued for failure to comply with the Director-General stifle the production of goods and services, as supported by a mean score of 3.68. These findings imply that the removal of a chance to object to some compliances has adverse effects on the overall performance of the business. Table 6.16 covers the removal of occupational categories.

6.2.5.3.8 Removal of occupational categories and business performance

The study sought to establish to the degree to which the respondents agree with statements relating to the ‘removal of occupational categories’ and business performance.

Table 6.16 Removal of occupational categories and business performance

	N	Maximum	Mean	Std. Deviation
9.36 I think exclusion of occupational categories in the new employment equity amendment is good for the company.	73	5	3.68	.864
9.42 The removal of occupational categories reduces the administration burden.	73	5	3.89	.591
9.47 The removal of occupational categories reduces time wasted in scrutinising job levels in the company.	73	5	3.86	.561
Valid N (listwise)	73			

To this end, the sample respondents saw the removal of occupational categories as reducing the administration burden. This is indicated by a mean score of 3.89. On the other related statement, it is interesting to note that the sample respondents believed that the removal of occupational categories reduces time wasted in scrutinising job levels in the company. This is reported by a mean score of 3.86. In the same vein, the sample respondents indicated that the exclusion of occupational categories in the new employment equity amendment is good for the company, as shown by a mean score of 3.68. The overall viewpoint from the findings implies that the removal of occupational categories is favourable for the organisation. Table 6.17 below illustrates the psychometric tests.

6.2.5.3.9 Psychometric tests and business performance

The research sought to establish the degree to which the respondents agree with statements relating to ‘psychometric tests’ and business performance.

Table 6.17 Psychometric tests and business performance

	N	Maximum	Mean	Std. Deviation
9.45 We use psychometric tests when selecting the right candidate for the job.	73	5	3.40	.758
9.46 For critical jobs, we use employment agencies to recruit and select the right candidate for us.	73	5	3.93	.561

9.48 We ensure that the employment agency we deal with has psychometric tests registered, approved and certified by the Health Professions Council of South Africa (HPCSA)	73	5	3.75	.641
Valid N (listwise)	73			

As observed in Table 6.17, the sample respondents from small and medium companies in Durban agreed that for critical jobs, they use employment agencies to recruit and select the right candidate for them, as shown by a mean score of 3.93. The results in Table 6.17 also show that the sample respondents indicated that they ensure that the employment agencies they deal with have psychometric tests registered, approved and certified by the Health Professions Council of South Africa (HPCSA). This is confirmed by a mean score of 3.75. The sample respondents took a tentative position when asked whether they use psychometric tests when selecting the right candidate for the job, as shown by a mean score of 3.40. These findings imply that SMCs utilise psychometric tests for critical jobs where all the requisites are conducted by specialised employment agencies. Figure 6.18 below reports on ‘burden of proof’.

6.2.5.3.10 Burden of proof and business performance

The researcher sought to establish the respondents’ level of agreement with statements relating to ‘burden of proof’ and business performance.

Table 6.18 Burden of proof and business performance

	N	Maximum	Mean	Std. Deviation
9.49 The extension of burden of proof that incorporate employees does not affect our business performance	73	5	3.89	.591
9.50 I think that amendment does not affect us as we are holding the same position of proving that an employee has not been discriminated against.	73	5	3.86	.585
9.51 It is good to us that an employee should prove to us that we have discriminated against them based on arbitrary grounds	73	5	3.89	.718
Valid N (listwise)	73			

In terms of burden of proof, the sample respondents confirmed that it is good to them that an employee should prove to them that they have discriminated against them based on arbitrary grounds. This is indicated by a mean score of 3.89. According to Table 6.18, the sample respondents indicated that the amendment does not affect them as they are holding the same position of proving that an employee has not been discriminated against. This is confirmed by a mean score of 3.86. Further confirmation from the sample respondents affirmed that the extension of burden of proof that incorporates employees does not affect business performance. This is shown by a mean score of 3.89. Table 6.19 covers the ‘enforcement procedures’

6.2.5.3.11 Enforcement procedures and business performance

The study sought to find out the respondents’ level of agreement with statements relating to ‘enforcement procedures’ and business performance.

Table 6.19 Enforcement procedures and business performance

	N	Maximum	Mean	Std. Deviation
9.8 Sometimes commissioners who come for inspection demand bribes to lift the hefty financial sanctions.	73	5	3.64	.788
9.52 The enforcement procedures are too tight for us.	73	5	3.93	.631
9.53 The new enforcement procedures force us to hire ill-skilled people for the sake of achieving compliance.	73	5	3.88	.744
Valid N (listwise)	73			

As illustrated in Table 6.19, the sample respondents from small and medium companies in Durban indicated that sometimes commissioners who come for inspection demand bribes to lift the hefty financial sanctions, as indicated by a mean score of 3.64. In the same vein, the sample respondents felt that the enforcement procedures are too tight for them, as reported by a mean score of 3.93. On another statement in Table 6.19, the sample respondents affirmed that the new enforcement procedures force them to hire ill-skilled people for the sake of achieving compliance, as shown by a mean score of 3.88. Table 6.20 below covers sexual harassment handled by the CCMA.

6.2.5.3.12 Sexual harassment handled by the CCMA and business performance

The study sought to establish the respondents' level of agreement with statements relating to 'sexual harassment handled by the CCMA' and business performance.

Table 6.20 Sexual harassment handled by CCMA and business performance

	N	Maximum	Mean	Std. Deviation
9.41 Some employees are silently lodging their disputes at the CCMA without management's knowledge.	72	5	3.88	.604
9.43 We once experienced a case of sexual harassment in our organisation.	73	5	3.56	.833
9.54 When the CCMA handles sexual harassment matters it saves time and unnecessary expenses	73	5	3.82	.733
Valid N (listwise)	72			

As evident in Table 6.20, the sample respondents from small and medium companies in Durban indicated that some employees are silently lodging their disputes at the CCMA without management's knowledge. This is confirmed by a mean score of 3.88. On another statement, it is interesting to note that the sample respondents from small and medium companies in Durban confirmed that when the CCMA handles sexual harassment matters, it saves time and unnecessary expenses, as shown by a mean score of 3.82. These results imply that despite numerous cases of employees silently lodging their disputes with the CCMA without management's knowledge, the extension of the jurisdiction of the CCMA to preside over sexual harassment matters saves time. In the same vein, the sample respondents from small and medium companies in Durban conceded that they once experienced a case of sexual harassment in their organisations, as supported by a score mean of 3.82. Figure 6.21 below illustrates the increment of the total annual turnover threshold.

6.2.5.3.13 Increment of total annual turnover threshold and business performance

The research sought to establish the degree to which the respondents agree with statements relating to the 'increment of the total annual turnover threshold' and business performance.

Table 6.21 Increment of total annual turnover threshold and business performance

	N	Maximum	Mean	Std. Deviation
9.55 The increment of total annual turnover threshold does not affect our business performance.	73	5	3.89	.614
9.56 I think an increment of total annual turnover threshold comes to relieve some companies that are facing financial problems.	73	5	3.84	.782
9.57 We fall above the total annual turnover threshold stipulated in the new amendment.	73	5	3.82	.694
Valid N (listwise)	73			

The sample respondents indicated that the increment of the total annual turnover threshold does not affect their business performance, as reported by a mean score of 3.89. As observed from Table 6.21, the sample respondents from small and medium companies in Durban affirmed that an increment of the total annual turnover threshold comes to relieve some companies that are facing financial problems, as indicated by a mean score of 3.84. The sample respondents from small and medium companies in Durban confirmed that they fall above the total annual turnover threshold stipulated in the new amendment, as reported by a mean score of 3.82. These findings imply that the companies that participated in this study are suitable for this research since they fall above the total annual turnover threshold stipulated in the new amendment. Figure 6.22 below reports on the assessments of compliance.

6.2.5.3.14 Assessments of compliance and business performance

The study sought to ascertain the degree to which the respondents agree with statements relating to ‘assessments of complaints’ and business performance.

Table 6.22 Assessments of compliance and business performance

	N	Maximum	Mean	Std. Deviation
9.9 Our company considers both regional and national demographics when placing employment equity targets.	73	5	3.21	.971
9.40 I think there is an infringement of free negotiation between unions and employers in the new amendments to Employment Equity, where arrangements of a specific workplace should be discussed rather than having all the powers in decision-making centred on the Minister.	73	5	3.53	.835
9.58 We do not have any confusion in respect of the implementation of regional and national demographics	73	5	2.45	.959
Valid N (listwise)	73			

As illustrated in Table 6.22, the sample respondents from small and medium companies in Durban confirmed that there is an infringement of free negotiation between unions and employers in the New Amendments to Employment Equity, where arrangements of a specific workplace should be discussed rather than having all the powers in decision-making centred on the Minister. This is indicated by a mean score of 3.53. On another related statement in Table 6.22, the respondents disagreed that they do not have any confusion in respect of the implementation of regional and national demographics, as revealed by a mean score of 2.45. The sample respondents from small and medium companies in Durban indicated that their companies consider both regional and national demographics when placing employment equity targets, as supported by a mean score of 3.21. The findings imply that although small and medium companies consider the regional and national demographics, they are experiencing confusion in respect of their practical implementation. Table 6.23 below covers stakeholder performance.

6.2.5.3.15 Stakeholder performance

The research sought to establish the respondents' level of agreement with statements relating to stakeholder performance.

Table 6.23 Stakeholder performance

	N	Maximum	Mean	Std. Deviation
9.19 Our business is growing slowly due to inexperienced employees available.	73	5	3.77	.755
9.27 Our process of production is so sophisticated such that it requires experienced employees.	73	5	3.73	.750
9.28 Our company has high potential of growth once we keep our expert team of employees.	73	5	3.74	.782
Valid N (listwise)	73			

The sample respondents from small and medium companies in Durban indicated that their process of production is so sophisticated such that it requires experienced employees, as supported by a mean score of 3.73. It is interesting to note that the sample respondents from small and medium companies in Durban affirmed that their companies have a high potential of growth once they keep their expert team of employees, as indicated by a mean score of 3.74. However, it is worrisome to note that the sample respondents indicated that their businesses are growing slowly due to inexperienced employees available, as shown by a mean score of 3.77. Table 6.24 reports on the financial performance.

6.2.5.3.16 Financial performance

The study sought to find out the degree to which the respondents agree with statements relating to financial performance.

Table 6.24 Financial performance

	N	Maximum	Mean	Std. Deviation
9.20 The cost of production is rising due to inefficiency caused by inexperienced employees.	73	5	3.79	.726
9.59 We have been experiencing cashflow constraints in our organisation for the past 3 years.	73	5	3.82	.674
9.60 We have been making meagre profits for the past 3 years	73	5	3.77	.677
Valid N (listwise)	73			

As is evident in Table 6.25, the sample respondents from small and medium companies in Durban affirmed that the cost of production is rising due to inefficiency caused by inexperienced employees, as indicated by a mean score of 3.79. On another statement in Table 6.24 asked whether they have been experiencing cashflow constraints in their organisation for the past 3 years. The respondents confirmed with a mean score of 3.82. According to Table 6.24, the sample respondents indicated that they have been making meagre profits for the past 3 years, as shown by a score mean of 3.77. Table 6.25 below illustrates the operational performance.

6.2.5.3.17 Operational performance

The research sought to establish the respondents' level of agreement with statements relating to operational performance.

Table 6.25 Operational performance

	N	Maximum	Mean	Std. Deviation
9.18 Our production decreased significantly in the past 3 years.	73	5	3.77	.755
9.61 We need much innovation to be competitive on the global market.	73	5	3.75	.662
9.62 We strive to produce products and services of high quality	73	5	3.88	.526
Valid N (listwise)	73			

In respect of operational performance, the sample respondents from small and medium companies in Durban affirmed that they need much innovation in order to be competitive on the global market as supported by a mean score of 3.75. On the other statement in Table 6.25, the sample respondents from small and medium companies in Durban indicated that their production decreased significantly in the past 3 years, as shown by a mean score of 3.77. The sample respondents from small and medium companies in Durban confirmed that they strive to produce products and services of high quality, as reported by a mean score of 3.88. The following sub-section reports the results of the inferential analysis.

6.2.5.3 INFERENCE ANALYSIS

This section of the research presents the regression analysis and the correlation analysis. In this section of the study, the researcher sought to ascertain the relationship between the dependent variable and independent variable. Hence, correlation analysis and regression analysis were conducted to assist in establishing the nature of linkages between the dependent variable and independent variable. Table 6.26 below reports on the regression analysis.

6.2.5.3.1 Regression analysis

Table 6.26: Model summary- Employment Equity amendments and business performance

Model	R	Adjusted R Square
1	.989 ^a	.973
a. Predictors (Constant): EEAA (equal pay for work of equal value; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; and assessments of regional and national demographics)		

As shown in Table 6.26, independent variables are statistically significant in predicting the dependent variable. This is indicated by an adjusted R Square value of 0.973. This means that 97.3% of variations in the business performance of SMCs in Durban are explained by ‘equal‘pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘consideration of experience’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’ and ‘assessments of compliance’ (regional and national demographics). Other business factors affecting the business performance of small and medium companies that were not covered in this study accounted for 2.7%, which may serve as a guide for further study.

In simple terms, the amendment of employment equity has a significant relationship with business performance. This was indicated by the correlation value (R) of 0.989, which is considered a significant relationship because the value falls above 0.70 (Pallant, 2011). The adjusted R square reflects that 97.3% (0.973) of the business performance could be explained by the independent variables. Table 6.27 below covers the analysis of variance (ANOVA) test results.

Table 6.27: ANOVA Test Results

Model	Sum of Squares		Df	Mean Square	F	Sig.
1	Regression	.532	14	120.775	185.617	.000 ^b
	Residual	1.974	57	651		
	Total	2.506	71			
a. Dependent variable: Business performance						
b. Predictors: (Constant) EEAA (equal pay for work of equal value; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; assessments of regional and national demographics; and psychometric tests)						
Critical F= 2.51304						

As evident in Table 6.27, the test reflects a statistically significant F calculated value of 185.617 which is above the minimum critical F value 2.51304. This implies that the generated regression equation by this study perfectly and significantly predicts the dependent variable. This is also corroborated by a p-value in which $p=0.003 < 0.05$. This means that the p-value (0.003) reported was less than the conventional probability of 0.05 significance level. The results of the test depict that the adopted regression equation in this study is of good fit, hence it is suitable to predict the business performance based on the amendments of employment equity reviewed in this study. Table 6.28 below illustrates the coefficients sub-independent and dependent variables.

Table 6.28 Coefficients

Model (Independent Variables)	Unstandardized Coefficients	Sig.
	B	
(Constant)	.763	.000
Equal pay-for-equal work	.867	.000
Extension of discriminatory grounds	-.604	.000

Removal of non-SA citizens from the designated groups	-0.762	.001
Increased fines	-0.849	.004
Removal of occupational categories	.530	.000
Consequences of failing to comply with Director-General	-0.612	.010
Burden of proof	-0.561	.040
Annual reporting	-0.718	.004
Enforcement procedures	-0.621	.040
Sexual harassment handled by CCMA	.321	.125
Increment of total annual turnover threshold	.113	.126
Assessments of compliance (regional and national demographics)	-.586	.042
Psychometric tests	-.110	.090

a. Dependent Variable: Business Performance

R – Represents the relationship between the independent variables and dependent variables

R²- Represents the extent to which the independent variable explains the dependent variable

B- Represents the co-efficient of the independent variables

Sig. - Represents the statistical significance level of the model

The established model for the study was:

The regression equation is therefore $y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6 X_6 + b_7X_7 + b_8X_8 + b_9X_9 + b_{10}X_{10} + b_{11}X_{11} + b_{12}X_{12} + b_{13}X_{13}$. When the values from the table are computed, the equation becomes $y = 0.763 + 0.867X_1 + -0.604X_2 + -0.762X_3 + -0.849X_4 + 0.530X_5 + -0.612X_6 + -0.561X_7 + -0.718X_8 + -0.621X_9 + 0.321X_{10} + 0.113X_{11} + -0.586X_{12} + -0.110X_{13}$. Where: Y= Business performance of SMEs; X₁= Equal pay-for-equal work ; X₂= Extension of discriminatory grounds; X₃= Removal of non-SA citizens from the designated groups; X₄=

Increased fines; X₅= Removal of occupational categories; X₆= Consequences of failing to comply with the Director-General; X₇= Burden of proof; X₈= Annual reporting; X₉= Enforcement procedures; X₁₀= Sexual harassment handled by CCMA; X₁₁= Increment of total annual turnover threshold; X₁₂= Assessments of regional and national demographics ; and X₁₃= Psychological tests.

As observed from Table 6.28 above, the coefficient value of 'equal pay-for-equal work' was 0.867. This entails that when other independent variables are held constant ('extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'psychometric tests' and 'assessments of regional and national demographics'), business performance could increase by 86.7% given that there is 100% progress of 'equal pay-for-equal work'. The statistical significance ($0.00 < 0.05$) means that the sub-independent variable (equal pay-for-equal work) has a significant and positive contribution to the prediction of the dependent variable (business performance).

In accordance with the analysis in Table 6.28, the coefficient value of 'extension of discriminatory grounds' garnered -0.604. This entails that all things being equal ('equal pay-for-equal work', 'increased fines', 'removal of non-SA citizens from the designated groups', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'equal pay for work of equal value', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'psychometric tests' and 'assessments of regional and national demographics'), business performance could decrease by 60.4% given that there is 100% consideration of 'extension of discriminatory grounds'. The statistical significance ($0.00 < 0.05$) means that the sub-independent variable (extension of discriminatory grounds) has a significant and negative contribution to the prediction of the dependent variable (business performance).

As reflected in Table 6.28 above, the coefficient value of ‘removal of non-SA citizens from the designated groups’ yielded -0.762. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘psychometric tests’ and ‘assessments of regional and national demographics’), business performance could decrease by 76.2% given that there is 100% progress of ‘removal of non-SA citizens from the designated groups’. The statistical significance ($0.001 < 0.05$) means that the sub-independent variable (removal of non-SA citizens from the designated groups) makes a significant and negative contribution to the prediction of the dependent variable (business performance).

In relation to Table 6.28, the coefficient value of ‘increased fines’ was -0.849. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘removal of occupational categories’, ‘consequences of failing to comply with Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘psychometric tests’ and ‘assessments of regional and national demographics’), business performance could decrease by 84.9% given that there is 100% progress of ‘increased fines’. The statistical significance ($0.004 < 0.05$) means that the sub-independent variable (increased fines) makes a significant and negative contribution to the prediction of the dependent variable (business performance).

As shown in Table 6.28, the coefficient value of ‘removal of occupational categories’ was 0.530. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘psychometric tests’ and ‘assessments of regional and national demographics’), business performance could increase by 53.0% given that there is 100% progress

of 'removal of occupational categories'. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable (removal of occupational categories) makes a moderately significant and positive contribution to the prediction of the dependent variable (business performance).

According to Table 6.28, the coefficient value of 'consequences of failing to comply with Director-General' was -0.612. This implies that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'psychometric tests' and 'assessments of regional and national demographics'), business performance could decrease by 61.2%, given that there is 100% progress of 'consequences of failing to comply with the Director-General'. The statistical significance ($0.01 > 0.05$) means that the sub-independent variable (consequences of failing to comply with the Director-General) makes a significant and negative contribution to the prediction of the dependent variable (business performance).

As evident in Table 6.28, the coefficient value of 'burden of proof' was -0.561. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'removal of non-SA citizens from the designated groups', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'psychometric tests' and 'assessments of regional and national demographics'), business performance could decrease by 56.1%, given that there is 100% progress of 'burden of proof'. The statistical significance ($0.040 < 0.05$) means that the sub-independent variable 'burden of proof' makes a moderate and negative contribution to the prediction of the dependent variable (business performance).

As reflected in Table 6.28 above, the coefficient value of ‘annual reporting’ was -0.718. This implies that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, psychometric tests and ‘assessments of regional and national demographics’), business performance could decrease by 71.8%, given that there is a 100% progress of ‘annual reporting’. The statistical significance ($0.004 < 0.05$) means that the sub-independent variable ‘annual reporting’ makes a significant and negative contribution to the prediction of the dependent variable (business performance).

According to Table 6.28, the coefficient value of ‘enforcement procedures’ was -0.621. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘sexual harassment handled by CCMA’, psychometric tests, ‘increment of total annual turnover threshold’ and ‘assessments of regional and national demographics’), business performance could decrease by 62.1%, given that there is a 100% progress of ‘enforcement procedures’. The statistical significance ($0.040 < 0.05$) means that the sub-independent variable (enforcement procedures) makes a moderately significant and negative contribution to the prediction of the dependent variable (business performance).

As shown in Table 6.28, the coefficient value of ‘sexual harassment handled by CCMA’ was 0.321. This implies that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘increment of total annual turnover threshold’, psychometric tests and ‘assessments of regional and national demographics’), business performance could increase by 32.1% , given that there is a 100% progress of ‘sexual harassment handled by CCMA’. The statistical significance ($0.125 > 0.05$)

means that the sub-independent variable ('sexual harassment handled by CCMA') makes an insignificant and negative contribution to the prediction of the dependent variable (business performance).

According to Table 6.28, the coefficient value of 'increment of total annual turnover threshold' was 0.113. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', psychometric tests and 'assessments of regional and national demographics'), business performance could increase by 11.3%, given that there is a 100% progress of 'increment of total annual turnover threshold'. The statistical significance ($0.126 > 0.05$) means that the sub-independent variable (increment of total annual turnover threshold) makes an insignificant and positive contribution to the prediction of the dependent variable (business performance).

As reflected in Table 6.28 above, the coefficient value of 'psychometric tests' was -0.110. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold' and 'assessments of regional and national demographics'), business performance could be negative by 11%, given that there is 100% progress of 'psychometric tests'. The statistical significance ($0.09 > 0.05$) means that the sub-independent variable 'psychometric tests' makes a relative significant and positive contribution to the prediction of the dependent variable (business performance).

As reflected in Table 6.28 above, the coefficient value of 'assessments of compliance' (regional and national demographics) was -0.586. This entails that when other independent variables are

held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold' and psychological tests), business performance could decrease by 58.6%, given that there is 100% progress of 'assessments of compliance' (regional and national demographics). The statistical significance ($0.042 < 0.05$) means that the sub-independent variable 'assessments of compliance' (regional and national demographics) has moderate significance and makes a negative contribution to the prediction of the dependent variable (business performance). Table 6.29 below illustrates the model summary of regression analysis.

Table 6.29 Model summary- employment equity amendments and stakeholder performance

Model	R	Adjusted R Square
1	.990 ^a	.975
Predictors (Constant): EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; psychological tests and assessments of regional and national demographics).		

As evident in Table 6.29, the regression equation, the EEAA has a significant relationship with stakeholder performance. This was indicated by the correlation value (R) of 0.990, which is a considered a significant relationship because the value falls above 0.70 (Pallant, 2011). The adjusted R square reflects that 97.5% (0.975) of stakeholder performance could be explained by the independent variables. Table 6.30 below illustrates the value of analysis test results.

Table 6.30: ANOVA Test Results

Model	Sum of Squares		Df	Mean Square	F	Sig.
1	Regression	.745	14	24.811	199.594	.000
	Residual	2.409	57	.124		

	Total	3.154	71			
a. Dependent variable: stakeholder performance						
b. Predictors: (Constant) EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; consideration of experience; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; psychological tests and assessments of regional and national demographics)						
Critical F= 2.51304						

The test in Table 6.30 reflects a statistically significant F calculated value of 199.594, which is above the minimum critical F value of 2.51304. This implies that the generated regression equation of this study perfectly and significantly predicts the dependent variable. This is also corroborated by a p-value in which $p=0.000 < 0.05$. This means that the p-value (0.000) reported was lower than the conventional probability of 0.05 significance level. The results of the test depict that the adopted regression equation in this study is of good fit, hence it is suitable to be utilised to predict stakeholder performance based on the amendments of employment equity reviewed in this study. Table 6.31 covers the coefficients of regression analysis.

Table 6.31 Coefficients

Model (Independent Variables)	Unstandardized Coefficients	Sig.
	B	
Constant	.797	.000
Equal pay-for-equal work	.928	.000
Extension of discriminatory grounds	-.632	.014
Removal of non-SA citizens from the designated groups	-.851	.000
Increased fines	-.112	.452
Removal of occupational categories	.101	.508

Consequences of failing to comply with Director general	-.124	.241
Burden of proof	-.156	.371
Annual reporting	-.215	.169
Enforcement procedures	-.189	.462
Sexual harassment handled by CCMA	.135	.523
Increment of total annual turnover threshold	.023	.821
Assessments of regional and national demographics	-.091	.718
Psychological tests	0.069	.335

a. Dependent Variable: Stakeholder Performance

As evident in Table 6.31, the coefficient value of ‘equal pay-for-equal work’ was 0.928. This implies that when other independent variables are held constant (‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests), stakeholder performance could increase by 92.8%, given that there is 100% progress of ‘equal pay-for-equal work’. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable ‘equal pay-for-equal work’ makes a highly significant and positive contribution to the prediction of the dependent variable (stakeholder performance).

As reflected in Table 6.31 above, the coefficient value of ‘extension of discriminatory grounds’ was -0.632. This means that when other independent variables are held constant (‘equal pay-for-equal work’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, assessments of regional and national

demographics' and psychological tests), stakeholder performance could decrease by 63.2%, given that there is 100% progress of 'extension of discriminatory grounds'. The statistical significance ($0.014 < 0.05$) means that the sub-independent variable 'extension of discriminatory grounds' makes a relatively significant and negative contribution to the prediction of the dependent variable (stakeholder performance).

In relation to Table 6.31, the coefficient value of 'removal of non-SA citizens from the designated groups' was -0.851. This implies that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', assessments of regional and national demographics' and psychological tests), stakeholder performance could decrease by 85.1%, given that there is 100% progress of 'removal of non-SA citizens from the designated groups'. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable 'removal of non-SA citizens from the designated groups' makes a highly significant and negative contribution to the prediction of the dependent variable (stakeholder performance).

According to Table 6.31, the coefficient value of 'increased fines' was -0.112. This implies that when other independent variables are held constant ('equal pay-for-equal', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychological tests), stakeholder performance could decrease by 11.2%, given that there is 100% progress of 'increased fines'. The statistical significance ($0.452 > 0.05$) means that the sub-independent variable ('increased fines') makes an insignificant and negative contribution to the prediction of the dependent variable (stakeholder performance).

As illustrated in Table 6.31, the coefficient value of ‘removal of occupational categories’ was 0.101. This implies that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘consequences of failing to comply with the Director General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests), stakeholder performance could increase by 10.1%, given that there is 100% progress of ‘removal of occupational categories’. The statistical significance ($0.508 > 0.05$) means that the sub-independent variable (removal of occupational categories) makes an insignificant and positive contribution to the prediction of the dependent variable (stakeholder performance).

As reflected in Table 6.31, the coefficient value of ‘consequences of failing to comply with the Director-General’ was -0.124. This means that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests), stakeholder performance could decrease by 12.4%, given that there is 100% progress of ‘consequences of failing to comply with the Director-General’. The statistical significance ($0.241 > 0.05$) means that the sub-independent variable ‘consequences of failing to comply with the Director-General’ makes a considerable insignificant and negative contribution to the prediction of the dependent variable (stakeholder performance).

In relation to Table 6.31, the coefficient value of ‘burden of proof’ was -0.156. This implies that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national

demographics' and psychological tests), stakeholder performance could decrease by 15.6% given that there is 100% progress of 'burden of proof'. The statistical significance ($0.371 > 0.05$) means that the sub-independent variable ('burden of proof') makes an insignificant and negative contribution to the prediction of the dependent variable (stakeholder performance).

As indicated in Table 6.31 above, the coefficient value of 'annual reporting' was -0.215. This implies that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychological tests), stakeholder performance could decrease by 21.5%, given that there is 100% progress of 'annual reporting'. The statistical significance ($0.169 > 0.05$) means that the sub-independent variable ('annual reporting') makes an insignificant and negative contribution to the prediction of the dependent variable (stakeholder performance).

Table 6.31 depicts that the coefficient value of 'enforcement procedures' was -0.189. This means that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychological tests), stakeholder performance could decrease by 18.9%, given that there is 100% progress of 'enforcement procedures'. The statistical significance ($0.462 > 0.05$) means that the sub-independent variable (enforcement procedures) makes an insignificant and negative contribution to the prediction of the dependent variable (stakeholder performance).

Table 6.31 shows that the coefficient value of 'sexual harassment handled by CCMA' was 0.135. This implies that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups',

‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests), stakeholder performance could increase by 13.5%, given that there is 100% progress of ‘sexual harassment handled by CCMA’. The statistical significance ($0.523 > 0.05$) means that the sub-independent variable (‘sexual harassment handled by CCMA’) makes an insignificant and positive contribution to the prediction of the dependent variable (stakeholder performance).

As shown in Table 6.31, the coefficient value of ‘increment of total annual turnover threshold’ was 0.023. This means that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘assessments of regional and national demographics’ and psychological tests), stakeholder performance could increase by 2.3% given that there is 100% progress of ‘increment of total annual turnover threshold’. The statistical significance ($0.821 > 0.05$) means that the sub-independent variable (increment of total annual turnover threshold) makes an insignificant and positive contribution to the prediction of the dependent variable (stakeholder performance).

According to Table 6.31 above, the coefficient value of ‘assessments of compliance’ (regional and national demographics) was -0.091. This implies that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’ and psychological tests), stakeholder performance could decrease by 9.1%, given that there is 100% progress of ‘assessments of compliance’ (regional and national demographic). The statistical significance ($0.718 > 0.05$) means that the sub-independent variable

‘assessments of compliance’ (regional and national demographics) makes an insignificant and negative contribution to the prediction of the dependent variable (stakeholder performance).

According to Table 6.31 above, the coefficient value of ‘psychological tests’ was 0.069. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director general’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’ and ‘increment of total annual turnover threshold’), stakeholder performance could increase by 6.9%, given that there is 100% progress of ‘psychological tests’. The statistical significance ($0.335 < 0.05$) means that the sub-independent variable ‘psychological test’ makes an insignificant and positive contribution to the prediction of the dependent variable (stakeholder performance). Table 6.32 reports on the model summary of regression analysis.

Table 6.32 Model summary- employment equity amendments and financial performance

Model	R	Adjusted R ²
1	.985 ^a	.962
a. Predictors (Constant): EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; consideration of experience; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; assessments of regional and national demographics and psychometric tests)		

In terms of the regression equation, the employment equity amendment legislation has a significant relationship with financial performance. This was indicated by the correlation value of 0.985, which is considered a significant relationship because the value falls above 0.70 (Pallant, 2011). The adjusted R² reflects that 96.2% (0.962) of the financial performance could be explained by the independent variables. Table 6.33 covers the results in respect of value of analysis.

Table 6.33: ANOVA Test Results

Model	Sum of Squares		Df	Mean Square	F	Sig.
1	Regression	.889	14	13.203	130.373	.000
	Residual	2.941	57	.101		
	Total	3.830	71			
a. Dependent variable: financial performance						
b. Predictors: (Constant) EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; consideration of experience; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; assessments of regional and national demographics and psychological tests)						
Critical F= 2.51304						

The test in Table 6.33 reflects a statistically significant F calculated value of 130.373, which is above the minimum critical F value of 2.51304. This implies that the generated regression equation by this study perfectly and significantly predicts the dependent variable. This is also corroborated by a p-value in which $p=0.000 < 0.05$. This means that the p-value (0.000) reported was less than the conventional probability of 0.05 significance level. The results of the test depicts that the adopted regression equation in this study is of good fit, hence it is suitable to be utilised to predict the financial performance based on the amendments of employment equity reviewed in this study. Table 6.34 provides the results in respect of the coefficient of regression analysis.

Table 6.34: Coefficients

Model (Independent Variables)	Unstandardized Coefficients	Sig.
	B	
Constant	.797	.000
Equal pay-for-equal work	-.256	.120
Extension of discriminatory grounds	-.208	.402

Removal of non-SA citizens from the designated groups	-.562	-.042
Increased fines	-.954	.000
Removal of occupational categories-	.097	.629
Consequences of failing to comply with Director-General	-.963	.000
Burden of proof	-.210	-.510
Annual reporting	-.023	-.741
Enforcement procedures	-.512	.047
Sexual harassment handled by CCMA	.082	.339
Increment of total annual turnover threshold	.065	.497
Assessments of compliance (regional and national demographics)	.512	.041
Psychometric tests	-.106	.448

a. Dependent Variable: Financial Performance

As observed in Table 6.34, the coefficient value of ‘equal pay-for-equal work’ was -0.256. This entails that when other independent variables are held constant (‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychometric tests), financial performance could decrease by 25.6%, given that there is 100% progress of ‘equal pay-for-equal work’. The statistical significance ($0.120 > 0.05$) means that the sub-independent variable (‘equal pay-for-equal work’) makes an insignificant and negative contribution to the prediction of the dependent variable (financial performance).

In accordance with the analysis in Table 3.34, the coefficient value of ‘extension of discriminatory grounds’ was -0.208. This entails that all things being equal (‘equal pay-for-equal’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychometric tests), financial performance could decrease by 20.8%, given that there is a 100% progress of ‘extension of discriminatory grounds’. The statistical significance ($0.402 > 0.05$) means that the sub-independent variable ‘extension of discriminatory grounds’ makes an insignificant and negative contribution to the prediction of the dependent variable (financial performance).

As indicated in Table 6.34 above, the coefficient value of ‘removal of non-SA citizens from the designated groups’ was -0.562. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychometric tests), financial performance could decrease by 56.2%, given that there is 100% progress of ‘removal of non-SA citizens from the designated groups’. The statistical significance ($0.042 < 0.05$) means that the sub-independent variable (removal of non-SA citizens from the designated groups) makes a relatively significant and negative contribution to the prediction of the dependent variable (financial performance).

As reflected in Table 6.34, the coefficient value of ‘increased fines’ was -0.954. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and

national demographics' and psychometric tests), financial performance could decrease by 95.4%, given that there is 100% progress of 'increased fines'. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable 'increased fines' makes a highly significant and negative contribution to the prediction of the dependent variable (financial performance).

As indicated in Table 6.34, the coefficient value of 'removal of occupational categories' was 0.097. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychometric tests), financial performance could increase by 9.7%, given that there is 100% progress of 'removal of occupational categories'. The statistical significance ($0.629 > 0.05$) means that the sub-independent variable (removal of occupational categories) makes an insignificant and positive contribution to the prediction of the dependent variable (financial performance).

According to Table 6.34, the coefficient value of 'consequences of failing to comply with the Director-General' was -0.763. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychometric tests), financial performance could decrease by 76.3%, given that there is 100% progress of 'consequences of failing to comply with the Director-General'. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable ('consequences of failing to comply with the Director-General') makes a significant and negative contribution to the prediction of the dependent variable (financial performance).

As illustrated in Table 6.34, the coefficient value of ‘burden of proof’ was -0.210. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director General’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychometric tests), financial performance could decrease by 21 %, given that there is 100% progress of ‘burden of proof’. The statistical significance ($0.510 > 0.05$) means that the sub-independent variable (‘burden of proof’) makes an insignificant and negative contribution to the prediction of the dependent variable (financial performance).

As indicated in Table 6.34 above, the coefficient value of ‘annual reporting’ was -0.023. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychometric tests), financial performance could decrease by 2.3% given that there is 100% progress of ‘annual reporting’. The statistical significance ($0.741 > 0.05$) means that the sub-independent variable (‘annual reporting’) makes an insignificant and negative contribution to the prediction of the dependent variable (financial performance).

In relation to Table 6.34, the coefficient value of ‘enforcement procedures’ was -0.512. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychometric tests), financial performance could increase by 51.2%, given that there is 100% progress of ‘enforcement procedures’. The statistical significance ($0.047 < 0.05$)

means that the sub-independent variable (enforcement procedures) makes a relatively significant and negative contribution to the prediction of the dependent variable (financial performance).

As indicated in Table 6.34 above, the coefficient value of 'sexual harassment handled by CCMA' was 0.082. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychometric tests), financial performance could increase by 8.2%, given that there is 100% progress of 'sexual harassment handled by CCMA'. The statistical significance ($0.339 > 0.05$) means that the sub-independent variable (sexual harassment handled by CCMA) makes an insignificant and positive contribution to the prediction of the dependent variable (financial performance).

As illustrated in Table 6.34, the coefficient value of 'increment of total annual turnover threshold' was 0.065. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychometric tests), financial performance could increase by 6.5%, given that there is 100% progress of 'increment of total annual turnover threshold'. The statistical significance ($0.497 < 0.05$) means that the sub-independent variable (increment of total annual turnover threshold) makes an insignificant and positive contribution to the prediction of the dependent variable (financial performance).

In relation to Table 6.34, the coefficient value of 'assessments of compliance' (regional and national demographics) was 0.512. This entails that when other independent variables are held

constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychometric tests), financial performance could increase by 51.2%, given that there is 100% progress of 'assessments of compliance' (regional and national demographics). The statistical significance ($0.041 < 0.05$) means that the sub-independent variable (assessments of regional and national demographics) makes a relatively significant and positive contribution to the prediction of the dependent variable (financial performance).

As indicated in Table 6.34 above, the coefficient value of 'psychometric tests' was -0.106. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', and assessments of regional and national demographics'), financial performance could decrease by 10.6%, given that there is 100% progress of 'psychometric tests'. The statistical significance ($0.448 < 0.05$) means that the sub-independent variable (psychometric tests) makes an insignificant and negative contribution to the prediction of the dependent variable (financial performance). Test 6.35 below illustrates the model summary of regression analysis.

Table 6.35 Model summary- employment equity amendments and operational performance.

Model	R	Adjusted R ²
1	.953 ^a	.885
Predictors: (Constant) EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; assessments of regional and national demographics and psychometric tests)		

As illustrated by the regression equation in Table 6.35, the employment equity amendment legislation has a significant relationship with operational performance. This was indicated by the correlation value of 0.953, which is considered a significant relationship because the value falls above 0.70 (Pallant, 2011). The adjusted R^2 reflects that 88.5% (0.885) of the operational performance could be explained by the independent variables. Table 6.36 below reports on analysis of variance test results.

Table 6.36: ANOVA Test Results

Model	Sum of Squares		Df	Mean Square	F	Sig.
1	Regression	.789	14	9.789	40.075	.000
	Residual	2.769	57	.244		
	Total	3.558	71			
a. Dependent variable: Operational performance						
b. Predictors: (Constant) EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; and assessments of regional and national demographics and psychometric tests)						
Critical F= 2.51304						

The test in Table 6.36 reflects a statistically significant F calculated value of 40.075, which is above the minimum critical F value 2.51304. This implies that the generated regression equation by this study perfectly and significantly predicts the dependent variable. This is also corroborated by a p-value in which $p=0.000 < 0.05$. This means that the p-value (0.000) reported was lower than the conventional probability of 0.05 significance level. The outcomes of the test depict that the adopted regression equation in this study is of good fit, hence it is suitable to utilise to predict the operational performance based on the amendments of employment equity legislation reviewed in this study. Table 6.37 covers the coefficients of both independent and dependent sub-variables

Table 6.37: Coefficients

Model (Independent Variables)	Unstandardized Coefficients	Sig.
	B	
Constant	.827	.000
Equal pay-for-equal work	.701	.000
Extension of discriminatory grounds	.627	.001
Removal of non-SA citizens from the designated groups	-.849	.002
Increased fines	-.652	.002
Removal of occupational categories	.197	.631
Consequences of failing to comply with Director-General	-.515	.025
Burden of proof	-.557	.026
Annual reporting	-.682	.018
Enforcement procedures	-.701	.001
Sexual harassment handled by CCMA	.203	.253
Increment of total annual turnover threshold	.054	.482
Assessments of regional and national demographics	-.761	.000
Psychological tests	.342	.372

a. Dependent Variable: Operational Performance

As observed in Table 6.37, the coefficient value of ‘equal pay-for-equal work’ was 0.701. This entails that when other independent variables are held constant (‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics

and psychological tests'), operational performance could increase by 70.1%, given that there is 100% progress of 'equal pay-for-equal work'. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable ('equal pay-for-equal work') makes a significant and positive contribution to the prediction of the dependent variable (operational performance).

In relation to Table 6.37, the coefficient value of 'extension of discriminatory grounds' was -0.627. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and 'psychological tests'), operational performance could decrease by 62.7%, given that there is 100% progress of 'extension of discriminatory grounds'. The statistical significance ($0.001 < 0.05$) means that the sub-independent variable ('extension of discriminatory grounds') makes a relatively significant and negative contribution to the prediction of the dependent variable (operational performance).

According to Table 6.37, the coefficient value of 'removal of non-SA citizens from the designated groups' was -0.849. This entails that when other independent variables are held constant of ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychological tests), operational performance could decrease by 84.9%, given that there is 100% progress of 'removal of non-SA citizens from the designated groups'. The statistical significance ($0.002 < 0.05$) means that the sub-independent variable ('removal of non-SA citizens from the designated groups') makes a highly significant and negative contribution to the prediction of the dependent variable (operational performance).

According to Table 6.37, the coefficient value of 'increased fines' was -0.652. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'removal of occupational categories', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychological tests), operational performance could decrease by 65.2%, given that there is 100% progress of 'increased fines'. The statistical significance ($0.002 < 0.05$) means that the sub-independent variable ('increased fines') makes a relatively significant and negative contribution to the prediction of the dependent variable (operational performance).

As reflected in Table 6.37, the coefficient value of 'removal of occupational categories' was 0.197. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'consequences of failing to comply with the Director-General', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychological tests), operational performance could increase by 19.7%, given that there is 100% progress of 'removal of occupational categories'. The statistical significance ($0.631 > 0.05$) means that the sub-independent variable 'removal of occupational categories' makes an insignificant and positive contribution to the prediction of the dependent variable (operational performance).

In relation to Table 6.37, the coefficient value of 'consequences of failing to comply with the Director-General' was -0.515. This entails that when other independent variables are held constant ('equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'removal of occupational categories', 'burden of proof', 'annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold', 'assessments of regional and national demographics' and psychological tests), operational performance could decrease by 51.5%, given

that there is 100% progress of ‘consequences of failing to comply with the Director-General’. The statistical significance ($0.025 < 0.05$) means that the sub-independent variable (‘consequences of failing to comply with the Director-General’) makes a relatively significant and negative contribution to the prediction of the dependent variable (operational performance).

According to Table 6.37, the coefficient value of ‘burden of proof’ was -0.557. This entails that when other independent variables are held constant of (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director General’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests), operational performance could decrease by 55.7%, given that there is 100% progress of ‘burden of proof’. The statistical significance ($0.026 < 0.05$) means that the sub-independent variable (‘burden of proof’) makes a relatively significant and negative contribution to the prediction of the dependent variable (operational performance).

In accordance with the analysis in Table 6.37, the coefficient value of ‘annual reporting’ was -0.682. This entails that all things being equal (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director General’, ‘burden of proof’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests), operational performance could decrease by 68.2%, given that there is 100% consideration of ‘annual reporting’. The statistical significance ($0.018 < 0.05$) means that the sub-independent variable (‘annual reporting’) makes a relatively significant and negative contribution to the prediction of the dependent variable (operational performance).

Table 6.37 illustrates that the coefficient value of ‘enforcement procedures’ was -0.701. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’,

‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests) operational performance could decrease by 70.1%, given that there is 100% progress of ‘enforcement procedures’. The statistical significance ($0.001 < 0.05$) means that the sub-independent variable (enforcement procedures) makes a significant and negative contribution to the prediction of the dependent variable (operational performance).

Table 6.37 shows that the coefficient value of ‘sexual harassment handled by CCMA’ was 0.203. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘increment of total annual turnover threshold’, ‘assessments of regional and national demographics’ and psychological tests), operational performance could increase by 20.3%, given that there is 100% progress of ‘sexual harassment handled by CCMA’. The statistical significance ($0.253 > 0.05$) means that the sub-independent variable (‘sexual harassment handled by CCMA’) makes an insignificant and positive contribution to the prediction of the dependent variable (operational performance).

On Table 6.37, the coefficient value of ‘increment of total annual turnover threshold’ was 0.054. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘assessments of regional and national demographics’ and psychological tests), operational performance could increase by 5.4%, given that there is 100% progress of ‘increment of total annual turnover threshold’. The statistical significance ($0.482 > 0.05$) means that the sub-independent variable (increment of total annual turnover threshold) makes an insignificant and positive contribution to the prediction of the dependent variable (operational performance).

Table 6.37 reveals that the coefficient value of ‘assessments of compliance’ (regional and national demographics) was -0.761. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘increment of total annual turnover threshold’ and psychological tests), operational performance could decrease by 76.1%, given that there is 100% progress of ‘assessments of compliance’ (regional and national demographics). The statistical significance ($0.000 < 0.05$) means that the sub-independent variable ‘assessments of regional and national demographics’ makes a significant and negative contribution to the prediction of the dependent variable (operational performance).

On Table 6.37, the coefficient value of ‘psychological tests’ was 0.342. This entails that when other independent variables are held constant (‘equal pay-for-equal work’, ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘removal of occupational categories’, ‘consequences of failing to comply with the Director-General’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘sexual harassment handled by CCMA’, ‘assessments of regional and national demographics’ and psychological tests), operational performance could increase by 34.2%, given that there is 100% progress of ‘psychological tests’. The statistical significance ($0.372 > 0.05$) means that the sub-independent variable (psychological tests) makes an insignificant and positive contribution to the prediction of the dependent variable (operational performance). The following sub-section reports the results of the correlation analysis.

6.2.5.3.2 Correlation analysis

The data obtained from responses solicited from the questionnaire assisted in generating the Pearson correlation coefficient. This helped in transforming the responses into composite scores. Pearson’s rho correlation coefficient established the linkage between the independent variable and dependent variable. Table 6.38, Table 6.39 and Table 6.40 present the correlation matrix which

depicts the relationship between amendments of employment equity legislation and business performance. Table 6.38 below illustrates the correlation analysis of amendments of employment of equity legislation and stakeholder performance.

Table 6.38: Correlation analysis of employment equity amendments and stakeholder performance

		Increment_threshold	Assessments_compliance	Stakeholder_perform
Equal_pay_value	Pearson Correlation	.579**	.697**	.956**
	Sig. (2-tailed)	.000	.000	.000
	N	73	73	73
Removal_non-SA citizens	Pearson Correlation	.485**	.523**	-.655**
	Sig. (2-tailed)	.000	.000	.000
	N	73	73	73
Ext_discrimin_grounds	Pearson Correlation	.466**	.589**	-.836**
	Sig. (2-tailed)	.000	.000	.014
	N	73	73	73
	N	73	73	73
Psych_tests	Pearson Correlation	.803**	.826**	-.136**
	Sig. (2-tailed)	.000	.000	0.335
	N	73	73	73
Burden_proof	Pearson Correlation	.860**	.799**	-.155**
	Sig. (2-tailed)	.000	.000	.140
	N	73	73	73

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

According to Table 6.38, there was a positive correlation between the insertion of equal pay for equal work and the stakeholder performance of small and medium companies, as indicated by a correlation factor of 0.956. The association was proven to be statistically strong, as indicated by a significant value of 0.000 which is below the maximum pegged significant level of 0.05. In addition, there was a strong and negative correlation between the removal of non-South African

citizens from designated groups and the stakeholder performance of small and medium companies shown by a -0.655 correlation factor. A significant value of 0.000, which is less than the maximum pegged significant level of 0.05 proved a strong statistical relationship.

There was a strong and negative correlation between the extension of discriminatory grounds and the stakeholder performance of small and medium companies, as indicated by a correlation factor of -0.836. The association was proven to be statistically strong, as indicated by a significant value of 0.014 which is below the maximum pegged significant level of 0.05. In relation to Table 6.38, there was a no correlation between amendments to psychometric tests and the stakeholder performance of small and medium companies, as shown by a correlation factor of -0.136. The association was proven to be statistically strong, as indicated by a significant value of 0.335, which is below the maximum pegged significant level of 0.05.

There was no correlation between amendments to burden of proof and the stakeholder performance of small and medium companies, as indicated by a correlation factor of -0.155. The association was proven to be statistically strong, as indicated by a significant value of 0.140 which is below the maximum pegged significant level of 0.05. Table 6.39 covers the correlation analysis of amendments of employment equity legislation and financial performance.

Table 6.39: Correlation analysis of employment equity amendments and financial performance

		Increment_threshold	Assessments_compliance	Financial_perform
Equal_pay-for-equal work	Pearson Correlation	.579**	.697**	.084
	Sig. (2-tailed)	.000	.000	.120
	N	73	73	73
	N	73	73	73
Increased fines	Pearson Correlation	.464**	.576**	-.741**
	Sig. (2-tailed)	.000	.000	.000

	N	73	73	73
Consequences of failing to comply with Director-General	Pearson Correlation	.488**	.657**	-.770**
	Sig. (2-tailed)	.000	.000	.000
	N	73	73	73

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

There was a no correlation between the insertion of equal pay for equal work and the financial performance of SMCs, as shown by a 0.084 correlation factor. A significant value of 0.120 which is higher than maximum pegged significant level of 0.05 proved no statistical relationship. In terms of Table 6.39, there was a negative and significant correlation between increased fines and the financial performance of SMCs, as revealed by a correlation factor of -0.741. The association was proven to be statistically strong, as indicated by a significant value of 0.000 which is below the maximum pegged significant level of 0.05. According to Table 6.39, there was a negative and strong correlation between amendments to consequences of failing to comply with the Director General and the financial performance of SMCs, as supported by a correlation factor of -0.770. The association was proven to be statistically strong, as indicated by a significant value of 0.000 which is below the maximum pegged significant level of 0.05. Table 6.40 below provides the results in respect of the correlation analysis of amendments of employment equity legislation and operational performance.

Table 6.40: Correlation analysis of employment equity amendments and operational performance

		Increment_threshold	Assessments_complaints	Operational_performance
Removal_non-SAcitizens	Pearson Correlation	.485**	.523**	-.648**
	Sig. (2-tailed)	.000	.000	.001
	N	73	73	73
Extension of discrimination grounds	Pearson Correlation	.466**	.589**	-.632**
	Sig. (2-tailed)	.000	.000	.001
	N	73	73	73

		N	73	73	73
Increased fines	Pearson Correlation		.464**	.576**	-.703**
	Sig. (2-tailed)		.000	.000	.002
	N		73	73	73
Removal_Occupational categories	Pearson Correlation		.769**	.820**	.756**
	Sig. (2-tailed)		.000	.000	.001
	N		73	73	73
Psychometric_tests	Pearson Correlation		.803**	.826**	-.184
	Sig. (2-tailed)		.000	.000	.371
	N		73	73	73
Enforcement_procedure	Pearson Correlation		.751**	.786**	-.587
	Sig. (2-tailed)		.000	.000	.026
	N		73	73	73
Increment of threshold	Pearson Correlation		1	.838**	.192
	Sig. (2-tailed)			.000	.482
	N		73	73	73
Assessments_compliance (regional and national)	Pearson Correlation		.838**	1	-.788**
	Sig. (2-tailed)		.000		.001
	N		73	73	73
Consequence of failing to comply with Director-General	Pearson Correlation		.488**	.657**	-.672**
	Sig. (2-tailed)		.000	.000	.001
	N		73	73	73
Operational_performance	Pearson Correlation		.789**	.788**	1
	Sig. (2-tailed)		.000	.000	
	N		73	73	73

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

As evident in Table 6.40, the correlation between the removal of non-South African citizens from designated groups and the operational performance of SMCs was negative, as shown by a correlation factor of -0.648. The relationship was found to be statistically significant as the significant value was 0.001, which is lower than the maximum pegged value of 0.05. In terms of Table 6.40, there was a negative and significant correlation between the extension of discriminatory grounds and the operational performance of SMCs, as revealed by a correlation factor of -0.632. The association was proven to be statistically strong, as indicated by a significant value of 0.001 which is below the maximum pegged significant level of 0.05.

In relation of Table 6.40, there was a weak and negative correlation between increased fines and the operational performance of small and medium companies, as shown by a correlation factor of -0.703. The association was proven to be statistically strong, as indicated by a significant value of 0.002 which is below the maximum pegged significant level of 0.05. According to Table 6.40, there was a strong and positive correlation between the exclusion of occupational categories and the operational performance of small and medium companies, as indicated by a correlation factor of 0.756. The association was proven to be statistically strong, as indicated by a significant value of 0.001 which is below the maximum pegged significant level of 0.05.

There was no correlation between amendments to psychometric tests and the operational performance of small and medium companies, as shown by a -0.184 correlation factor. A significant value of 0.371, which is higher than maximum pegged significant level of 0.05, proved no statistical relationship. In addition, there was a weak and negative correlation between the amendments to enforcement procedures and the operational performance of small and medium companies, as shown by a -0.587 correlation factor. A significant value of 0.026 which is lower than the maximum pegged significant level of 0.05 proved a weak statistical relationship.

There was no correlation between the increase of total annual turnover threshold and the operational performance of small and medium companies, as shown by a 0.192 correlation factor. A significant value of 0.482 which is higher than maximum pegged significant level of 0.05 proved no statistical relationship. According to Table 9.40, there was a strong and negative correlation

between the amendments to the assessments of regional and national demographics (assessments of compliance) and the operational performance of small and medium companies, as indicated by a correlation factor of -0.788. The association was proven to be statistically strong, as indicated by a significant value of 0.001 which is below the maximum pegged significant level of 0.05. According to Table 6.40, there was a strong and negative correlation between amendments to consequences of failing to comply with the Director-General and the operational performance of small and medium companies, as indicated by a correlation factor of -0.672. The association was proven to be statistically strong, as indicated by a significant value of 0.001 which is below the maximum pegged significant level of 0.05. In the next section, attention is on reviewing the results in respect of the qualitative analysis.

6.3 QUALITATIVE ANALYSIS

This section examines the results from the qualitative data collected. Six open-ended questions were utilised to solicit qualitative information. The primary aim of the open-ended questionnaire was to support the research objectives. The main objectives that were answered by this section are as follows: i) To explore the perceptions of industrial relations personnel in small and medium companies in Durban on the new amendments to employment equity; ii) To examine the business performance challenges associated with new employment equity amendments for small and medium companies in Durban; iii) To explore the application of regional and national demographics within the employment equity context of South Africa; and iv) To investigate the factors influencing the business performance of small and medium companies in Durban in relation to new employment equity amendments. Since the questionnaire comprised of both the closed-ended questionnaire and open-ended questionnaire, the demographic data of the respondents for the quantitative analysis was the same as that of the qualitative analysis. For this study, the sampled group consists of 226 respondents. For this part of the study, a purposive sampling technique was utilised. This entails that the sample constituted participants who had the required characteristics and knowledge. In other words, in order to be included in the sample, the participants should meet a set criteria. Hence, participants selected for this part of the study were industrial relations representatives in small and medium companies in Durban. The data was successfully collected from 73 employees.

The qualitative data was analysed using Thematic analysis. This method allows the usage of textual data. In this case, themes were analysed, identified and then reported. The themes identified in this study were aligned to the research questions of this study. The answers that emerged often were captured and form part of the themes. Sub-themes also emerged from the main themes. In this study, in creating and identifying themes, semantic themes were predominantly utilised. Latent themes were not identified in this study. The researcher thoroughly read the text after the data was collected through open-ended questionnaire. After familiarising himself with the text, the generation of initial themes started as an initial step to the process of coding. Explicit and latent messages were identified and developed. Upon completion of coding, themes emerged and were named. Again, sub-themes emerged from some themes. The responses from the open-ended questionnaire were quoted verbatim. The use of verbatim responses permits one to augment the presentation without alteration of the original statements from the participants. In this case, themes emerged through the responses from the open-ended questionnaire.

The themes were derived from the textual content obtained from the responses. Concordant and corresponding materials were put together and then analysed. Sekaran et al. (2014) state that it is difficult to interpret data until the data is organised well. Part of the data organisation process was to synthesise contradictory and dissimilar information into their different themes. The process of coding helped to identify themes that were deduced from the responses. In this study, the gathered extracts from participants' responses are collated. The data was analysed and interpreted from the patterns that have arisen. In addition, it also assisted to design and develop concepts and concept maps. Phrases that were similar were merged into themes and those themes were organized in a manner that made it easy for the researcher to edit and review. Thematic analysis uses two typical mechanisms, namely deductive and inductive (Gray, 2017). The researcher utilised the inductive mechanism. Deductive mechanisms take place when the researcher comes to the data with pre-determined themes and expects the data to be reflected in those themes. The Inductive mechanism entails permitting themes to be determined by the data (Harney & Monks, 2014). Themes cover broad aspects than codes. Codes are normally combined to make a theme. Other codes were discarded simply because they are not relevant or too vague. Codes may become a theme. A code is a phrase or sentence that describes content (Sekaran & Bougie, 2014).

Coding refers to the analysis of buildings blocks that align to the objectives of the research (Gray, 2017). Themes relate to the underlying patterns and trends that bring the data together. The responses of the participants were systematically reviewed for the purposes of facilitating the process of coding. This review involves the identification of words that were frequently used. In addition, the review encompassed the phrases and key terms that vividly capture the information relating to the research questions. In this case, the phrases and words from the data gathered from responses were key aspects in analysis. The initial codes were sorted into simplified groups. Then codes were put into sequential order using a colour-coded scheme in order to identify the key words and phrases. The use of a colour-coded scheme facilitated the controlling and tracking of the data for easy interpretation. It also helped in highlighting the sub-themes and themes. The data content was reviewed several times for the identification of omissions or potential omissions. Additional reviews of the content improves the trustworthiness of the research by considering pertinent and accurate information prior to analysis (Scheyvens, 2014).

After the coding phase, the process of constructing and generating themes began. Theme searching constituted the identification of the overlaps and similarities through reviewing the coded data. In this phase, both sub-themes and overarching themes are created. The overlapping themes were combined into one theme. In case of content where it was difficult to identify a theme, it was placed under a miscellaneous category in order to discard it or have a further analysis. The other information that did not support any of the objectives of this study was discarded since the bulk of those miscellaneous themes were not answering the research questions. According to Creswell (2014), theme review is important in checking the quality of the themes by scrutinizing the developing themes against the coded data in order to establish the connection between the themes and the collected data. After thematic review and identification, a thematic map was created by comparing the data. Thematic map development assisted in analysing data through refining the specifics of every theme. The purpose of thematic analysis is to make sure every theme aligns meaningfully and logically to the research problem and framework of the research and hence increases the trustworthiness of the research (Flick, 2015).

The trustworthiness of this part of the research was obtained through reaching data saturation. Data saturation refers to the level at which the researcher is unable to identify any new information or themes that can support the research study (Gray, 2017). Accomplishing the trustworthiness of the research incorporates attaining data saturation, which aids in meeting the transferability, dependability, conformability and credibility of the findings of the research. In this study, data replication was observed as the responses of the respondents were common and similar, hence reflecting high conformability of the questions. The key research question for this study was: To what extent do employment equity amendments affect the business performance of small and medium companies in Durban? Based on the responses of the respondents, the pre-determined themes were modified and the following final themes were considered: (i) major amendments to employment equity; (ii) perceptions of the amendments to employment equity; (iii) effects of implementing the amendments to employment equity; (iv) the importance of measuring business performance; (v) business performance measurement factors; and (vi) application of national and regional demographics. Below is a summary of the steps in the analysis:

In this research, the researcher followed the steps outlined by Braun and Clark (2006).

i) *Acquainted with the data* -The researcher familiarized himself with the collected data through reading. This allowed the researcher to get patterns and meanings of the information. For this study, the data utilised for analysis comes directly from data collected by the researcher only.

ii) *Generation of codes* - Various codes were generated based on the study's structure.

iii) *Themes* - The themes were generated based on the number of codes that could be joined to make one theme. In some cases, codes were expanded into themes. The themes were revised and then named. Using the developed themes, a report was produced.

The themes are discussed in greater detail below.

6.3.1 MAJOR AMENDMENTS TO EMPLOYMENT EQUITY

The increase of fines, removal of non-South African citizens, equal pay-for-equal work, annual reporting, enforcement measures and removal of occupational categories appeared to be the major

amendments to employment equity that were strongly affecting the performance of small business. Equal pay-for-equal work and the removal of occupational categories emerged to be the main two amendments that the respondents indicated improve their business performance, whilst the increase of fines, removal of non-South African citizens, annual reporting and new enforcement measures were cited as the major amendments that were hindering the effective performance of their businesses. The following statement was quoted verbatim, *'increase of fines, removal of non-South African citizens, annual reporting, enforcement measures are the main changes that scary our organization. It is sad to say that we might have great downfall if these measures remain in place. On the other hand, we welcome the 'equal pay for equal work or work of same value' and the 'removal of occupational categories' as they come as relief to us'*. The Employment Equity Amendment legislation is a great regulative force and organisations risk penalties for failure to abide by the law. Regulative forces therefore play a crucial role, especially in shaping how an organisation should react to EEAA (Burger, Jafta & von Fintel, 2016). The employment equity amendments are pushing the initiative of the government to transform the workforce composition. Failure to abide by the legislation results in damage of the firm's reputation and heavy penalties for the organisation.

6.3.2 PERCEPTIONS OF THE AMENDMENTS TO EMPLOYMENT EQUITY

5.3.2.1 Negative perception

Overall, the employment equity amendments were viewed as too harsh for SMCs. This is deduced from the analysis of the responses. The following statement was quoted verbatim, *'Obviously, the amendments are too bad for us as a still growing company. However, not all measures in the amendment of employment equity are bad, as few of them support the success of small business like us'*. The responses indicated that there was a lot of hardship that small and medium companies were going through in an attempt to comply with the amendments while at the same time striving to accomplish business performance. The industrial relations representatives have the perception that the EEAA is over-regulating the work environment, which is biased towards employees' interests. Hence, this is hampering the efficient and effective performance of the business. Another statement quoted verbatim reads, *'Though I personally support the aims of the employment equity legislation in general it brings equality and fairness, the enforcement of the*

new measures is not sustainable for SMCs. They need to be enforced gradually in order to allow our growth.’ In light of the responses, Booysen and Nkomo (2014) state that other countries that implemented Employment Equity, such as Canada, USA and Australia, differ from South Africa in that they do not push the organisations through heavy penalties in order for them to hire local semi-skilled employees from the designated groups in top positions at the expense of critical employees who are non-citizens.

5.3.2.2 Positive perception

However, the amendments are highly recognised as they push organisations to consider employees from designated groups who have been in a dire situation for many years. They should not remain at a certain level of employment when they qualify for higher posts. The following statement was quoted verbatim: *‘On my view the new amendments of the Employment equity legislation is good because it coerce us to recognize the victims of apartheid, it brings equality in the labour market. The issue of representations in the labour market is one of the key national priority.’* The response is in line with Olckers (2014) who views that the discriminatory policies by apartheid left an uneven playing field, hence it is necessary to afford employees from designated groups preferential treatment to keep the ground levelled. Pegging stiff enforcement measures is an essential step towards the accomplishment of employment equity. This stimulates an increase in representation, thereby decreasing the socio-economic gap. This enhances confidence amongst employees from designated groups.

6.3.3 EFFECTS OF AMENDMENTS TO EMPLOYMENT EQUITY

5.3.3.1 Negative effects

The findings indicated that non-SA citizen employees were leaving for mostly European countries. Since the experts who hold permanent resident status feel that their upward mobility opportunities have been blocked, they are leaving the country for countries that may have enough opportunities for personal growth. South African permanent residents are leaving to the USA, United Kingdom, Australia, Canada, New Zealand, Netherlands and Greece because there are no hindrances to upward professional mobility. As a result of that, the production was negatively affected on a large

scale as these small and medium companies are struggling to get locally skilled and qualified people to replace them. The following statement was quoted verbatim: *'Many of our non SA citizens employees in our company are leaving for mostly European countries. It is very sad the available ones are not suitably experienced to do the work'. 'The production is negatively affected immensely because as a company we have no option but comply with the measures outlined in the amendment of legislation. This is largely contributed by the tough enforcement measures and inconsideration of the skilled non-South African particularly those that got their permanent residency based on the critical skills they possess.'* This implies that small and medium companies become more focused on abiding by the legislation instead of achieving the real mandate of the law, which is transformation of the workforce.

Another statement quoted verbatim reads: *'In fact, it is frustrating us because we cannot get competent employees from previously advantaged employees at the time right time that we need them.'* The study also found that small and medium companies were losing employees to well established big companies because they offered them better packages. The following statement was quoted verbatim: *'Because of these amendments that revolve around giving space to people from designated groups, big companies are headhunting our skilled employees from previously disadvantaged groups in order to meet their targets. They are offering big salaries that we are not able to offer as small company. Hefty penalties has intimidated us to hire unskilled employees from designated employees and this is suicide to our production.'* In line with the responses, Ahmed (2015) states that there is high competition for competent and skilled employees from previously disadvantaged groups in the labour market. The critical question is how small and medium companies could be able hire and retain employees from designated groups with a mixture of skills which are relevant with the available financial constraints. The research study also revealed that the move from reporting after every two years to reporting yearly posed a work burden and cost to already understaffed organisations and add enormous costs to those that small and medium companies currently had: *'Because we have work overload, currently we are hiring a professional consultant who can assist in dealing with these especially the yearly submission of reports. It is clear the process on its own is costly.'*

5.3.3.2 Positive effects

However, the findings indicated that the insertion of equal pay for the same job or same value of job brought remarkable motivation at the workplace. Due to poor payroll administration within small and medium companies, cases of receiving unequal salaries are highly prevalent (Moos & Botha, 2016). Hence, the introduction of equal pay for an equal job or equal value of job comes as a motivator to those who were complaining about being given different pay but performing the same work. The following statement was quoted verbatim: *'We are witnessing joy among employees especially those who were grumbling about receiving lower pay than others because of insertion of this equal pay for equal job or equal value of job. The performance of employees is improving at the workplace.'*

6.3.4 IMPORTANCE OF MEASURING BUSINESS PERFORMANCE

The following statement was quoted verbatim: *'It helps us as a company to understand whether our company is making profit or not. It is very important especially given that every small company aspire to grow. It is important in that the organisation may understand where it needs improvements and where it is lacking. In this case, the organisation can take correct measures to make sure there is an improvement sales turnover, profits, revenue, general production, efficiency, employee satisfaction among others.'* McDowell, Harris and Geho (2016) state that being self-sustaining, achieving business imperatives and the accomplishment of key objectives of the business are the critical success factors of high performing small and medium firms. An organisation that is performing highly is the one that is realising exceptional outcomes with the greatest levels of its set goals.

6.3.5 BUSINESS PERFORMANCE MEASUREMENT FACTORS

The open-ended questions sought find to out from the industrial relations representatives about the factors they consider when measuring business performance. They were asked about which factors they consider when measuring business performance. SMCs are acknowledged as the key to sustainable socio-economic development in both developing and developed countries. The findings of this study revealed that the result of good performance of small and medium companies can be seen through profits created, revenue up-gradation, enhancement of productivity and an amplified growth. The following statement was quoted verbatim: *'Normally we consider market*

share, profit, sales revenue, production efficiency and employee satisfaction. Decrease in production costs is very important in stimulating the performance.’ According to Zacca, Dayan and Ahrens (2015), SMCs strive to amplify market share through bringing new products. This achieves another objective of SMCs: growth. The plans for growth require more new products. The continued introduction of new products open markets, which is important for the survival of the organisation. Growth mostly relies on the productivity and efficiency levels of the activities of the business (Kruger, Chantal & Saunders, 2015). Having sustainable profits is another key issue that small and medium companies require. With regard to accomplishing growth, managerial decisions should also consider the professional qualifications of the employees to fine-tune modifications of the operations of the organisation.

6.3.6 APPLICATION OF NATIONAL AND REGIONAL DEMOGRAPHICS

The research findings revealed that there was misunderstanding and confusion around the execution of the national and regional demographics. The following statement was quoted verbatim: *‘Due to several changes to this issue, it is absolute difficult for us to implement it. It remain unclear even now with the employment equity amendment legislation how we should execute it.* Another statement quoted verbatim reads: *‘For us it is confusing when the amendment of employment equity legislation states that the national and regional demographics will be determined by the Minister, it is still vague as to how and when the Minister will furnish that information.’* The boundaries that specifically define regional demographics are not clear although it appears that it means province. There is still confusion on whether regional demographics only mean province or the meaning can extend to incorporate more localised areas. Squire (2015) indicates that the composition of the workforce of employers is not necessarily expected to be an absolutely demographic reflection of a place and should not be rigidly applied. This implies that racial demographics have to be applied regionally and nationally. However, the fact is that the aim of the Act is not to accomplish absolute representivity but equitable representativity. A lesson was learnt on decision given on 15 July 2016 by the Constitutional Court. The Constitutional Court found that the action taken by the Department of Correctional Services breached Employment Equity Act section 42 where it exclusively used the national population demographic profile for its 2010 Employment Plan in formulating numerical targets as well as in the assessment of racial representation of groups (Solidarity and Others v Department of Correctional Services and Others,

2016). The Department of Correctional Services did not take into consideration Section 42(i) of the EEA, which states that the employer should make sure that relevant qualified employees from previously disadvantaged groups are fairly represented in every level of employment in relation to regional and national demographic profile of the economically active population. The following sub-section covers the conclusion.

6.4 CONCLUSION

Much of the results from quantitative and qualitative analyses support that most amendments in the EEAA affect them negatively, with a majority of respondents speaking about the need for a review of most of these measures. Therefore, through the results of this study, there is a clear inverse link between employment equity amendments and business performance, which may require government to act promptly. Therefore, it can be concluded that it is not just a matter of having adequate representations of employees within the organisations, but the government must ensure that employees with requisite skills are available in the organisation. It is indispensable that a harmonious existence of cooperation between government, employer associations and trade unions be reached.

CHAPTER SEVEN

DISCUSSIONS OF RESULTS

7.1 INTRODUCTION

The chapter provides a discussion of the results in line with the objectives of this study. The discussion of the results constitutes the report of the results in line with the amendments to employment equity and business performance with reference to small and medium companies. The section that follows discusses the summary of the results pertaining to the biographical information.

7.2 SUMMARY OF RESULTS IN RESPECT OF BIOGRAPHICAL INFORMATION

The respondents in this study were industrial relations representatives from small and medium companies. Those industrial relations representatives are the people who have sufficient know-how about the subject area. Hence, they were chosen in order to obtain a meaningful contribution to this study. Moreover, most respondents were senior industrial relations managers. This confirms that they are well acquainted with the issues of employment equity in the organisation. Therefore, they were able to provide informed responses.

The results of this study showed that a majority of SMCs that participated in this study had between 51 to 150 employees. In terms of the industry in which the SMCs fall, the results of the study indicated that the manufacturing industry; construction industry; and repair services, motor trade and retail industry were the main sectors that participated in this research. The findings of this study showed that the bulk of the industrial relations representatives who participated in this research were males. The outcomes of this study were not aligned with the gender distribution since females constitute two-thirds of the entire population in South Africa. The ideal threshold ratio must be 1:2, meaning there must be one male for every two females, not the other way round. These results are supported by Ainin, Parveen, Moghavvemi, Jaafar and Mohd-Shuib (2015) who

identify that males dominate top management of SMCs. Moreover, this may imply that males are good in the adoption of the industrial relations positions of SMCs.

The findings revealed that the predominant age group of the respondents (industrial relations representatives) who participated in this research was between 35 to 50 years. This reflects that the respondents were middle aged and at these ages, it is mostly likely that they gave informed responses that are relevant to this research study. This is a mature, economically active group which is knowledgeable about current situations in the environment they are working in. This also signifies that the respondents that participated in this research were not minors. For this reason, the researcher developed confidence on the collected data as the bulk of the respondents and they were mature enough to provide relevant information. Hence it was the right age group that one can freely participate with and provide informed responses to the questions. The findings conform with the views of Asah, Fatoki and Rungani (2015), asserting that the input that the person exerts is directly proportional to the age of the individual. One could conclude that given the age bracket of the respondents, the information provided was reliable.

Considering the academic qualifications of industrial relations representatives who participated in this research, the credibility of the collected data from these respondents is beyond reproach. Since most of them possess minimum qualifications of a Diploma, their better understanding of the questionnaire cannot be argued. In other words, the respondents were adequately knowledgeable to grasp all the questions on the questionnaire. This could give credibility to the findings of this study as they were gathered from participants who interpret and understand the online questionnaire on their own. This also entails that dealing with labour issues within the organisation may require proper education. A majority of the respondents occupied the position of senior industrial relations manager which falls under top management and hence reflects that most of them were familiar with amendments to employment equity legislation and aspects of business performance. This signifies that the researcher solicited suitable people to participate in this study. The designated employer is required to give senior managers the responsibility of implementing and monitoring the plan of employment equity as stipulated in Section 24 of the EEA. The implementation of new amendments of employment equity need high management commitment, hence it must not be handled by managers at the low levels. This senior manager reports to the

Director-General directly. However, in practice, this is not usually followed. Normally, the implementation of new amendments to employment equity is handled by middle managers with influence in strategic decisions that facilitate magnificent transformation within the organisation. The following section discusses key findings in respect of the study objectives.

7.3 SUMMARY OF KEY FINDINGS IN RESPECT OF THE STUDY OBJECTIVES

Dealing with the predicaments of discrimination and inequality at the work environment, the South African government commits itself to the regulation of the work environment to address those problems. The new amendments to employment equity legislation is a transformational labour law that is aimed at reinforcing the intentions of the elimination of the discriminatory practices and inequalities in order to create a pleasant work environment. The government pays attention to addressing discrimination and inequality in the workplace. The amendments to employment equity legislation measures enforce the eradication of discriminatory and inequality practices within SMCs. SMCs are expected to formulate systems and policies that promote equality and focus on the elimination of discriminatory tendencies. However, since small and medium companies are crucial organs which serve as a critical constituent of the economy, their business performance should be a priority. In South Africa, SMCs led the employment and economic growth of the nation. Durban is still in dire need to gain a competitive edge through rapidly growing different sectors and innovation. In line with the above, research questions were formulated.

In an attempt to respond to the major question of this study, additional related questions were identified. In line with this, the results of this study were utilised to respond to the research questions. The research was directed by the specific objectives. The objectives of this research are as follows:

Primary objective

- To ascertain the extent to which the new employment equity amendments affect the business performance of small and medium companies in Durban.

Secondary objectives

- To explore the perceptions of industrial relations personnel in small and medium companies in Durban on the new amendments to employment equity;
- To examine the business performance challenges associated with new amendments to employment equity for small and medium companies in Durban;
- To investigate the factors influencing the business performance of small and medium companies in Durban in relation to new employment equity amendments;
- To develop a model that helps track and monitor the impact of the new amendments to employment equity on the business performance of small and medium companies in Durban;
- To explore the application of regional and national demographics within the employment equity context of South Africa;
- To establish the improvements made by small and medium companies in Durban to align with the new amendments to employment equity; and
- To critically analyse how the new amendments to employment equity can be implemented without affecting the business performance of small and medium companies in Durban.

7.3.1 TO ASCERTAIN THE EXTENT TO WHICH THE NEW EMPLOYMENT EQUITY AMENDMENTS AFFECT THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN

Although both quantitative and qualitative results assisted in answering this objective, the regression analysis results from the quantitative analysis of this study play an integral role in measuring the extent to which the new employment equity amendments affect the business performance of SMCs. The results from the regression analysis established that the new employment equity amendment legislation heavily affects the business performance of SMCs. The study findings also revealed that among all the amendments, only the ‘equal pay-for equal work’ and ‘removal of occupational categories’ positively affected the business performance of SMCs. The positive impact of ‘equal pay-for-equal work’ on business performance is attributed to the

promotion of equality and the elimination of unfair discrimination, which in turn promotes an atmosphere of happiness at the workplace. Furthermore, the insertion of the amendment of equal treatment to employees doing the same work is compelling small and medium organisations to lessen income differentials among employees (van Zyl, 2017). This amendment promotes and protects equality in workplace participation. The positive impact of ‘removal of occupational categories’ on business performance is attributed to it relieving the pressure of identifying the categories in which an employee falls under. This lessens stress in hiring employees and when preparing annual reports (Heerden, 2015).

Another key outcome of the study was that ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘consequences of failing to comply with Director general’, ‘burden of proof’, ‘annual reporting’ and ‘enforcement procedures’ have a negatively profound impact on the business performance of SMCs. The negative impact of ‘extension of discriminatory grounds’ on business performance is attributed to much time spent dealing with multitudes of issues of discrimination, especially in SMCs which most of the time do not have a fully employed industrial relations specialist to handle such matters. It also amplifies the cost of settling legal claims (Kershwyn, 2017). The findings also revealed that the extension of unfair discrimination to incorporate ‘any other arbitrary grounds’ in the new amendments is vague and as such it is opening the floodgate for litigation. Excessive court matters negatively affect the operations of SMCs. The negative impact of ‘removal of non-SA citizens from the designated groups’ on business performance caused by the shortage of skills is a big challenge for businesses in South Africa as it is very difficult to get competent workers from designated groups who can replace non-SA citizens (Kabanda & Brown, 2017). Expanded skillsets are important for business growth in SMCs. The state must be cognisant of the dearth of skills as people with critical skills are leaving the country. Where the skilled labour required is scarcer or specialised, organisations battle to operate properly. The study also found out the insertion of ‘equal pay-for-equal work’ had the greatest positive impact on business performance of small and medium companies.

The negative impact of ‘annual reporting’ on business performance is contributed to by the increased number of hours and downtime which is incurred in preparing reports, which was cited

as a contributor in driving small and medium companies out of business. The negative impact of ‘increased fines’ on business performance is caused by the recurrence of contraventions of amendments to employment equity legislation by these small and medium companies, which can attract fines that range from R2,1 million to R2.7 million (Peyper, 2017b). This entails that all small and medium companies falling under designated employers are not expected to be found on the non-compliance side as this may drain all their revenues. The negative impact of ‘removal of non-South African citizens’ on business performance is caused by the feeling of alienation due to the affirmative action enforcement, which portrays a permanent nature. This feeling compromises production and results in retarded performance (Rautenbach, 2016). The exclusion of foreign nationals from benefitting from affirmative action does not mean that they can be unfairly discriminated against since all employees in South Africa are entitled to have protection against unfair discrimination. The negative impact of ‘annual reports’ on business performance is attributed to high administration burden experienced by SMCs.

The results from the respondents clearly indicated that ‘increased fines’ had the highest negative effect on business performance, followed by ‘removal of non-SA citizens from the designated groups’, followed by ‘extension of discriminatory grounds’, followed by ‘enforcement procedures’, followed by ‘consequences of failing to comply with Director general’, followed by ‘annual reporting’, followed by ‘burden to proof’ and lastly followed by ‘psychometric tests’. This implies that nothing has rocked small and medium companies more than the amendment of the employment equity legislation. From the results of this study, it was deduced that the ‘increment of total annual turnover threshold’, ‘the handling of sexual harassment cases by the CCMA’ and ‘psychometric tests’ were key amendments of the legislation that do not have any impact on the business performance of SMCs. The study further measured the extent to which the new employment equity amendments affect each category of business performance as performance has three categories, namely stakeholder performance, financial performance and operational performance.

The study findings revealed that that the new employment equity amendment legislation has a profound effect on stakeholder performance. However, different from the key independent variable

which is 'business performance', not all amendments that affect business performance could also affect stakeholder performance. The findings of this study indicated that among all the amendments, only 'equal pay-for-equal work' positively impacts stakeholder performance of SMCs. The study also established that 'extension of discriminatory grounds' and 'removal of non-SA citizens from the designated groups' have negative effects on stakeholder performance. 'Psychometric tests, removal of occupational categories, consequences of failing to comply with the Director general, annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold' and 'assessments of regional and national demographics' have no impact on stakeholder performance.

The study also revealed that the new employment equity amendment legislation greatly impacts the financial performance of small and medium enterprises. Not the same as business performance, the key independent variable, some amendments that have an impact on business performance may not directly affect the financial performance as the sub-variable. The findings of this study established that 'increased fines, 'consequences of failing to comply with the Director General', 'enforcement procedures' and 'assessments of regional and national demographics' are the only amendments that have an effect on financial performance, all of them negatively. 'Equal pay-for-equal work', 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'psychometric tests', 'removal of occupational categories', 'burden to proof', 'annual reporting', 'sexual harassment handled by CCMA' and 'increment of total annual turnover threshold' do not have any significant effect on financial performance.

The results of the study indicated that the new employment equity amendment legislation has a strong impact on operational performance. The finding of the study indicated that 'equal pay-for-equal work' and 'removal of occupational categories' positively affect operational performance. The study finding also revealed that 'extension of discriminatory grounds', 'removal of non-SA citizens from the designated groups', 'increased fines', 'consequences of failing to comply with the Director general', 'burden of proof', 'annual reporting', 'enforcement procedures', 'assessments of regional and national demographics' have adverse impact on operational performance. The outcomes of the study indicated that 'psychometric tests', 'sexual harassment

handled by CCMA’ and ‘increment of total annual turnover threshold’ do not affect the operational performance of small and medium organisations. The negative impact of ‘removal of non-SA citizens from the designated groups’ on operational performance is attributed to the removal of competent employees who are productive and who assist in delivering a service or creating a product. If the product or service is poor and is not selling, the organisation will be in danger of closing down. Table 7.1 summarises the new employment equity amendments affecting the business performance of small and medium companies and the impact of new employment equity amendments on business performance.

Table 7.1: Summary of the impact of employment equity amendments on business performance

Employment Equity Amendment Legislation	Business performance		
	Stakeholder performance	Financial performance	Operational performance
Sub-independent variables			
Equal pay-for-equal work	Has great impact	Has no impact	Has a great impact
Extension of discriminatory grounds	Has a relative impact	Has no impact	Has a great impact
Removal of non-SA citizens from the designated groups	Has a great impact	Has no impact	Has a great impact
Psychometric tests	Has no impact	Has no impact	Has no impact
Increased fines	Has no impact	Has a great impact	Has a great impact
Removal of occupational categories-	Has no impact	Has no impact	Has a great impact
Consequences of failing to comply with Director general	Has no impact	Has a great impact	Has a great impact
Burden to proof	Has no impact	Has no impact	Has a great impact
Annual reporting	Has no impact	Has no impact	Has a great impact
Enforcement procedures’	Has no impact	Has a relative impact	Has a relative impact

Sexual harassment handled by CCMA'	Has no impact	Has no impact	Has no impact
Increment of total annual turnover threshold'	Has no impact	Has no impact	Has no impact
Assessments of compliance (regional and national demographics)	Has no impact	Has a relative impact	Has a great impact

A more detailed discussion of the hypotheses tested in this study is provided in the following paragraphs. A summary of the results of hypotheses tests is illustrated in Table 7.2.

The study found a positive and strong relationship between the insertion of equal pay for equal work and stakeholder performance of small and medium companies. This positive linkage implies that an improvement in practising equal pay for equal work would stimulate stakeholder performance. In this study, stakeholder performance only focuses on employee performance. **Hence, hypothesis H1: There is a significant relationship between the insertion of equal pay for equal work and stakeholder performance of SMCs, was confirmed and accepted.**

The study concluded that there is a strong and negative correlation between the extension of discriminatory grounds and stakeholder performance of small and medium companies. This negative relationship indicates that free exercise of the 'extension of discriminatory grounds' would lead to a decrease in stakeholder performance. In this study, stakeholder performance only focuses on employee performance. **Therefore, hypothesis H3: There is a correlation between extension of discriminatory grounds and stakeholder performance of SMCs, was confirmed and accepted.**

The study established that there is a strong and negative correlation between the removal of non-South African citizens from designated groups and stakeholder performance of SMCs. The

negative relationship entails that an increase in the removal of non-South African citizens from employment would decrease stakeholder performance. In this study, stakeholder performance only focuses on employee performance. **Thus H5: There is a significant relationship between the removal of non-South African citizens from designated groups and stakeholder performance of SMCs, was confirmed and accepted.**

The study found that there is no correlation between amendments to psychometric tests and stakeholder performance of SMCs. The absence of any relationship implies that an improvement of psychometric tests does not have an effect on stakeholder performance. For this study, stakeholder performance only focuses on employee performance. **Hence, hypothesis H16: there is significant relationship between amendments to psychometric tests and stakeholder performance of SMCs was not confirmed and is hence rejected.**

The study concluded that there is a no correlation between the insertion of equal pay-for-equal work and the financial performance of SMCs. The absence of any relationship entails that an improvement in equal pay-for-equal work has no significant effect on financial performance. **Therefore, hypothesis H2: There is a close association between the insertion of equal pay for equal work and financial performance of SMCs was not confirmed and is hence rejected.**

The study found that there is a negative and significant correlation between increased fines and the financial performance of small and medium companies. The negative relationship entails that an increased execution of the current fines increase would decrease financial performance. **Hence, hypothesis H7: There is close relationship between increased fines and the financial performance of small and medium companies was confirmed and accepted.**

The study concluded that there is no correlation between amendments to ‘burden of proof’ and stakeholder performance of SMCs. The insignificant relationship implies that an increase of cases of ‘burden of proof’ has no effect on stakeholder performance. In this study, stakeholder

performance only focuses on employee performance. **Thus, H15: There is a correlation between amendments to burden of proof and stakeholder performance of SMCs was not confirmed and is rejected.**

The study established that there is a correlation between the removal of non-South African citizens from designated groups and the operational performance of SMCs, which was negative. This negative relationship entails that an increase in the removal of non-South African citizens in employment would decrease operational performance. **Therefore, H6: There is a correlation between the removal of non-South African citizens from designated groups and the operational performance of SMCs was confirmed and accepted.**

The study concluded that there is a negative and significant correlation between the extension of discriminatory grounds and the operational performance of SMCs. The negative linkage implies that an increase in the exercise of 'extension of the discriminatory grounds' would decrease operational performance. **Hence, hypothesis H4: There is a close relationship between extension of discriminatory grounds and operational performance of small and medium companies was confirmed and accepted.**

The study concluded that there is a weak and negative correlation between increased fines and the operational performance of small and medium companies. The inverse relationship entails that an improvement in the application of the increased fines would diminish operational performance. **Therefore, hypothesis H8: There is significant relationship between increased fines and the operational performance of small and medium companies was confirmed and accepted.**

The study found that there is a strong and positive association between the exclusion of occupational categories and the operational performance of small and medium companies. The positive relationship entails that an improvement in 'excluding occupational categories' would increase operational performance. **Hence, hypothesis H11: There is a close relationship**

between the exclusion of occupational categories and the operational performance of small and medium companies was confirmed and accepted.

The study concluded that there is a no correlation between amendments to psychometric tests and the operational performance of SMCs. The insignificant relationship entails that an improvement in psychometric tests has no effect on operational performance. **Thus, hypothesis H17 -There is a correlation relationship between amendments to psychometric tests and the operational performance of SMCs was not confirmed and is rejected.**

The study confirmed that there is a weak and negative correlation between amendments to enforcement procedures and the operational performance of SMCs. The inverse relationship means that an improvement in the application of ‘enforcement procedures’ would lead to a decrease in operational performance. **Hence, hypothesis H14:There is a significant relationship between amendments to enforcement procedures and the operational performance of SMCs was confirmed and accepted.**

The study concluded that there is no correlation between the increase of the total annual turnover threshold and the operational performance of SMCs. The insignificant relationship entails that the increase of the total revenue threshold has no effect on operational performance. **Hence, hypothesis H9:-There is a correlation between the increase of the total annual turnover threshold and the operational performance of SMCs was not confirmed and is rejected.**

The study found that there is a strong and negative correlation between the amendments to the assessments of regional and national demographics (assessments of compliance) and operational performance of SMCs. The negative relationship implies that an improvement in the application of regional and national demographics would diminish the operational performance. **Hence, hypothesis H10:-There is a close relationship between the amendments to the assessments of**

regional and national demographics (assessments of compliance) and the operational performance of SMCs was confirmed and accepted.

The study established that there is a negative and strong correlation between amendments to consequences of failing to comply with the Director General and the financial performance of SMCs. The inverse relationship entails that an improvement in the application of the ‘consequences of failing to comply with Director General’ would decrease the financial performance of SMCs. **Thus, Hypothesis H12 -There is a significant relationship between the amendments to consequences of failing to comply with the Director General and the financial performance of small and medium companies was confirmed and accepted.**

The study established that there is a strong and negative correlation between amendments to consequences of failing to comply with the Director General and the operational performance of SMCs. The negative relationship implies that an improvement in the application of the ‘consequences of failing to comply with the Director General’ would decrease operational performance. **Hence, hypothesis H13: There is a close relationship between amendments to consequences of failing to comply with the Director General and the operational performance of small and medium companies was confirmed and accepted.**

Table 7.2 below summarises the results of the hypothesis tests.

Table 7.2: Summary of the hypotheses test results

Hypotheses	P-Values	Results	Finding
H1 -There is a significant relationship between the insertion of equal pay for equal work and stakeholder performance of SMCs.	.000	Confirmed and accepted	Results show P-Value which is lower than 0.05 which proves the hypothesis is accepted. So ‘equal pay of equal work’ has an impact on stakeholder performance.

H2 -There is a close relationship between the insertion of equal pay for equal work and the financial performance of SMCs.	.120	Not confirmed and rejected	Results depict P-Value which higher than 0.05 which proves the hypothesis rejected. So 'equal pay of equal work' does not have impact on financial performance.
H3 -There is a correlation between the extension of discriminatory grounds and stakeholder performance of SMCs.	.014	Confirmed and accepted	Results depict P-Value which is lower than 0.05 which proves that the hypothesis is accepted. So an extension of discriminatory grounds has an impact on stakeholder performance.
H4 -There is a close relationship between the extension of discriminatory grounds and the operational performance of SMCs.	0.001	Confirmed and accepted	Results indicate P-Value lower than 0.05 which proves that the hypothesis is accepted. So an extension of discriminatory grounds has an impact on operational performance.
H5 -There is a significant relationship between the removal of non-South African citizens from designated groups and stakeholder performance of SMCs.	.000	Confirmed and accepted	Results depict P-Value lower than 0.05 which proves that the hypothesis is accepted. So removal of non-South African citizens has an impact on stakeholder performance.
H6 -There is a correlation between the removal of non-South African citizens from designated groups and the operational performance of SMCs.	.001	Confirmed and accepted	Results indicate P-Value lower than 0.05 which proves that the hypothesis is accepted. So removal of non-South African citizens has an impact on operational performance.
H7 -There is close relationship between increased fines and the financial performance of SMCs.	.000	Confirmed and accepted	Results show P-Value lower than 0.05 which proves that the hypothesis is accepted. So increased fines have an impact on financial performance.

H8 -There is significant relationship between increased fines and the operational performance of SMCs.	.002	Confirmed and accepted	Results indicate P-Value lower than 0.05 which proves that the hypothesis is accepted. So increased fines have an impact on operational performance.
H9 -There is a correlation between the increase of total annual turnover thresholds and the operational performance of SMCs.	.482	Not confirmed and rejected	Results illustrate that P-Value is greater than 0.05 which proves that the hypothesis is rejected. So removal of non-South African citizens does not have an impact on operational performance.
H10 -There is a close relationship between the amendments to the assessments of regional and national demographics (assessments of compliance) and the operational performance of SMCs.	0.001	Confirmed and accepted	Results show P-Value is lower than 0.05 which proves that the hypothesis is accepted. So removal of non-South African citizens has an impact on operational performance.
H11 -There is a close relationship between the exclusion of occupational categories and the operational performance of SMCs.	.001	Confirmed and accepted	Results indicate P-Value is lower than 0.05 which proves that the hypothesis is accepted. So an exclusion of occupational categories has an impact on operational performance.
H12 -There is a significant relationship between the amendments to consequences of failing to comply with the Director General and the financial performance of SMCs.	.000	Confirmed and accepted	Results indicate P-Value is less than 0.05 which proves that the hypothesis is accepted. So amendments to consequences of failing to comply with Director General have an impact on financial performance.
H13 -There is a close relationship between amendments to consequences of failing to comply with the Director General and the operational performance of SMCs.	.001	Confirmed and accepted	Results show P-Value is less than 0.05 which proves that the hypothesis is accepted. So amendments to consequences of failing to comply with Director General have an impact

			on operational performance.
H14 -There is a significant relationship between amendments to enforcement procedures and the operational performance of SMCs.	.026	Confirmed and accepted	Results show P-Value is less than 0.05 which proves that the hypothesis is accepted. So enforcement procedures have an impact on operational performance.
H15 -There is a correlation between amendments to burden of proof and stakeholder performance of SMCs.	.140	Confirmed and accepted	Results show P-Value is greater than 0.05 which proves that the hypothesis is rejected. So amendments to burden of proof do not have impact on operational performance.
H16 -There is a significant relationship between amendments to psychometric tests and stakeholder performance of SMCs.	.335	Not confirmed and rejected	Results depict P-Value is greater than 0.05 which proves that the hypothesis is rejected. So psychometric tests does not have an impact on stakeholder performance.
H17 -There is a correlation relationship between amendments to psychometric tests and the operational performance of SMCs.	.371	Not confirmed and rejected	Results depict P-Value is greater than 0.05 which proves that the hypothesis is rejected. So psychometric tests does not have an impact on stakeholder performance.

THE SECONDARY OBJECTIVES

7.3.2 TO EXPLORE THE PERCEPTIONS OF INDUSTRIAL RELATIONS PERSONNEL IN SMALL AND MEDIUM COMPANIES IN DURBAN ON THE NEW AMENDMENTS TO EMPLOYMENT EQUITY

The findings from this study revealed that respondents perceive that the amendments to employment equity bring more harm than good. This finding is supported by Dube (2017) who posits that amendments to Employment Equity do not encourage the growth of small companies and brings much harm to still growing companies as compared to large companies. A similar finding affirmed that the amendments to employment equity are negatively affecting their performance in business. It is worrisome that South Africa emerged as the fifth worst nation in the world with poor labour-employer cooperation. Considering the global knowledge, there is a low number of skilled professionals in South Africa. According to the 2020 Global Talent Competitiveness Index (GTCI) (2020), South Africa's employer-labour mutual co-operation is the fifth worst ranked around the globe. In terms of knowledge around the world, there is a comparatively small number of skilled professionals. The 2020 Global Talent Competitiveness Index further highlights the struggle that the country is undergoing to retain skilled talent in order to enhance economic prosperity. This has caused South Africa to slide downwards in its overall rankings as the problem continue to crop up. Another confirmation is the findings that the amendment do not stimulate business performance, rather it stifles business performance. Small and medium companies have raised concerns that the amendment of Employment Equity legislation worsened the already over-regulation of the labour market (Conley & Page, 2018). The above findings may connote a negative perception towards the amendment of employment equity.

The finding revealed that sometimes organisations just hire employees from previously disadvantaged groups to avoid penalties. This concurs with the literature that the low skills profile of South Africa has resulted in having an undersized number of employees from previously disadvantaged groups to occupy senior positions in firms (Matyala, 2016). In this respect, one would not lose sight of the low quality standards of South African education given to the majority of the population, which negatively affected the skills of people. For this reason, many senior level

positions in companies are not occupied by employees from designated groups. According to the 2020 Global Talent Competitiveness Index (GTCI). 2020 (2020), Deloitte and Touche indicate that 81% of companies stated that they are experiencing difficulties in hiring employees from designated groups because they are short of the minimum required skills for high positions. In Deloitte and Touche's report, 61% of the respondents indicated that employment equity candidates are scarce. For this reason, companies are going outside their prevailing pay rates so that they can give equity candidates a huge salary to attract and retain them. This increases the labour costs of the company. Unfortunately, this might be unsustainable in terms of finances for small and medium companies. In addition, this may bring about the issue of salary discrepancies. In line with the above discussion, the findings of the study attest that the experience of an employee is crucial to improve business performance.

Small and medium companies feel the administration burden has been increased by the increase in the number of reports. This is evidenced by findings which confirmed that the increase in the number of reports increase their administration burden. The reports require proper planning where critical strategies need to be scrutinised before the actual implementation of employment equity targets begins. This prompts specific timelines and clear objectives to be developed. Therefore, having expertise in the specific area is not optional in preparing annual reports but a necessity. A holistic approach to human resource plans which aligns with internal organisational policies and procedures is required in order to gain great strides in implementing employment equity legislation (Rambe & Mosweunyane, 2017).

However, executing equal work for equal pay appears to be a recipe for business success as the findings of this study established that companies perceived that higher satisfaction of their employees has been stimulated by enforcing equal work for equal pay. A clear-minded application of equal work for equal pay brings good results for the organisation. A sense of satisfaction among employees can be seen. Positive relationships therefore ensure a healthier and stress-free individual with higher productivity and a safety-conscious focus (Hammer & Avgar, 2017). Turnover and absenteeism figures drop when employee morale is high and they are motivated to provide their

best efforts. For business to succeed, not only one employee, but the whole business team have to perform consistently at their best.

While the findings of this research conceded that the higher satisfaction that comes as a result of equality increases their business performance, in particular production, there was equally a large percentage of respondents who reported that they were still struggling to bear costs of wage adjustments that come as a result of equal work-equal pay. However, it can be concluded that a better organisational culture of equal pay-for-equal work or work of the same value is one of the driving forces of small and medium companies' performance. The following sub-section covers Objective three of this study.

7.3.3 TO EXAMINE THE BUSINESS PERFORMANCE CHALLENGES ASSOCIATED WITH NEW AMENDMENTS TO EMPLOYMENT EQUITY FOR SMALL AND MEDIUM COMPANIES IN DURBAN

The research found a set of problems that besets these SMCs. There is a remarkable number of problems associated with the execution of new employment equity amendment legislation in small and medium companies. Based on the findings of the study, inadequate available skills was one of the crises that the SMCs face. Despite the finding of this study establishing that SMCs require experienced employees because their production is so sophisticated, those people from designated groups do not have the required skills. According to Zondi (2017), a lack of skills hinders Blacks from advancing to the top echelons of small and medium companies. The current regime inherited a legacy of a huge number of unskilled people, particularly Blacks. However, the environment within the work should display that employees from designated groups have access to opportunities of career growth and any contribution they make should be awarded a reward (Booyesen & Nkomo, 2014). In some cases, the culture of the organisation may reflect incompatibility with employees from previously disadvantaged groups. In addition, due to insufficient skills among employees from previously disadvantaged groups, the findings of this research revealed that the business of small and medium companies was growing slowly. Ideal employees that small and medium companies require are those that are growth-minded, business-

mindful, flexible and oriented towards creativity – thinking up new ideas and innovation and implementing those ideas.

A sign of frustration may also be detected in respect of SMEs, as the findings pointed out that they have been experiencing cash flow constraints in their organisations and are making meagre profits for the past 3 years. From a profit or productive point of view, the poor financial status of most SMEs does not permit a time-consuming process of upgrading skills and retraining employees from designated groups (Mubarik, Chandran & Devadason, 2018). At the same time, planned growth is better for small businesses because they cannot afford to make mistakes. These businesses need to re-position themselves in order to remain competitive in the market. The research findings indicated that the cost of production is rising due to inefficiency caused by inexperienced employees. This can be attributed to the fact that the nation of South Africa is still plagued by acute shortages of skills. South Africa has a multi-generational failure to train its manpower.

Furthermore, stiff competition for designated employees is another challenge. The findings of the research indicated that small and medium companies are hiring semi-skilled employees at their companies as skilled citizens are few and the available ones are grabbed by large companies. Skilled employees are poached and given a slight increase in their current salary. This behaviour results in recycling employees from previously disadvantaged groups. This means that instead of building skills inside the organisation, employers are recruiting within the industry. This is the prominent reason why there is no increase on the available occupational professions in various sectors (Toit, 2014). Employees from designated groups are exiting the organisation at the same rate they are hired. This is triggered by an increase in the demand of expertise from individuals from designated groups in order to meet employment equity targets. There is a massive shortage of skill in particular professionals to occupy top positions. Despite shortages of skills in important sectors of the economy which is hampering economic boom, multitudes of graduates that belong to designated groups are without employment and to some degree they are underemployed (Makhitha, 2016). This is chiefly attributed to the mismatch between the skilled labour demand

and the labour supply. People are enrolling for courses that are not in demand, hence more graduates become unemployed because their areas of speciality are in excessive supply.

Another challenge is that of high labour turnover of employees from non-designated groups. The findings indicated that the SMCs have a significant number of non-South African citizens, including those with permanent residence, who quit the job since 2014 and went overseas. Those people are South African permanent resident holders who are suffering from job insecurity, hence they are leaving for countries abroad. The implementation of the amendments to employment of equity has seen high labour turnover of employees who hold permanent resident status leaving the countries because of low prospectives of growth. People with South African permanent resident status no longer have the same preferential treatment as those locals who hold citizenship status in recruitment, training and promotion (Rautenbach, 2016). For this reason, they feel alienated. It is important to understand that the more skilled an individual is, the broader the global opportunities that the person is exposed to. Thus, to ensure sustainability of the SMCs, retaining skilled and talented employees is crucial. One of the key aspects of retaining skilled and talented employees is having high prospects of career growth within the organisation. Most foreign nationals with critical skills who hold work permits left and some are currently heading for the third-world countries because of low prospects of growth in their jobs in South Africa. Critical skills entails the high expertise that is not currently available in the country (Enow & Kamala, 2016).

Due to poor chances of growth, employees with critical skills are forced to leave the country, taking their skills with them to other countries where there are opportunities of the career growth, particularly in the IT and Engineering fields (Kabanda & Brown, 2017). This is causing organisational and operational inefficiencies in SMCs. An expanding climate of economic nationalism makes it unfavourable for SMCs to hire foreign nationals and South African permanent residents. For this reason, there is an exodus of talented foreign nationals and South African permanent resident employees because they are no longer feel accommodated. However, South Africa would benefit from competent and qualified South Africa permanent residents, particularly in respect of the transference of skills for the furtherance of the amplification of local labour force skillsets. The country has skills deficits at the top parts of the skills pyramid of

business organisations (Van Scheers, 2018). However, it is believed that the rising number of immigrants in South Africa has caused the increased number of unemployed locals as foreigners are taking space from local citizens. For this reason, accelerating the growth of South African citizens from designated groups is one of the key objectives that requires a restructuring and reshuffling of staff within the business.

The findings of this study revealed that the loss of those highly skilled and experienced employees with South African permanent residence and foreigners lowers their production. Therefore, when seeing this in the context of employment equity, the most important aspect is to tackle the skills crisis through reforming training. The high demand of skilled employees from designated groups is causing them to leave an organisation soon after their appointment (Balogun, Agumba & Ansary, 2018). The available black graduates do not have the experience to immediately start the work without being directed and supervised. Although the results of black graduates tripled for the past few years, they still require mentoring from veteran employees who are mainly whites and foreign nationals who got South African permanent residency. It is a fact that both non-designated and designated employees look for opportunities for career growth and once they feel that acquired knowledge and competencies are no longer recognised, they get demotivated and eventually quit the job (Makhitha, 2016).

In addition, there is also a challenge of corruption. The findings indicated that inspectors assigned for inspection to SMCs sometimes demand bribes. SMCs are prone to administrative corruption because they have inadequate resources and limited time to fully understand the complex provisions of the legislation and their requirements. This hence makes them bribe to cover up contraventions and faults (Chimucheka & Mandipaka, 2015) . Small and medium companies are vulnerable to corruption as there is higher poor mechanisms of accountability and amplified informality than larger companies. Mostly, small and medium companies lack bargaining power to oppose any illegal payment requests from public officials such as inspectors (Worku, 2016). In addition, they lack the capability to wield power over officials and their institutions. It is a fact that SMCs are less concerned about reputation. Increased corruption has precipitated near-fatal collapse and total collapse of small and medium companies. Unnecessary costs stemming from

these measures are openly seen as the right process being impeded by the wayward conduct of inspectors. A new measures should be put in place that may weed out corrupt mindsets and hence relieve small and medium businesses from patterns of business failures.

Another aspect that the findings of this study brought under the spotlight is that any penalty in the new amendment of employment equity that may be fined is likely to lead to a shutdown of their companies. In this case, heart-rendering incidents occur when this bankruptcy goes to the worse situation of these companies facing closure. Since SMCs are in possession of less resources to withstand serious costs, any tough costs imposed on them may result in total closure of their business (Peyper, 2017b). The finances of SMCs ought to be put on a sustainable footing. New penalties within this amendment affect the small and medium companies disproportionately since a fine prejudices their little coffers. This results in increased costs and amplified levels of operational gearing and hence further reduces the abilities of new opportunities exploitation (Mason & Roman, 2015). Many small and medium companies are under immense business pressure to keep surviving. The government has to rethink its attitude towards these businesses. Only if the government adopts a package of realistic policies will significant progress stimulating growth be realised. Decisive action is required on small and medium companies' growth-enhancing initiatives to meaningfully boost the performance of the business and efficiently stimulate the economy.

However, the speed at which small and medium organisations are required to implement employment equity plans through introducing stiff penalties for employers is an indication that the legislature has quickened more advancement and integration of designated employees. The penalties stimulate higher participation of designated employees in the labour market. Harsh penalties pegged to organisations that do not comply with employment equity plans induce more equality among employees at the workplace.

As if that was not enough, the findings of this study indicated that SMCs are having difficulties in measuring the value of work. It is clear that the application of equality is easy for people

performing the same work, but when the value of the job is considered, it becomes difficult for SMEs to measure since most of them they do not have expertise of valuation (Dube, 2017). The study indicated that the removal of a chance to object to some compliances causes inflexibility to business. The findings strongly revealed that the removal of a chance to object some compliances causes stunted growth to business as some orders suppress innovation. The findings also indicated that SMCs spent a lot of time dealing with multitudes of issues of discrimination at the company within the past three years. The finding also revealed that the extension of unfair discrimination to incorporate 'any other arbitrary grounds' in the new amendment of Employment Equity Act is vague as such it is opening the floodgate for litigation.

The findings revealed that some employees are silently lodging their dispute with the CCMA without management's knowledge. The strategies of employment equity ought to be incorporated in the practices of the organisation. Since the perceptions of unfairness or fairness have a bearing on employee productivity, management should be conscious about the employees' views. If the initiatives of employment equity are fair and enforced in the view of employees within the organisation, there would be low litigations. Although one may conclude that the increased penalties appear to push the small and medium organisations to improve their employment equity implementation, the findings of this research indicated that giving fines was at odds with sound business performance. The findings point out that when the CCMA handles sexual harassment matters, it saves time and unnecessary expenses. The following section discusses Objective four of this study.

7.3.4 TO INVESTIGATE THE FACTORS INFLUENCING THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN IN RELATION TO NEW EMPLOYMENT EQUITY AMENDMENTS

There are numerous factors that affect small and medium companies. Within the amendments of employment equity legislation, there are direct and indirect factors that affect the business performance of SMCs. Should these factors within the amendments of employment equity legislation be addressed, these small and mediums would survive, perform well and develop into large firms. Based on the study results, pressure from amendments of employment equity

legislation take the centre stage of failures of SMCs. This is due to the fact that the amendments of employment equity legislation has measures and factors that affect the development of SMCs, such as finance constraints, technology capabilities, corruption and crime, competition, managerial skills and competency, and regulations and policies. The business performance challenges associated with new employment equity amendments for small and medium companies are grouped into key factors. Most factors that were reviewed in the literature which affect the business performance of SMCs are embedded in the amendments to employment equity legislation.

Financial constraints

The already minimal financial resources of SMCs are being eroded by heavy fines for contravening measures of the new amendment of employment equity legislation. This is evidenced by the findings of this study which revealed that hefty penalty charges stipulated in the new amendments diminishes their revenue. Indirect costs from poor hiring decisions are heightened due to pressure from penalties. The majority of the respondents stressed that any penalty in the new amendments to employment equity that may be fined is likely to lead to the shutdown of their companies. Most SMEs cannot afford the cost of training as well as advisory services, should the need arise. Small and medium companies are encouraged to pursue a value-preserving, smart cost-cutting mechanism to improve good cash flow (Heerden, 2015). However, short-sighted and destructive cost-cutting should be avoided at all costs in order to curb any possibility of business performance deterioration.

Managerial skills and competency

Due to a lack of experience with businesses, new appointed managers from designated groups perceive local and international markets as unmanageable and too risky. This is evidenced by the findings of the study which indicated that the new enforcement procedures force them to hire ill-skilled people for the sake of achieving compliance. Those that assume managerial duties lack experience in crafting strategy for growth purposes. Key constraints that small and medium companies face is having employees with poor managerial know-how. The findings of this study revealed that the experience of an employee is crucial to improve business performance.

Managerial talent is acutely scarce in South Africa, despite numerous institutions providing degrees (Zizile & Tendai, 2018). Mobility, employability and flexibility are critical aspects that employees for SMCs should have. The capabilities and knowledge of expansion is always inadequate for SMCs. SMCs seek revenue growth through new commodities. For international customer expansion, SMCs need to offer something different, usually superior than their competitors to avoid being trapped in the same low-level margin. The results of the study indicated that their companies have high potential for growth once they keep their expert team of employees. Expansion is normally realised when technically competent employees respond to the requirements of the customers (Enow & Kamala, 2016). The best way the small and medium companies can achieve this is by offering customers advanced products and services which permit effective and efficient utilisation of the commodities that they are selling at the moment. In this case, the commodities offered to the market yields more return. The competitive paradigm is changed by global economic integration as even small and medium business are seeking long-term growth, pushing international expansion. Small and medium companies emerge with key forces in growing economies.

Technology capabilities

The finding of this study indicated that the employment agencies that small and medium companies deal with have psychometric tests registered with and approved and certified by the Health Professions Council of South Africa. Consulting organisations are securely equipped with suitable cost-effective solutions, hence they tend to charge exorbitant fees for their services. In most cases, small and medium companies utilise leased technology. For example, when doing psychometric tests, they normally sub-contract that service to the third-party because they do not have the technology and expertise to handle such issues. Unlike large companies, small and medium companies have inadequate funds which restrict them in acquiring innovations and technology such as psychometric tests. A study carried out by Belitski and Liversage (2019) on SMEs e-leadership surveyed 2,240 firms in Johannesburg, South Africa and revealed that technology necessitate the firms to hire employees with appropriate competencies and skills. According to Garg and Choeu (2015), innovation refers to the usage of novel scientific discovery for the business purpose of revamping the outputs, whilst the invention relates to the discoveries of a scientific nature needed for up-gradation of the production systems. The managers are

expected to comprehend the new technologies and innovations to profit from those opportunities (Gono, Harindranath & Özcan, 2016). The study findings established that small and medium companies need much innovation for the needs of the market. This status requires the acquisition of new management mentality and to comprehend capacities of technologies. Lack of financial capital for acquisition of technical skills is the main hindrance in promoting innovation among small and medium companies. Technology cannot be avoided for organisations which require to be productive and grow. Small and medium companies usually encounter difficulties in gaining access to suitable technologies. Innovation sustains the organisation in a tight competition. New technology might be expensive in the short-term and require re-training and re-skilling of employees, but in the long-term, it will save the organisation money and make the organisation more effective (Kabanda & Brown, 2017) .

Corruption and crime

The results of the study revealed that inspectors demands bribes to lift the hefty financial sanctions. Those small and mediums companies that have corruption experiences opine that the legislation is impacting the business negatively. The enforcement of the regulations is the main hub of opportunities for corruption as public officials like inspectors often demand bribes for any contravention of the measure within the amendments of employment equity legislation (Worku, 2016). The predominant form of corruption that SMCs experience is bribery. SMCs report that corruption is rife. Corruption increases the costs of doing business. Depending on the case they are dealing with with public officials, an average of 8% of the amount which would have been fined is paid as bribery to public officials (Merchant et al., 2018).

Competition

The findings of this study indicate that small and medium companies are losing employees from designated groups to big companies. Due to a lack of competitive power of SMCs, they lose experienced black employees to large organisations. Employers are taking a short-cut to meet the transformational goals of the organisation through poaching skilled employees from each other. Poaching skilled employees is stimulated by the reluctance of employers to train employees from

designated groups, fearing that they eventually leave the organisation (Mason & Roman, 2015). However, by doing so, organisations deny themselves innovation and growth opportunities. Instead of providing training to new potential people from designated groups, big companies are poaching top skilled employees from SMCs. The small and medium businesses require access to knowledgeable personnel in order to remain competitive. This leads to a healthier economy. Economic growth is therefore created by employees. The main force behind economic growth is the growth of productivity. A healthy workplace nourishes intellectual properties that flow from inventive employee creativity.

The findings revealed that SMCs need much production to be competitive on the global market. Productivity leads to economic development and job creation. Generation of wealth and job creation is hugely perpetuated by small and medium companies. The adoption of an expansion strategy increases the business performance, particularly growth, market share and profits (Visnjic, Wiengarten & Neely, 2016). It is instrumental for the smooth running of the business. For small and medium companies to realize significant innovation for their survival, they should have a willingness to adapt to change and be technologically oriented. The prime goal of most small and medium enterprises is to have a productivity culture embedded in every section of the firm. This is accomplished through the provision of organizational characteristics, systems and behaviours within the organisation. The following section discusses Objective five of this study.

7.3.5 TO DEVELOP A MODEL THAT HELPS TRACK AND MONITOR THE IMPACT OF THE NEW AMENDMENTS TO EMPLOYMENT EQUITY ON THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN

The government has been negligent in tracking and monitoring the effects of amendments of legislation on business performance hence this objective fills the gap by tracking the effects of each amendment of employment equity legislation on the business performance of SMCs. The issue of business performance of SMCs being at stake due to the amendment of employment equity legislation has prompted the effort of attempting to trace the effect of each amendment on the business performance through proposing a theoretical model based on literature and validating the

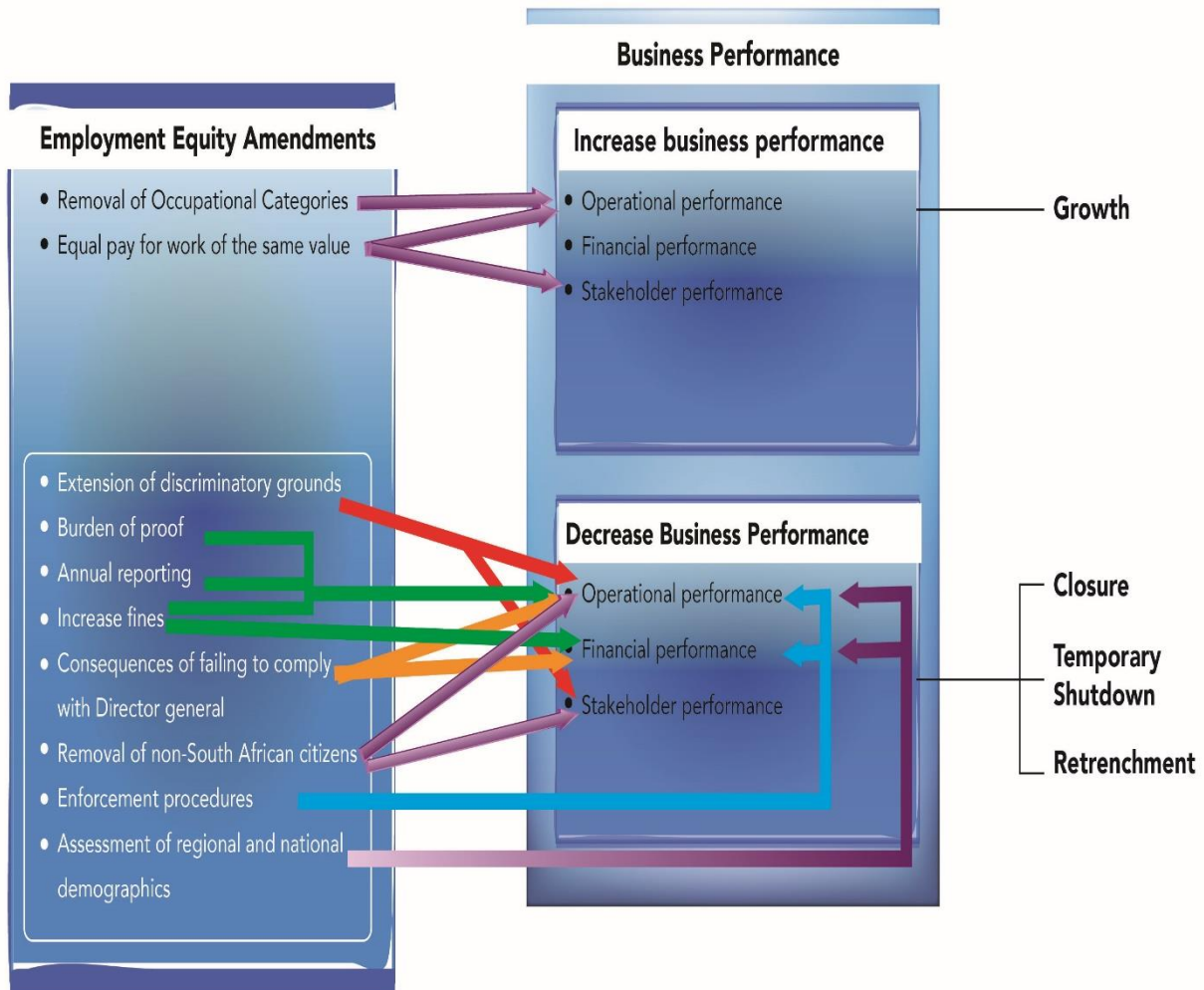
model based on empirical findings. Since the provisional model was created based on literature reviewed, at this stage the model is validated empirically through analysis of the field data.

A model is regarded as the relationship between dependent and independent variables (Nilsen, 2015). For this study, the independent variable is represented by the 'employment equity amendments' variable, while the dependent variable is 'business performance'. Measurement systems are used to capture accurate data about the phenomenon (Bodrožić and Adler, 2018). In this study, the relationship is well specified mathematically through the use of correlation analysis, regression analysis and variance analysis. Considering the relationship that is found to exist between the variables tested (employment equity amendments and business performance), one may draw a conclusion that the model sufficiently provides accuracy and truly tested the relationships between the key variables. Mathematics gives interpretation of the test results and of the relationship between variables. The model of employment equity amendments and business performance in Figure 7 was built based on the empirical findings of this study. The diagram in Figure 7 shows that employment equity amendments have great impact on business performance. This finding was obtained using regression analysis and correlation analysis.

Through regression analysis, it was established that 97.3% (0.973) of the business performance could be explained by the employment equity amendments. The diagram illustrates the sub-variables of employment equity amendment legislation, which is the independent variable of this study, namely equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with the Director general; burden of proof; annual reporting; enforcement procedures; and assessments of regional and national demographics. These sub-variables affect effective business performance. Business performance has three sub-dependent variables: stakeholder performance, financial performance and operational performance. These findings were obtained using regression analysis. Amongst the employment equity amendments sub-variables, only the 'equal pay-for-equal work' positively impacts the stakeholder performance of SMEs.

The study also established that ‘extension of discriminatory grounds’ and ‘removal of non-SA citizens from the designated groups’ have a negative effect on stakeholder performance. This is clearly illustrated by arrows from the ‘employment equity amendments’ box pointing to the ‘business performance’ box. The study findings show that ‘increased fines, ‘consequences of failing to comply with the Director General’, ‘enforcement procedures’ and ‘assessments of regional and national demographics’ are the only amendments that have effects on financial performance , and all of them have negative effects on it. This is displayed in the diagram in Figure 7 by arrows from the ‘employment equity amendments’ box pointing to the ‘business performance’ box. The results of this study indicated that ‘equal pay-for-equal work’ and ‘removal of occupational categories’ positively affect operational performance. The study findings also revealed that ‘extension of discriminatory grounds’, ‘removal of non-SA citizens from the designated groups’, ‘increased fines’, ‘consequences of failing to comply with the Director general’, ‘burden of proof’, ‘annual reporting’, ‘enforcement procedures’, ‘assessments of regional and national demographics’ have adverse impacts on operational performance. This is illustrated by arrows from the ‘employment equity amendments’ box pointing to the ‘business performance’ box. Based on the empirical results of the study, the following model (Figure 7) was established:

Figure 7: Validated Model of employment equity amendments and business performance



Source: Researcher’s own (2020)

The findings on business performance suggest that employment equity amendments variables are significant predictors of criterion variables. The findings are the empirical evidence that support the key study objectives. To sum up the results of this study, employment equity amendments have strong bearings on business performance (Figure 7). This model differs from the initial theoretical model in Figure 2 in Chapter 4 which was utilised as a point of departure for this study. The initial theoretical model built based on the literature review does not clearly illustrate, by the use of arrows, how each employment equity amendment impacts each category of business performance, whereas the model in Figure 7 clearly displays the connections of these variables through the use

of arrows based on the empirical findings of this study. In summary, the model in Figure 7 shows that business performance is largely influenced by employment equity amendments variables based on concrete empirical findings. The following section discusses Objective Six of this study.

7.3.6 TO EXPLORE THE APPLICATION OF REGIONAL AND NATIONAL DEMOGRAPHICS WITHIN THE EMPLOYMENT EQUITY CONTEXT OF SOUTH AFRICA

The findings of the research established that SMCs have some confusion in respect of the implementation of regional and national demographics. The findings tend to be supported by the work of Kershwyn (2017), who observed that inconsistencies often exist in the interpretation of national and regional demographics. When the pieces of legislation are labelled as inconsistent, it reflects that the regulation is not enforced appropriately. South Africa should have consistency in the execution of regional and national demographics as rapid changes of the same law in a little time cause the future to be more unpredictable and hence causes panic in the labour market. Several recent changes in a short period of time reflect inconsistency in execution of the legislation. Furthermore, most of these changes are not communicated clearly to the employers of small and medium organisations. This adversely affects efficiency in the planning and production of SMCs.

In the same vein, the findings of the study revealed that there is an infringement of free negotiation between unions and employers in the new amendment of Employment Equity where arrangements of a specific workplace should be discussed rather than having all the powers in decision-making centred on the Minister. There should be a harmonization of regulations and laws, for instance through a review of existing regulations to counter inconsistencies in the application of the pieces of the legislation, such as frequent changes to the national and regional demographics (Tapanya, 2015). Educate and sensitise small and medium companies' actors about any changes on the pieces of legislation.

A sign of frustration was shown by many small and medium companies about having insufficient information in terms of changes of regulations, particularly the regional and national

demographics. For countering applications of the legislation misunderstandings and further corruption opportunities, the government is required to create intensive awareness on the business about the amendments. However, based on recent case laws reviewed in the literature, namely *Solidarity & others v Department of Correctional Services & others (CCT 78/15, 15 July 2016)*; and *South African Police Service (SAPS) and others v Solidarity and Others (JS469/12) (2015) ZALCJHB 266 (13 August 2015)*, one can conclude that there is a strong move towards demographics of a region, rather than national. This can also be witnessed when the proposal that organizations with 150 employees or more must utilize the national demographic profile as a guidance to put targets professional, senior and top employees is revoked from New Amendment of the EEA. The new amendment revokes the proposal because minority groups would be deprived to secure management opportunities in their regions despite having large regional minorities, in particular Indians in KwaZulu-Natal and coloureds in the Northern Cape and Western Cape. Objective Seven of this study is discussed below.

7.3.7 TO ESTABLISH THE IMPROVEMENTS MADE BY SMALL AND MEDIUM COMPANIES IN DURBAN TO ALIGN WITH THE NEW AMENDMENTS TO EMPLOYMENT EQUITY

It was evident from the findings that SMCs no longer consider non-South Africans citizens in their recruitment, training and promotion. The findings support the view of Booysen and Nkomo (2014) that SMCs are abiding by the amendments to employment equity legislation. However, the emergence of this measure that excludes employees that are South African permanent residency holders skewed the representations of black people in the employment equity reports. It even reversed other organisations that had already met the employment equity targets. This means small and medium organisations should continue to hunt for competent employees from designated groups. If these employers fail to get those people, this would have serious negative implications for the operations of the business. In this case, competent employees would be replaced by incompetents from the designated groups, hence lowering the standards and production of the organisation. However, the measures in the amendment of employment equity legislation would not be a threat to big organisations that have instituted sound career development programmes.

In the same vein, the findings indicated that they no longer consider foreign nationals, even those with South African permanent resident status that came after 1994, as their mandate to meet equity goals. However, the loss of those foreign nationals, even those with permanent residency, is diminishing production, especially in jobs that demand highly skilled people. Due to low growth expectations, most of these foreign nationals with permanent residency have been quitting jobs since 2014 and went overseas where the law of labour seems to be conducive. Removal of non-SA citizens has a strong bearing on the business performance of SMCs.

Also worth noting is that the study established that SMCs have increased the numbers of employees from previously disadvantaged groups at all levels. The findings support the view of Mubarik, Chandran & Devadason (2018) that appointing competent employees from designated groups enhance the organisation to accomplish employment equity plans, which is crucial when the company is submitting annual reports. The legislation does not enforce quotas of the proportion employees from previously advantaged groups must occupy in relation to the entire workforce. However, it permits the organisation to peg their unique goals without interference of external numerical targets. It is crucial to note that measures of amendments to employment equity legislation are not enacted to make sure that unqualified people from previously disadvantaged groups are automatically advanced. The legislation is after the positive upgrading of employees from designated groups, not as ploy to adopt reverse discrimination.

As a special step of enhancing the transformation drive in South Africa, there is an ever-increasing preference for South Africans citizens for senior positions, even if they are not suitably skilled, which is a good move towards accomplishing the key objectives of the amendment of employment equity legislation. However, it is important to note that this action cannot take place without having its own negative effects as this is forcing skilled non-South Africans citizens to migrate to other destinations, which is an absolute brain waste. It is worrisome to note that the taxpayer base is being eroded as the very South African permanent residents who are competent and qualified to build the South African economy leave the nation in multitudes. It is clear that the upward professional mobility of non-South Africa citizens in their specialisation areas becomes minimal due to intensive enforcement measures of amendments to employment equity legislation.

From the findings, it was observed that most SMCs have policies that counter discrimination. The findings support the view of Kershwyn (2017) that the employment equity dimensions and opportunities enforce that internal policies must focus on promoting equality of opportunities for all employees. All businesses have rules, regulation, policies and certain procedures to which the staff and management should abide. The policies are aimed at the elimination of discrimination, which is good for the company and society. In addition, they encourage conducive work environments in which employees are respected and preserved from occurrences of indirect discrimination, victimisation, direct discrimination and harassment. The amendment of employment equity legislation gives direction on the manner in which recruitment, retention and training should be crafted and enforced within the policies of the organisation. In other words, the legislative requirements serve as guideline for the development of internal organisational policies. Fair treatment should be ensured among all the operations of the business.

The organisational practices and policies ought to be implemented in order to make clear adjustments to the expectations of the employees from designated groups, not just stick to numeric representations. Policies that encourage the development, attraction and retention of skills of SMCs are critical. In addition, the practices of formal management and better managerial skills are essential. Without a stable and inviting workplace culture, challenges can arise in the managing of employees. However, it is worrisome to note that the implementation of amendment of employment equity laws is still impeded by organisational practices, policies and procedures that are embedded with unfair labour systems and discriminatory practices. This is evidenced by numerous litigation cases of unfair discrimination based on arbitrary grounds that were observed from the findings of this study.

It is interesting to note that although it seems stressful to divert their limited energy, time and resources to unproductive aspects of aligning with statutory requirements, the findings revealed that the SMCs submit employment equity reports every year. This is even too serious a situation to heavily resource-constrained SMCs. The SMCs do not have capacity to hire a regulatory

specialist, hence work related to compliance turns away the attention of top managers from concentrating on activities that build the wealth of the business.

Another finding worth noting is that SMCs are giving the same pay for people who are doing the same work. The findings support the view of Matyala (2016) that elimination of unfair discrimination is a legal obligation for all employers. In this case, the freedom and rights are enjoyed by all employees. This is beneficial for small and medium organisations because they would get the best of workers. This reduces potential for disruptions and complaints which may be too costly to the organisation. The procedures and policies that relate to promotion, recruitment, compensation, training and development and the benefits of employment service should be crafted cautiously to avoid any attached discrimination based on arbitrary grounds.

It was deduced from the findings that small and medium companies have considerably improved in an attempt to comply with new measures in the amendment of employment equity legislation. The findings revealed that the companies submit employment equity reports every year. The following section discusses Objective Eight of this study.

7.3.8 TO CRITICALLY ANALYSE HOW THE NEW AMENDMENTS TO EMPLOYMENT EQUITY CAN BE IMPLEMENTED WITHOUT AFFECTING THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN

This objective is comprehensively answered by the recommendations, sub-section 8.3, in the following chapter. The following section present the conclusion.

7.4 CONCLUSION

In the context of the amendment of employment equity legislation, there is an urgent need for the government and business associations to carefully plan and manage change, not hasten the process. This is crucial for the purpose of heightening economic growth as more than 50% comes from SMCs. Recruitment of competent staff is the key predicament befalling most SMCs. It is

worrisome to lose employees who always bring new ideas, new horizons and new thinking to the company. Should the small and medium companies manage to get one from designated groups, it is difficult to retain that employee. The following section covers the conclusions and recommendations of the research study.

CHAPTER EIGHT

CONCLUSIONS AND RECOMMENDATIONS

8.1 CONCLUSION

Chapter one covered the background and overview of the research in which aspects that incorporate the problem statement, key objectives, research questions, importance of the study and the methodological approach to the study as well as the structure of the research are addressed. Chapter two reviewed in detail the literature related to the concept of amendments to employment equity. Chapter three presented a comprehensive review of the concepts of business performance. This chapter four discussed the theoretical framework for the EEAA and business performance of SMCs. The chapter five was an exposition of the research methodology used to explore the research questions in this study. The chapter six presented the data analysis and a detailed presentation of the results. The chapter seven covered the discussion of the findings in respect of the objectives of this study. It also discussed the aspects relating to the demographics of this study. The chapter 8 covered the recommendations and conclusions based on the findings of the research.

The impact of employment equity amendments on the business performance of SMC has been established hence the primary objective of this study was accomplished. From the overall viewpoint of the findings, the study concluded that the business performance of small and medium companies are affected by equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with the Director general; burden of proof; annual reporting; and assessments of regional and national demographics. The study indicated that only equal pay-for-equal work and removal of occupational categories had a positive impact on business performance. All the other aforementioned impacted the business performance of SMCs negatively. Results were obtained by utilizing regression analysis, value of variance (ANOVA) and Pearson's correlation analysis.

Although SMCs seem to support the amendment of employment equity legislation, there is clear evidence that they are very worried about the continued loss to their production and profits. This study gave empirical evidence that there is much anxiety among employers because they are experiencing diminished business performance and a worse situation may be total closure of the business. The amendment of employment equity laws brought high labour turnover and high intention to leave among employees who hold permanent resident status. Those who are supposed to train employees from designated groups are leaving to third-world countries before the process of knowledge transfer is completed. For this reason, the organisation remains with mediocre employees, which negatively impacts the general business performance of the organisation. The 'removal of non-SA citizens from the designated groups', if not well managed, continues to cause confusion which are likely to evolve and reduce productivity. The organisation that focuses on creative tasks rather than routine tasks is likely to suffer as promotion of these ill-experienced people counters productivity and innovation (Zizile & Tendai, 2018) . However, routine tasks can be adaptable to employees from designated groups. A huge problem-solving toolbox is removed, intellectual styles and multiple skills are lost. However, this amendment eradicates some undesired influx of skilled migrants in South Africa. The amendment of this legislation was crafted against the backdrop of surging unemployment rates among South African citizens, coupled with views that most small and medium business companies give preference to foreign nationals and overlook local citizens in particular economic sectors of South Africa (Enow & Kamala, 2016). This may exacerbate poverty and inequalities among local citizens.

The tough drive for transformation creates doubts as to whether or not critical skills are taken seriously in this country. This poses an economic crisis in the near future. South Africa has moved from its initial stance of keeping people with critical skills by crafting the measures that threaten their willingness to stay. The need for transformation is overriding the sustenance of SMCs. The new amendment of employment equity legislation is silent about skills of those Black South African citizens which is a critical aspect that fuels the execution of employment equity legislation. According to Stoddard (2020), of the 6.7 million who are unemployed, only 1.9% have university degrees and 90.6% have not attained more than matric level. Hence, the aspect was supposed to be one of the core measures in the amendment of employment equity legislation. Although the employees from designated groups may not be ready to assume the positions at the same time they

got training, career advancement is a crucial instrument that propels them to occupy high positions (Makhitha, 2016). For the sake of curtailing poor individual standards of performance, real transformation is obtained when skills development is aligned with the measures of amendment of employment equity laws.

The amendment of employment equity legislation makes an artificial increase in the demand for skilled and competent Black employees, which is causing small and mediums companies to lose their small portion of critical skills to large companies. The new employment equity amendments are causing a reshuffling of the current workforce instead of creating jobs. Small and medium companies encounter a challenge of retaining and recruiting skilled employees from previously disadvantage groups while fostering a conducive work environment that promotes the attainment of self-sustenance and business performance. Organisational human capital has taken the centre of the labour issues and remains the critical source of gaining competitive edge against competitors (Toit, 2014). This is creating pressure for small and medium organisations to focus on keeping employees embedded and engaged in the work in order to retain them for long periods.

By contrast, some difficulties that employers face in hiring employees from designated groups are not due to skill shortages among these groups, but is caused by an acute scarcity of certain professions in the market. Employers are taking shortcuts to bring transformation in the organisation through luring employees from competitors. This exercise self-defeats the employers as it blocks employers from maximising profits, whilst at the same time hampers economic growth. Contrary to the assertion of poaching, Mason and Roman (2015) take poaching as a myth and cite management style and poor environment as the cause of turnover of designated employees.

However, a sense of motivation comes from equal pay-for-equal work and stimulates employees to feel valued and fulfilment in their jobs. A study conducted by The African Centre for Migration & Society (ACMS) (2017) from 2012 to 2014 revealed that there is salaries inequalities between the local citizens and foreign nationals in South Africa. The foreign nationals have a tendency of accepting jobs with below market-related rates. According to Businesstech (2016), having the

same experience, professional qualifications and skills, white man earn 42% higher than their female counterparts. In the same manner, female black professionals earn 17% higher than their male counterparts. This is due to pressure of high penalties for failure to meet the targets. White employees earn higher salaries than black employees despite them having the same experience, professional qualification and skills. Skilled employees are crucial assets in companies, the government is pushing the nation into deep skills crisis as those with critical skill are leaving. This expertise is required to enhance the productive capacity of the country, which in turn boosts economic prosperity and development. Economic prosperity stimulates high consumption and huge demand for greater commodities.

The main issue is that an attempt has to be made to ensure representivity and business performance are balanced. As such, the worse situation is that positions in small and medium organisations, especially in the construction and financial sectors, are left unoccupied because they could not find an appropriate person from designated groups, yet the qualified and competent individuals from non-designated groups are available (Booyesen and Nkomo, 2014). This is attributed to their attempt to meet employment targets to avoid heavy penalties. However, by doing so, the operational performance of the business is often compromised. In addition, a limited understanding and confusion around the application of regional and national demographics by industrial relations representatives raises the red flag about the execution of employment equity in small and medium organisations. The complexities of this piece of legislation causes confusion to the small and medium companies and hinder them from having a full understanding of the implications of the legislation (Tapanya, 2015). It seems small and medium companies do not have adequate information and awareness about the legislations.

The enforcement of compliance towards small and medium companies has advanced from being a normal strategized plan for regulating the business to become a harsh and unmanageable burden. SMEs are expected to have sufficient time to plan for the revised or new regulations and thereby prepare everything required to avoid unnecessary costs. One of the difficulties that SMCs encounter is to understand the current measures in the new amendment of employment equity legislation (Thobekani & Tengeh, 2015) . In addition, the demand shocks from the government

legislation may be too much for them to handle. Different from large companies, small and medium companies have lesser resilience because they only have little resources which are not enough to absorb the shocks pegged in the new contraventions costs by the new amendments to employment equity legislation. Government needs to re-look at this as this may be getting late for SMCs which are less capable of surviving and sustaining in excessive, tight regulatory requirement and costs. The nature of the regulatory burden affects the small and medium companies' productivity and competitiveness.

It was evident from the results of this study that the amendments to employment equity legislation has not emancipated small and medium companies, but rather impedes their business performance. There is an increased regulatory burden on SMCs. The employers of SMCs ought to constructively engage with the government and labour to reveal the trade-offs that are inclusive and sustainable for all parties. If the present conditions are not managed promptly, the labour that the government is attempting to protect will vanish due to frequent business failure (Sitharam & Hoque, 2016). In this case, businesses cease to exist.

In line with the findings of this study, the South African government should benchmark its pro-SMCs policies with that of developed countries. Most developed countries fully support their small and medium companies by creating a conducive environment in terms of instituting favourable laws. Small and medium companies are accorded great priority in developed countries in order to make these companies vibrant and viable. Small and medium companies are viewed as engines that can revive a collapsing economy (Maduekwe & Kamala, 2016). This means that any nation that needs transformation of its ailing economy like South Africa must be involved in creation and investment in small and medium companies. A demarcation line needs to be drawn between the economic interests (fuelling economy) and political interests (vote banking), and reform these amendments for the sake of reviving the whole economy. The government may be advised to turn down its focus on populist policies that are aimed at drumming up support at the expense of interests of the economy, thereby destroying veritable engines that grow the economy, in particular employment creation.

The vehicle for success of small and medium companies requires a need for specialised assistance when facing some serious difficulties and periodic check-ups to detect hidden pitfalls that may be avoided if discovered in time. Based on the findings, one may conclude that the amendment of employment equity legislation is crippling the business performance of SMCs. Although SMCs are limping in their overall performance, this aspect of employment equity deserves more prominence. The distasteful hype of the collapse of business and the cynicism which is generated by wake-up calls from business can no longer mask this essential fact that the execution of employment equity amendments is necessary. While these amendments appear to serve parochial interests, top management overlooks their payoffs, nor has their development been considered in light of the overall corporate strategy. Most importantly, since the extent of the impact of amendment of employment equity on the business performance of SMCs has been established, the research problem has been resolved. The following section presents the limitation of the study.

8.2 LIMITATION OF THE STUDY

Since data was collected from SMCs in Durban, this may hence not accurately represent all the SMEs in the whole of South Africa. The main limitation of the study is that it narrowly focused on SMEs in Durban, therefore precluding the generalization of the findings to other cities of South Africa. The study was restricted to SMEs only. As such, this study ignored the plight of large companies that might be facing similar predicaments. It is noted that SMEs are the economic engine of the economy of Durban and KwaZulu-Natal at large. However, considering the limited time, it was not practical to conduct a study which covers the magnitude and scope of all the cities. However, the focus on the Durban area was logistically and methodologically expedient as this scope is suitable considering the limited resources at the researcher's disposal. The questionnaire which was used for data collection was electronically distributed, which may be easily ignored by respondents. Although the researcher kept on reminding the potential respondents through emails and calls, the researcher could not get all numbers of responses due limitations of time. Some questions were not adequately answered, especially the open-ended question section. In the open-ended questionnaire section, the response rate was minimal. A number of constraints were encountered during the process of data collection ascertain potential respondents declined to answer the questionnaire, fearing that they will be tracked by the Department of Labour, despite that the researcher guaranteeing them that the information will not be disclosed to anyone. In addition, the responses might have been subjected to mental and emotional states when answering

the questionnaire. The issue of subjectivity and biasness could not be wholly eliminated, as some personal experiences may have some contributions to the responses. The subject of the study appears to uncover potentially sensitive information in respect of SMCs' employment equity practices. For this reason, it is reasonable that some SMCs' industrial relations representatives may not be fully truthful when responding. The following section covers the recommendations to the findings of this study.

8.3 RECOMMENDATIONS

The recommendations suggested in this study are in line with the problems identified. The suggested measures support the implementation of the amendments to employment equity legislation, at the same promoting effective and efficient business performance. The execution of the suggested recommendations foster the work environment that brings certainty to business success and pure transformation of labour representivity at the workplace.

8.3.1 THE NEED FOR TRANSFORMATION AND BUSINESS PERFORMANCE SHOULD BE BALANCED

The small and medium companies and government should strike a balance and be sensitive in executing the implementation of measures of amendment of employment equity legislation in order to mutually stimulate business performance and afford designated people to benefit from the measures within the legislation. Finding the balance between the benefits of executing employment equity amendment legislation and benefits derived from vibrant business performance of SMCs is a lasting solution. Striking a balance entails that the organisation seeks to put minimal effort to meet its obligations. This balanced approach promotes economic growth. For SMCs to strike the dual goals of business performance and transformation in line with amendments of employment equity amendment legislation, excellent decisive measures should be ensured. The small and medium companies are recommended to initiate discussions with government to have deepened understanding of business performance, rather than proposing new regulations or setting targets that adversely affect performance. The organisations should engage government to enforce amendments of the legislation that stimulate business performance, rather than those that hinder business performance.

The critical stance is to consider measures of amendments to employment equity legislation that benefit employees, management and the government in enhancing business performance, equality and economic growth. Strategies of people management should be integrated in the execution of amendment of employment equity legislation, which could bring success in individual performance and overall organisational performance.

8.3.2 JOB GRADING SHOULD BE MADE AVAILABLE

One way to reduce potential friction for employees perceiving to be doing the work of the same value but receiving different compensation is to create job grading. Grading of jobs is crucial in any organisation because it eliminates unjustified remuneration differences. This is important to counter conflicts and disputes to jobs that are perceived to be of equal value. A comprehensive evaluation can be done prior to the grading of the jobs to make sure each job is allocated to the right grade level.

8.3.3 TRAIN BOTH EMPLOYEES FROM DESIGNATED AND NON-DESIGNATED GROUPS

Generally, based on the findings, small and medium organisations should train their employees in particular those from the designated groups to have positive attitudes towards the amendment of employment equity legislation in order improve employee retention. For enhancing effective performance of employees from designated groups, the environment of the organisation should support the amendment of employment equity initiatives. Compliance with amendments of employment equity legislation must not be seen as a way of fulfilling political imperatives. Instead, they should be integrated as part of business objectives by employers through appointing skilled workforces. The implementation of amendment of employment equity legislation poses discomfort to non-designated groups, which has a strong impact on the productivity of each employee. Therefore, the execution of transformation should be associated with proper interventions such as the institutionalisation of change management. The implementation of the employment equity legislation requires considerable strategies of employment practice that focuses on inclusive practises, change of organisational culture and most importantly the development of human capital. The organisation should have their internal process that monitors

and evaluates the existing execution of the measures of the amendment of employment equity legislation.

Special developments programmes should be given to designated employees in order to assist them to cope with the appointed positions, thereby correcting the under-representation of these employees in the company. The employment equity plans are reported at the end of each year and should be aligned to development programmes to equip employees with competences. There is usually a gap between having sound policies available in the organisation and effective execution of those policies. Viable policies should be exercised within the organisation for employees from designated groups to improve their individual performances. The current emphasis on transformation should be intertwined with the development of critical skills. However, there is policy incoherence as transformation is not tallying with the available skills, which may lead to the collapse of the economy. For sound economic development transformation and business growth to be seen, the two faculties have to be balanced.

Small and medium organisations should embark on identifying potential individuals and expose them to an intensive and accelerated skills development programmes that can fast track upward mobility. This means that the experience, skills and qualifications of the potential candidates should be assessed to check their potentiality to assume higher positions. The needs of employees from designated groups should be continuously analysed and required resources must be made available to meet the needs identified. Necessary resources should be availed to employees from designated people in order to get the tasks done well.

8.3.4 INDUSTRIAL RELATIONS REPRESENTATIVES SHOULD BE ACQUAINTED WITH THE ASPECT OF REGIONAL AND NATIONAL DEMOGRAPHICS

Emphasis should be given to the development and instilling of understanding of the application of the regional and national demographics amongst industrial relations representatives, thereby ascertaining that the execution of that section of the statute gives effect to its purposes. This increases the level of comprehension of the legislations amongst industrial relations

representatives. The government must establish clear pieces of legislation and avoid inserting inconsistent and complicated criteria during amendments of the law. South Africa must streamline its legalities towards SMCs, hence easing the companies to abide with regulations.

8.3.5 COMPETENCY SHOULD BE A PRIORITY WHEN HIRING EMPLOYEES FROM DESIGNATED GROUPS

The enforcement of transformation within small and medium companies must prioritise competency and efficiency in order to gain genuine representativity that incorporates all demographics of South African people from designated groups. Organisations need employees who have workplace experience in the business operations, of which most skills are acquired after some years of working. In this case, having experienced and skilled employees can maintain the business performance of SMCs. The failure of SMCs to grow is often linked to a lack of developed personnel. In the long-run, growth is essential to the well-being of a business and so is continuity of company operations. The ‘consideration of experience’ is important to safeguard the performance of the business. Most of the decisions have to be taken by keeping experienced employees in the loop. Often, there are conflicts between designated employees and non-designated employees. In most of the organisations that participated in the survey, experiential merit is considered to be a priority as criteria for promotion. The consideration of experience should be given high weightage in small and medium companies.

Appointments to positions should be based on merit, not that the candidate is from designated groups. However, when appointments rely purely on merit, the situation may have serious negative implications due to the fact that SMCs would fail to reach their equity targets. It is important to note that all employees have the contractual responsibility to work in the best interests of the employer in such a way that they meet the minimum performance expectations in terms of productivity and quality.

8.3.6 PROPER TIMELINES SHOULD BE AGREED BETWEEN THE GOVERNMENT AND SMALL AND MEDIUM COMPANIES

For effective changes in workforce profiles, timelines must be enforced and the exercise should not be perennial as this will demotivate employees from non-designated groups. If no proper timelines exist in the implementation of the legislation, it may be seen as a reverse discrimination exercise.

8.3.7 THE WORK ENVIRONMENT SHOULD BE CHECKED REGULARLY TO ENSURE THE NON-EXISTENCE OF UNFAIR DISCRIMINATION

Small and medium companies should inspect the work environment to check if facilities, practices, policies and practices are discriminatory and do not hamper the execution of employment equity measures. Training and development should be focusing on the coaching and mentoring of new recruits.

8.3.8 POLICIES WITHIN THE ORGANISATION SHOULD BE MADE AVAILABLE TO EVERYONE

Management of SMCs should ensure that all employees are made aware of the existing organisational policy in respect of discrimination in order to counter excessive litigation associated with discrimination based on arbitrary grounds. Employees must be made aware of what constitutes discrimination and employers should create a harmonious, discrimination-free environment where women, employees with disabilities and Blacks feel good and safe.

8.3.9 BOTH GOVERNMENT AND SMALL AND MEDIUM COMPANIES SHOULD FIND MECHANISMS TO RETAIN CRITICALLY-SKILLED WORKERS WHO ARE NON-SOUTH AFRICAN CITIZENS, BUT PERMANENT RESIDENT HOLDERS

The amendments to employment equity legislation should be reviewed to exempt a certain calibre of skilled non-South Africans citizens who are permanent resident holders, who could contribute significantly to the economy of the country, as a move retain them. The exodus of skills is worrying

SMCs. Failure to do so this may weaken the general economic performance of the country as many SMCs would struggle to survive. In this regard, retention is a critical exercise that enhances skilled employees to choose to remain in the organisation, especially if they recognise and value financial compensation provided by the employer. It is important to retain non-South African citizens experts in order to avoid running short of the next generation technology skills that drive innovation in small and medium companies.

8.3.10 PROMOTE SKILLS TRANSFER AT ALL COST

It is of paramount importance that priority to employment must be afforded to local people who are South African citizens. In the event that non-South African skilled candidates are hired, strategies should be devised which form part of contractual agreements to make sure that there is transference of skills to local citizens within a set time period. However, the process should not be hastened because it may drastically affect production. This is currently practiced in Rwanda. A progressive system should be crafted in South Africa in order to make local talented people readily available to fill in the gaps created by amendments to employment equity legislation.

8.3.11 SMALL AND MEDIUM COMPANIES ARE REQUIRED TO EMBRACE THE NEW TRANSFORMATION EXPECTED

Employers must embrace transformation and change rather than view it as an enemy. Business leaders should commit themselves to the dictates of the amendment of employment equity legislation. Ideally, transformational leadership is the most appropriate approach to manage these changes. This calls for SMCs to take tangible actions in respect of the promotion of equality and fairness at the workplace. Due to lack of capacity to handle this legislation, the measures of this legislation are inconsistently applied by small and medium companies, hence posing mistrust elements about the effectiveness of implementation of measures of the amendments to employment equity legislation in firms.

8.3.12 CORRUPTION MUST BE CURTAILED

Through improvement of enforcement mechanisms, increasing transparency and lowering the discretion given to public officials, corruption can be suppressed. Opportunities for corruption are

decreased through reducing the interaction between businesses and public officials. One crucial aspect to overcome corruption in the sphere of SMCs is to address problems within the environment that hinder them to take action against corruption, without pushing them out of business.

8.3.13 LOWERING ADMINISTRATION BURDENS

Administrative burdens may be lowered through employing technology-based mechanisms such as the utilisation of electronic reporting. In this case, electronic reporting is very essential. Administrative burdens are lowered through e-government and regulatory reforms. The new administrative burden is minimised by a review of the reporting times in a rational, transparent and proportional manner.

8.3.14 SOUND HUMAN RESOURCE PRACTICES MUST BE AVAILABLE IN THE ORGANISATION

The findings revealed that the extension of unfair discrimination to incorporate ‘any other arbitrary grounds’ in the new amendments to Employment Equity Act is vague, as such it is opening the floodgate for litigation. Small and medium organisations ought to take cautious steps when crafting their internal human resources practices and policies to avoid being caught with discrimination based on arbitrary grounds. By so doing, these organisations would reduce cases of litigation in respect of discrimination based on arbitrary grounds. Employers of small and medium companies usually make various conspicuous discriminatory practices on grounds of irrelevant personal aspects instead of merit of work performance. The following section covers the direction for future research.

8.3 FUTURE RESEARCH

It would be interesting to study the impact of the amendments to employment equity law on the business performance of small and medium in cities of other provinces for the sake of establishing the differences and similarities that may exist. It would be useful to study the impact of the amendments to employment equity legislation on the business performance of large companies. The current literature revealed that there is scanty information about the impact of other

amendments to legislation apart from Employment Equity Amendment legislation. It would be interesting to study the impact of amendments of other legislation on the business performance of SMCs. The following section reports the major contribution of this study.

8.4 MAJOR CONTRIBUTION

The research significantly contributed to the existing body of knowledge in respect of amendments to employment equity legislation and its impact on business performance through revealing new insights. This study developed a model which is useful in tracking and monitoring the impact of amendments to employment equity legislation on business performance. With this study, organizations will be able to identify which amendments to employment equity legislation have an impact on the business performance of small and medium companies in Durban. Even large companies can also gain insights from the results of this research and can apply some of the suggested recommendations. The research also helps the government, especially the Employment Equity Commission and Department of Labour, as to which amendments to employment equity legislation they must revise in order to rescue battling SMCs. The research also assists industrial relations representatives through recommendations provided that may cushion the problems they are currently facing. The study gave a unique work environment perspective which has not been explored as yet in respect of the amendments to employment equity legislation and hence adds significant value. Therefore, the validated model and findings of this study assist policy-makers and enrich existing literature in understanding the beneficial and detrimental effects of implementing the amendments to employment equity legislation in SMCs.

BIBLIOGRAPHY

2020 Global Talent Competitiveness Index (GTCI). (2020). *South Africa has a huge problem of retaining skilled and talented workers*. Retrieved from: <https://mybroadband.co.za/forum/threads/south-africa-has-a-huge-problem-retaining-skilled-and-talented-workers.1066122/>.

Abdullahi, M. S., Abubakar, A., Aliyu, R. L., & Umar, M. B. (2015). Empirical review on the determinants influencing firm performance in developing countries. *International journal of scientific and research publications*, 5(6), 1-10.

Abugalia, M., & Mehafdi, M. (2018). The influence of external environment and business strategy on the effectiveness of management accounting practices: A contingency theory perspective. *Scientific research journal*, 6(2), 87-99.

Adams, K. A., & Lawrence, E. A. (2015). *Research methods, statistics and applications*. London: Sage publications.

Adegboye, A. C., & Iweriebor, S. (2018). Does access to finance enhance SME innovation and productivity in Nigeria? Evidence from the world bank enterprise survey. *African development review*, 30(4), 449-461.

Agwu, E. (2018). Analysis of the impact of strategic management on the business performance of SMEs in Nigeria. *Academy of strategic management*, 17(1), 1-20.

Ahmad, K., & Mohamed, Z. S. (2015). Factors explaining the use of management accounting practices in Malaysian medium-sized firms. *Journal of small business and enterprise development*, 22(4), 762-781.

Ahmed, A. (2015). *Flawed dept's employment equity plan must fail*. In: Concourt hears.

Ahmedova, S. (2015). Factors for increasing the competitiveness of small and medium-sized enterprises (SMEs) in Bulgaria. *Procedia-social and behavioral Sciences*, 195, 1104-1112.

Ainin, S., Parveen, F., Moghavvemi, S., Jaafar, N. I., & Mohd Shuib, N. L. (2015). Factors influencing the use of social media by SMEs and its performance outcomes. *Industrial management & data systems*, 115(3), 570-588.

Ajayi, A. (2016). Impact of external business environment on organisational performance of small and medium scale enterprises in Osun State, Nigeria. *Scholedge international journal of business policy & governance*, 3(10), 155-166.

Akkermans, H. A., & Van Oorschot, K. E. (2018). *Relevance assumed: a case study of balanced scorecard development using system dynamics*. In system dynamics (pp. 107-132): Springer.

Akter, S., Wamba, S. F., Gunasekaran, A., Dubey, R., & Childe, S. J. (2016). How to improve firm performance using big data analytics capability and business strategy alignment? *International journal of production economics*, 182, 113-131.

Al-Mawali, H. (2015). Strategic management accounting usage, environmental uncertainty and organizational performance. *European journal of business and management*, 7(18), 219-226.

Anand, P., Sanjay, K. J., Kapil, D. P., & Kapil, D. P. (2017). Productivity, quality and business performance: An empirical study. *International journal of productivity and performance management*, 66(1), 78-91.

Andrews, D., Criscuolo, C., & Gal, P. (2017). The best vs the rest: The global productivity slowdown hides an increasing performance gap across firms. Retrieved from: <https://voxeu.org/article/productivity-slowdown-s-dirty-secret-growing-performance-gap>

Asah, F., Fatoki, O. O., & Rungani, E. (2015). The impact of motivations, personal values and management skills on the performance of SMEs in South Africa. *African journal of economic and management studies*, 6(3), 308-322.

Awadallah, E. A., & Allam, A. (2015). A critique of the balanced scorecard as a performance measurement tool. *International journal of business and social science*, 6(7), 91-99.

Ayandibu, A. O., & Houghton, J. (2017). The role of small and medium scale enterprise in local economic development (LED). *Journal of business and retail management research*, 11(2):133-139.

Ayandibu, A. O., Ngobese, S., Ganiyu, I. O., & Kaseeram, I. (2019). Constraints that Hinder the Sustainability of Small Businesses in Durban, South Africa. *Journal of reviews on global economics*, 8(1): 1402-1408.

Ayatse, F. A., Kwahar, N., & Iyortsuun, A. S. (2017). Business incubation process and firm performance: An empirical review. *Journal of global entrepreneurship research*, 7(1), 2-4.

Ayob, A. H., Ramlee, S., & Rahman, A. A. (2015). Financial factors and export behavior of small and medium-sized enterprises in an emerging economy. *Journal of international entrepreneurship*, 13(1), 49-66.

- Azar, G., & Ciabuschi, F. (2017). Organizational innovation, technological innovation, and export performance: The effects of innovation radicalness and extensiveness. *International business review*, 26(2), 324-336.
- Bakotić, D. (2016). Relationship between job satisfaction and organisational performance. *Economic research-ekonomska istraživanja*, 29(1), 118-130.
- Balogun, O., Agumba, J., & Ansary, N. (2018). Evaluating credit accessibility predictors among small and medium contractors in the South African construction industry. *Acta structilia*, 25(2), 69-70.
- Barnard, C. I. (1938). *The functions of the executive*. New York: Harvard University Press.
- Bartz, W., & Winkler, A. (2016). Flexible or fragile? The growth performance of small and young businesses during the global financial crisis—Evidence from Germany. *Journal of business venturing*, 31(2), 196-215.
- Basiese, W. O. (2014). Basic Conditions of Employment Amendment Act. Retrieved from https://scholar.google.co.za/scholar?hl=en&as_sdt=0%2C5&q=Basic+Conditions+of+Employment+Amendment+Act+20+of+2013&btnG=
- Belhadi, A., Touriki, F. E., & Fezazi, S. (2018). Lean implementation in small and medium-sized enterprises in less developed countries: Some empirical evidences from North Africa. *Journal of small business management*, 51(1), 132-153.
- Belitski, M., & Liversage, B. (2019). E-leadership in small and medium-sized enterprises in the developing world. *Technology innovation management review*, 9(1), 64-74.
- Bell, J., & Water, S. (2014). *Doing your research project: A guide for first-time researchers*. (6 Ed.). Berkshire: McGraw-Hill Education.
- Bianchi, C., Cosenz, F., & Marinković, M. (2015). Designing dynamic performance management systems to foster SME competitiveness according to a sustainable development perspective: empirical evidences from a case-study. *International journal of business performance Management* 16(1), 84-108.

- Bititci, U., Cocca, P., & Ates, A. (2016). Impact of visual performance management systems on the performance management practices of organisations. *International journal of production research*, 54(6), 571-593.
- Bodrožić, Z., & Adler, P.S. (2018). The evolution of management models: A neo-Schumpeterian theory. *Quarterly journal of administrative science*, 63(1), 85-129.
- Booyesen, L. A. E., & Nkomo, S. M. (2014). 13 new developments in employment equity and diversity management in South Africa. *Country perspectives on diversity and equal treatment*, 1(1), 241-242.
- Booyesen, L. (2007). Barriers to employment equity implementation and retention of blacks in management in South Africa. *South African journal of labour relations*, 31(1), 47-71.
- Bouazza, A. B., Ardjouman, D., & Abada, O. (2015). Establishing the factors affecting the growth of small and medium-sized enterprises in Algeria. *American international journal of social science*, 4(2), 101-115.
- Braun, V., & Clark, V. (2006). Using thematic analysis in psychology. *Qualitative research in psychology*, 3(2), 77-101.
- Brijlal, P., Enow, S., & Isaacs, E. B. (2014). The use of financial management practices by Small, Medium and Micro Enterprises: A perspective from South Africa. *Industry and higher education*, 28(1), 341-350.
- Bruhn, M., Karlan, D., & Schoar, A. (2018). The impact of consulting services on small and medium enterprises: Evidence from a randomized trial in Mexico. *Journal of political economy*, 126(2), 635-687.
- Bryman, A., & Bell, E. (2015). *Business research methods*. New York: Oxford University Press.
- Brynard, D. J., Hanekom, S. X., & Brynard, P. A. (2014). *Introduction to research*. (3 ed.). Pretoria: Van Schaik Publications.
- Budiarto, D. S., & Prabowo, M. A. (2015). Accounting information systems alignment and SMEs performance: A literature review. *International journal of management, economics and social sciences*, 4(2), 58-71.

Budiarto, D. S., Prabowo, M. A., Djajanto, L., Widodo, K. P., & Herawan, T. (2018). *Accounting information system (ais) alignment and non-financial performance in small firm: a contingency perspective*. In international conference on computational science and its applications (pp. 382-394). Springer, Cham.

Budiarto, D. S., SE, M., Ak, C., Fakultas Ekonomi, U., Rahmawati, U. S. M. S., Bandi, U. S. M. S., & Prabowo, M. A. (2019). Accounting information system and non-financial performance in small firm: Empirical research based on ethnicity. *Journal of international studies*, 12 (1), 338-351. doi: 10.14254/2071-8330.2019/12-1/23.

Burger, R., Jafta, R., & von-Fintel, D. (2016). *Affirmative action policies and the evolution of post-apartheid South Africa's racial wage gap (929256109X)*. Retrieved from: <https://www.econstor.eu/handle/10419/146259>.

Busco, C., & Quattrone, P. (2015). Exploring how the balanced scorecard engages and unfolds: Articulating the visual power of accounting inscriptions. *Contemporary accounting research*, 32(3), 1236-1262.

Bushe, B. (2019). The causes and impact of business failure among small to micro and medium enterprises in South Africa. *Africa's public service delivery and performance review*, 7(1), 1-26.

BusinessTech. (2016). *Shocking pay difference between black and white professionals in South Africa*. Retrieved from: <https://businesstech.co.za/news/business/129980/shocking-difference-in-pay-between-black-and-white-professionals-in-sa/>

Campbell, D., Datar, S. M., Kulp, S. L., & Narayanan, V. (2015). Testing strategy with multiple performance measures: Evidence from a balanced scorecard at Store24. *Journal of management accounting research*, 27(2), 39-65.

Campbell, J. M., & Park, J. (2017). Extending the resource-based view: Effects of strategic orientation toward community on small business performance. *Journal of retailing and consumer services*, 34, 302-308.

Cant, M. C., Wiid, J., & Sephapo, C. M. (2016). Key factors influencing pricing strategies for small business enterprises (SMEs): Are they important? *Journal of applied business research*, 32(6), 1737-1750.

Carey, P. J. (2015). External accountants' business advice and SME performance. *Pacific accounting review*, 27(2), 166-188.

Carrie, A. P., & Kevin, D. M. (2014). *Research methods-designing and conducting research with a real-world focus*. London: Sage publications.

CCMA. (2016). Employment Equity in practise: Lessons for remuneration professionals a CCMA perspective. Retrieved from:
doi:<http://www.sara.co.za/sara/file%20storage/Documents/2016/Oct/Slides%20EE%20SARA%209%20SEP%202016.pdf>

Chimucheka, T., & Mandipaka, F. (2015). Challenges faced by small, medium and micro enterprises in the Nkonkobe Municipality. *The international business & economics research journal (Online)*, 14(2), 309-44.

Clauss, T. (2017). Measuring business model innovation: conceptualization, scale development, and proof of performance. *R&D management*, 47(3), 385-403.

Collier, D. (2018). South African anti-discrimination law in context. Comparative perspectives on the enforcement and effectiveness of anti-discrimination law. *Challenges and innovative tools*, 28(1), 431-432.

Conley, H., & Page, M. (2018). The good, the not so good and the ugly: gender equality, equal pay and austerity in English local government. *Work, employment and society*, 32(4), 789-805.

Constitutional Court of South Africa. (2016). *Solidarity and Others v The Department of Correctional Services*. Retrieved from doi:<https://www.politicsweb.co.za/documents/solidarity-and-others-v-dcs-full-judgement>

Cooper, D. J., Ezzamel, M., & Qu, S. Q. (2017). Popularizing a management accounting idea: The case of the balanced scorecard. *Contemporary accounting research*, 34(2), 991-1025.

Creswell, J. W. (2014). *Research design: Qualitative, quantitative and mixed methods approaches*. London: Sage Publications.

Cruz, C. (2007). What drives black talent in South Africa. *Management today*, 22(6), 24-26.

- Cucculelli, M., & Bettinelli, C. (2015). Business models, intangibles and firm performance: evidence on corporate entrepreneurship from Italian manufacturing SMEs. *Small business economics*, 45(2), 329-350.
- De Menezes, L. M., & Kelliher, C. (2017). Flexible working, individual performance, and employee attitudes: Comparing formal and informal arrangements. *Human resource management review*, 56(6), 1051-1070.
- DePoy, E., & Gitlin, L. N. (2015). *Introduction to research: Understanding and applying multiple strategies*. (5 Ed.). St Louis: Elsevier health sciences.
- Despina, A. K. (2015). A model of interorganizational networking antecedents, consequences and business performance. *Journal of business-to-business marketing*, 22(1), 293-312.
- Deutscher, F., Zapkau, F. B., Schwens, C., Baum, M., & Kabst, R. (2016). Strategic orientations and performance: A configurational perspective. *Journal of business research*, 69(2), 849-861.
- Donga, G., Ngirande, H., & Shumba, K. (2016). Perceived barriers to the development of small, medium and microenterprises: A case study of Thulamela Municipality in the Limpopo Province. *Problems and perspectives in management*, 14(4), 61-66.
- Dube, T. (2017). *A critical analysis of the 'equal pay for equal work or work of equal value' provision as it relates to the South African labour market*. Retrieved from: ukzn-dspace.ukzn.ac.za/bitstream/handle/10413/15896/Dube_Thobeka_2017.pdf?sequence=1&isAllowed=y.
- Dubey, R., Gunasekaran, A., & Chakrabarty, A. (2015). World-class sustainable manufacturing: framework and a performance measurement system. *International journal of production research*, 53(17), 207-223.
- Duma v Minister of Correctional Services and Others. (2016). *Duma v Minister of Correctional Services and Others (C604/2012) [2016] ZALCCT 6; (2016) 37 ILJ 1135 (LC); [2016] 6 BLLR 601 (LC) (2 February 2016)*. Retrieved from <http://www.saflii.org/za/cases/ZALCCT/2016/6.html>
- Durban map. (2013). *Durban map-South Africa*. Retrieved from: https://www.savenues.com/maps/kwazulunatal_durban.htm

Durban population. (2020). *World population review*. Retrieved from:

<https://worldpopulationreview.com/world-cities/durban-population>.

Ebrahim, S. (2014). *A critical analysis of equal remuneration claims in South African law*. Retrieved from: <https://core.ac.uk/download/pdf/43177061.pdf>

Ebrahim, S. (2016). Equal pay for work of equal value in terms of the Employment Equity Act 55 of 1998: Lessons from the International Labour Organisation and the United Kingdom. *Potchefstroom electronic law journal/potchefstroomse elektroniese regsblad*, 19(1), 1-5.

Ebrahim, S. (2018). Equal pay in terms of the Employment Equity Act: Is geographical location a ground of discrimination or a ground justifying pay differentiation?—*Duma v. Minister of Correctional Services*. *Journal of contemporary Roman-Dutch Law*, 81, 134-141.

Ebrahim, S. (2018). Reviewing the suitability of affirmative action and the inherent requirements of the job as grounds of justification to equal pay claims in terms of the employment equity act 55 of 1998. *Potchefstroom electronic law journal/Potchefstroomse elektroniese regsblad*, 21(1), 1-2.

Edeling, A., & Himme, A. (2018). When does market share matter? New empirical generalizations from a meta-analysis of the market share–performance relationship. *Journal of Marketing*, 82(3), 1-24.

Eniola, A. A., & Entebang, H. (2015). Government policy and performance of small and medium business management. *International Journal of academic research in business and social sciences*, 5(2), 237-248.

Eniola, A. A., & Entebang, H. (2015). SME firm performance-financial innovation and challenges. *Procedia-social and behavioral sciences*, 195, 334-342.

Eniola, A., Entebang, H., & Sakariyau, O. B. (2015). Small and medium scale business performance in Nigeria: Challenges faced from an intellectual capital perspective. *International journal of research studies in management*, 4(1), 59-71.

Enow, S. T., & Kamala, S. (2016). The accounts payable management practices of small, medium and micro enterprises in the cape metropolis, South Africa. *Investment management and financial innovations*, 13(1), 77-83.

Epstein, M. J. (2018). *Making sustainability work: Best practices in managing and measuring corporate social, environmental and economic impacts*. San Fransco: Greenleaf publication.

EThekwini. (2014). *SMME Development*. Retrieved from:
http://www.durban.gov.za/City_Services/BST_MU/Pages/SMME-Development.aspx [Accessed January 2015].

Fattah, D., & Syaripudin, M. A. (2016). Philosophical business performance competition on the balance scorecard approach. *International journal of economic perspectives*, 10(4), 541-551.

Fazlollahi, A., & Franke, U. (2018). Measuring the impact of enterprise integration on firm performance using data envelopment analysis. *International journal of production economics*, 200, 119-129.

FinScope. (2010). *FinScope, South Africa: Small business survey*. In: Finmark Trust Johannesburg.

Flick, U. (2015). *Introducing research methodology: A beginner's guide to doing a research project*. (2 ed.). London: Sage Publications, Inc.

Fourie, L., & Botes, A. (2018). Disability discrimination in the South African workplace: the case of infertility. *The international journal of human rights*, 22(7), 910-932.

Frans, V., Elize, K., & Hendrik, W. (2014). Performance measurement in small and medium enterprises: South African Accountants' view. *Journal of economic and financial sciences*, 8(1), 13-34.

Fraser, S., Bhaumik, S. K., & Wright, M. (2015). What do we know about entrepreneurial finance and its relationship with growth? *International small business journal*, 33(1), 70-88.

Fredman, S. (2017). *Disability equality: A challenge to the existing anti-discrimination paradigm? In disability and equality law*. Retrieved from:
https://www.researchgate.net/publication/329727219_Disability_Equality_A_Challenge_to_the_Existing_Anti-Discrimination_Paradigm/citation/download.

Fu, N., Flood, P. C., Bosak, J., Morris, T., & O'Regan, P. (2015). How do high performance work systems influence organizational innovation in professional service firms? *Employee Relations*, 37(2), 209-231.

Garg, A. K., & Choeu, T. (2015). The adoption of electronic commerce by small and medium enterprises in Pretoria East. *The electronic journal of information systems in developing countries*, 68(1), 1-23.

Gazettes Notices. (2018). *National Minimum Wage Act, 2018 No. 9 of 2018*. Retrieved from https://www.greengazette.co.za/acts/national-minimum-wage-act-2018_2018-009

Geldenhuys, J. (2016). Inequality in equality. *South African mercantile law journal*, 28(3), 399-435.

Gerschewski, S., & Xiao, S. S. (2015). Beyond financial indicators: An assessment of the measurement of performance for international new ventures. *International Business Review*, 24(4), 615-629.

Gibbons, R., & Kaplan, R. S. (2015). Formal measures in informal management: Can a balanced scorecard change a culture? *American economic review*, 105(5), 447-451.

Gono, S., Harindranath, G., & Özcan, G. B. (2016). The adoption and impact of ICT in South African SMEs. *Strategic change*, 25(6), 717-734.

González-Benito, Ó., Muñoz-Gallego, P. A., & García-Zamora, E. (2015). Entrepreneurship and market orientation as determinants of innovation: the role of business size. *International journal of innovation management*, 19(04), 155-160.

Government Gazette. (2014). *Broad-Based Black Economic Empowerment Amendment Act No.26 of 2013*. Retrieved from https://www.gov.za/sites/default/files/gcis_document/201409/37271act46of2013.pdf

Government Gazette. (2003). *No. 26 of 2003: National Small Business Amendment Act, 2003*. Retrieved from http://saflii.org/za/legis/num_act/nsbaa2003331.pdf

Government Gazette. (2003). *The Promotion of Equality and Prevention of Unfair Discrimination Amendment Act, 2002 (Act 52 of 2002)*. Retrieved from <http://www.justice.gov.za/legislation/acts/2002-052.pdf>

Gravetter, F., & Wallnau, L. (2014). *Essentials of statistics for the behavioral sciences*. (8th ed.). Belmont, CA: Wadsworth.

Gray, E. D. (2017). *Doing research real world*. London: Sage publications.

Gwena, C., & Chinyamurindi, W. T. (2018). Effects of knowledge management on innovation capabilities amongst small and medium enterprises in South Africa: The case of Buffalo city metropolitan municipality. *The Southern African journal of entrepreneurship and small business Management*, 10(1), 1-10.

Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E., & Tatham, R.L. (2006). *Multivariate data analysis*. New Jersey: Prentice hall.

Hair, J. Money, A. Samuel, P., & Babin, B. (2003). *Essential of business research methods*. London : Leyn publishing.

Hakkak, M., & Ghodsi, M. (2015). Development of a sustainable competitive advantage model based on balanced scorecard. *International journal of Asian social science*, 5(5), 298-308.

Halberstam, M. (1997). *United States Ratification of the Convention on the Elimination of All Forms of Discrimination Against Women*. *Geo. Wash. J. Int'l L. & Econ.*, 31, 49. Retrieved from: <https://heinonline.org/HOL/LandingPage?handle=hein.journals/gwilr31&div=8&id=&page=>

Hamann, R., Smith, J., Tashman, P., & Marshall, R. S. (2017). Why do SMEs go green? An analysis of wine firms in South Africa. *Business & society*, 56(1), 23-56.

Hammer, T. H., & Avgar, A. (2017). *The impact of unions on job satisfaction, organizational commitment, and turnover. In what do unions do?* New York: Routledge.

Harish, C. J., Frank, H., & Christa, L. W. (2012). Employment equity in Canada and South Africa: A comparative review. *The International journal of human resource management*, 23(1), 1-17.

Harney, B., & Monks, K. (2014). *Strategic HRM: Research and practice in Ireland*. Ireland: OrpenPress.

- Hartnell, C. A., Ou, A. Y., Kinicki, A. J., Choi, D., & Karam, E. P. (2019). A meta-analytic test of organizational culture's association with elements of an organisation's system and its relative predictive validity on organizational outcomes. *Journal of applied psychology*, 104(6), 832.
- Hayes, J. P., Chawla, S. K., & Kathawala, Y. (2015). A comparative study of problems encountered in the development of small businesses in the US and Mexico. *The Journal of developing areas*, 49(3), 395-406.
- Heerden, A. V. (2015). *Consequences of late/ non-filing of Employment Equity reports*. Retrieved from <https://www.werksmans.com/legal-updates-and-opinions/consequences-of-latenon-filing-of-employment-equity-reports/>
- Heffernan, M., & Dundon, T. (2016). Cross-level effects of high-performance work systems (HPWS) and employee well-being: the mediating effect of organisational justice. *Human resource management journal*, 26(2), 211-231.
- Heisig, P., Suraj, O. A., Kianto, A., Kemboi, C., Perez Arrau, G., & Fathi Easa, N. (2016). Knowledge management and business performance: Global experts' views on future research needs. *Journal of knowledge management*, 20(6), 1169-1198.
- Henrico, R. (2015). South African constitutional legislative framework on equality: How effective is it in addressing religions discrimination in the workplace? *Obiter*, 36(2), 275-292.
- Hideg, I., & Ferris, D. L. (2014). Support for employment equity policies: A self-enhancement approach. *Organizational behavior and human decision processes review*, 123(1), 49-64.
- Hillary, R. (2017). *Small and medium-sized enterprises and the environment: business imperatives*. London: Routledge.
- Hilman, H., & Kaliappen, N. (2015). Innovation strategies and performance: are they truly linked? *World journal of entrepreneurship, management and sustainable development*, 11(1), 48-63.
- Hla, D., & Teru, S. P. (2015). Efficiency of accounting information system and performance measures-. *International journal of multidisciplinary and current research*, 3(1), 976-984.
- Ingle, M. K. (2014). An analysis of factors impeding SMME performance in South Africa. *Africa insight*, 44(1), 37-50.

International Labour Organisation Convention Concerning Equal Remuneration for Men and Women Workers of Equal Value. (1951). 165 UNTS 303 (opened for signature 29 June 1951, entered into force 23 May 1953).

Irene, B. N. O. (2017). Women entrepreneurship in South Africa: Understanding the role of competencies in business success. *The Southern African journal of entrepreneurship and small business management*, 9(1), 1-9.

Israelstam, I. 2014. *Did you miss the 15 January employment equity deadline? HR pulse*. Retrieved from: <https://www.skillsportal.co.za/content/what-should-i-do-if-i-missed-employment-equity-reporting-deadline>.

Iyagba, R., & Mafimidiwo, B. (2016). Comparative study of problems facing small building contractors in Nigeria and South Africa. *Journal of emerging trends in economics and management sciences*, 7(2), 101-109.

Jain, H. C., Sloane, P., & Horwitz, F. (2015). *Employment Equity and affirmative action: An international comparison*. London: Routledge.

Ji-fan Ren, S., Fosso Wamba, S., Akter, S., Dubey, R., & Childe, S. J. (2017). Modelling quality dynamics, business value and firm performance in a big data analytics environment. *International journal of production research*, 55(17), 5011-5026.

Jogarathnam, G. (2017). How organizational culture influences market orientation and business performance in the restaurant industry. *Journal of hospitality and tourism management*, 31, 211-219.

Johane, B. 2017. *Failing in workplace equality is no excuse*. *Business Report*. Retrieved from: <https://www.iol.co.za/business-report/careers/opinion-failing-in-workplace-equality-is-no-excuse-11100615>.

Jordão, R. V. D., & Almeida, V. R. d. (2017). Performance measurement, intellectual capital and financial sustainability. *Journal of Intellectual Capital*, 18(3), 643-666.

Kabanda, S., & Brown, I. (2017). Interrogating the effect of environmental factors on e-commerce institutionalization in tanzania: A test and validation of small and medium enterprise claims. *Information Technology for Development*, 23(1), 59-85.

Kamaluddin, A., Hasan, H. A., Arshad, R., & Samah, S. A. A. (2016). Social capital and innovation capital: accountability towards small medium enterprises' (SMEs) sustainable performance. *Management & accounting review (MAR)*, 15(1), 197-223.

Kamasak, R. (2017). The contribution of tangible and intangible resources, and capabilities to a firm's profitability and market performance. *European journal of management and business economics*, 26(2), 252-275.

Kannadhasan, M., Goyal, V., & Charan, P. (2016). The role of financial performance as a moderator on the relationship between financial leverage and shareholders return. *Journal of modern accounting and auditing*, 12(7), 81-98.

Karadag, H. (2015). Financial management challenges in small and medium-sized enterprises: A strategic management approach. *EMAJ: Emerging Markets Journal*, 5(1), 26-40.

Kehelwalatenna, S. (2016). Intellectual capital performance during financial crises. *Measuring business excellence review*, 20(3), 55-78.

Kershwyn, B. (2017). *Is there an onus to prove an impairment of dignity in discrimination cases?* In. Retrieved from: www.derebus.org.za/onus-prove-impairment-dignity-discrimination-cases/.

Khalique, M., Bontis, N., Abdul-Nassir-bin-Shaari, J., & Hassan-Isa, A. (2015). Intellectual capital in small and medium enterprises in Pakistan. *Journal of intellectual capital*, 16(1), 224-238.

Khumalo, K. (2017). *JSE-listed companies facing EE crackdown*. Retrieved from <https://www.iol.co.za/business-report/companies/jse-listed-companies-facing-ee-crackdown-10739792>.

Kitching, J., Hart, M., & Wilson, N. (2015). Burden or benefit? Regulation as a dynamic influence on small business performance. *International small business journal*, 33(2), 130-147.

Kotlar, J., De Massis, A., Wright, M., & Frattini, F. (2018). Organizational goals: antecedents, formation processes and implications for firm behavior and performance. *International journal of management reviews*, 20, S3-S18.

Kowalik, G. 2014. *Employment Equity Amendment Act - How is your company affected*. Retrieved from: www.cofesa.co.za/wp-content/downloads/EE-Act.pdf.

Krause, W., & Schutte, C. (2015). A perspective on open innovation in small-and medium-sized enterprises in South Africa, and design requirements for an open innovation approach. *South African journal of industrial engineering*, 26(1), 163-178.

Krejcie, R.V., & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and psychological measurement*, 30(3), 607-610.

Kruger, J., Chantal, R., & Saunders, S. (2015, October). *Macro-economic factors influence on South African SMME business performance*. In Proceedings of international academic conferences (No. 2805126). International institute of social and economic sciences.

Laila, M. (2015). The role of knowledge sharing culture in business performance. *Vine journal of information and knowledge management systems*, 46(2), 154-174.

Lampard, R., & Pole, C. (2015). *Practical social investigation: Qualitative and quantitative methods in social research*. New York: Routledge.

Lee, C., Hallak, R., & Sardeshmukh, S. R. (2016). Innovation, entrepreneurship, and restaurant performance: A higher-order structural model. *Tourism management review*, 53, 215-228.

Lekhanya, L. M. (2015). Key internal factors affecting the small, medium and micro enterprises (SMMEs) marketing strategies in rural South Africa. *Problems and perspectives in Management*, 13(2), 410 - 417.

Lekhanya, L. M. (2016). Business characteristics of small and medium enterprises in rural areas: A case study on southern region of KwaZulu-Natal province of South Africa. *Problems and perspectives in management*, 14(3), 108-114.

Leonidou, L. C., Christodoulides, P., Kyrgidou, L. P., & Palihawadana, D. (2017). Internal drivers and performance consequences of small firm green business strategy: The moderating role of external forces. *Journal of business ethics*, 140(3), 585-606.

Liesl, P. (2016). *White males still occupy top jobs*. Retrieved from:
<https://www.fin24.com/Economy/white-males-still-occupy-top-jobs-20160426>.

Löfsten, H. (2016). Business and innovation resources: Determinants for the survival of new technology-based firms. *Management decision review*, 54(1), 88-106.

- Lose, T., & Tengeh, R. (2015). The sustainability and challenges of business incubators in the Western Cape Province, South Africa. *Sustainability review*, 7(10), 14344-14357.
- Lose, T., Tengeh, R. K., Maziriri, E. T., & Madinga, N. W. (2016). Exploring the critical factors that hinder the growth of incubatees in South Africa. *Problems and perspectives in management*, 14(3), 698-704.
- Lu, L., Lu, A. C. C., Gursoy, D., & Neale, N. R. (2016). Work engagement, job satisfaction, and turnover intentions: A comparison between supervisors and line-level employees. *International journal of contemporary hospitality management*, 28(4), 737-761.
- Lueg, R., & Vu, L. (2015). Success factors in balanced scorecard implementations—A literature review. *Management review*, 306-327.
- Maduekwe, C. C., & Kamala, P. (2016). The use of budgets by small and medium enterprises in cape metropolis, South Africa. *Problems and perspectives in management*, 14(1), 1-3.
- Maestrini, V., Luzzini, D., Caniato, F., & Ronchi, S. (2018). Effects of monitoring and incentives on supplier performance: An agency theory perspective. *International journal of production economics*, 203, 322-332.
- Mahmoud, M. A., Blankson, C., Owusu-Frimpong, N., Nwankwo, S., & Trang, T. P. (2016). Market orientation, learning orientation and business performance: The mediating role of innovation. *International journal of bank marketing*, 34(5), 623-648.
- Makhitha, K. M. (2016). Marketing strategies of small craft producers in South Africa: Practices and challenges. *Journal of applied business research*, 32(3), 663-680.
- Mandhachitara, R., & Allapach, S. (2017). Small business performance in Thailand: key success factors. *Journal of research in marketing and entrepreneurship*, 19(2), 161-181.
- Marić, D., Marinković, V., Marić, R., & Dimitrovski, D. (2016). Analysis of tangible and intangible hotel service quality components. *Industrija*, 44(1), 7-25.
- Martinez-Conesa, I., Soto-Acosta, P., & Carayannis, E. G. (2017). On the path towards open innovation: Assessing the role of knowledge management capability and environmental dynamism in SMEs. *Journal of knowledge management*, 21(3), 553-570.

- Mason, R. B., & Roman, L. J. (2015). Employment equity in the South African retail sector: Legal versus competence and business imperatives. *South African journal of labour relations*, 39(2), 84-104.
- Masutha, M., & Rogerson, C. M. (2015). Business incubation for small enterprise development: South African pathways. *Urban forum*, 26, 223–241.
- Mathapelo, M. (2014). *Amendments to the employment equity act looming*. Retrieved from *Johannesburg*. Retrieved from: <https://www.accountancysa.org.za/amendments-to-the-employment-equity-act-looming/>
- Matyala, Q. (2016). *Call for employment equity tribunals to ensure redress*. Retrieved from <https://www.iol.co.za/capetimes/news/call-for-employment-equity-tribunals-to-ensure-redress-2014231>
- Mbatha, B., & Ngwenya, B. (2018). Obstacles to the adoption of e-commerce by tourism SME service providers in South Africa: The case of selected SMEs in Pretoria. *African journal of business and economic research*, 13(3), 153-173.
- McDermott, P. (2013). *Affirmative action laws: The SA black sheep*. Retrieved from <http://www.hrpulse.co.za/legal/legal-opinion/230671-affirmative-action-laws-the-sa-black-sheep>
- McDowell, W. C., Harris, M. L., & Geho, P. R. (2016). Longevity in small business: The effect of maturity on strategic focus and business performance. *Journal of business research*, 69(5), 1904-1908.
- McGuirk, H., Lenihan, H., & Hart, M. (2015). Measuring the impact of innovative human capital on small firms' propensity to innovate. *Research policy*, 44(4), 965-976.
- McKenzie, D., & Woodruff, C. (2015). *Business practices in small firms in developing countries: The World Bank*. Retrieved from: <https://elibrary.worldbank.org/action/showCitFormats?doi=10.1596%2F1813-9450-7405>.
- Mehralian, G., Nazari, J. A., Nooriparto, G., & Rasekh, H. R. (2017). TQM and organizational performance using the balanced scorecard approach. *International journal of productivity and performance management*, 66(1), 111-125.

- Meiring, D., & Buckett, A. (2016). Best practice guidelines for the use of the assessment centre method in South Africa. *South Africa journal of industrial psychology*, 42(1), 1-15.
- Mercat-Bruns, M., Oppenheimer, D. B., & Sartorius, C. (2018). *Comparative perspectives on the enforcement and effectiveness of anti-discrimination law: Challenges and innovative tools*. London: Springer.
- Merchant, P., Kumar, A., & Mallik, D. (2018). Factors influencing family business continuity in Indian small and medium enterprises (SMEs). *Journal of family and economic issues*, 39(2), 177-190.
- Mihaela, M., Tomislav, N., & Dinko, P. (2016). Influence of financing source on the small business performance. *International journal of economic perspectives*, 10(2), 62-72.
- Miller, D., & Breton–Miller, I. (2017). *Sources of entrepreneurial courage and imagination: Three perspectives, three contexts*. Los Angeles: Sage publications
- Mills, H., Gerber, C., & Terblanche-Smit, M. (2016). Business performance measurement: does size matter? *Journal of risk governance & control: financial markets & institutions*, 6(3), 6-11.
- Mohamed, W., Yasseen, Y., & Omarjee, F. Z. (2019). The perceptions of South African accounting practitioners on the post-implementation of IFRS for SMEs in an institutionalised environment. *Journal of economic and financial Sciences*, 12(1), 1-11.
- Moloto, M. L., & Seeletse, S. M. (2016). Some leading causes of emerging rural poultry small and medium enterprises failure in South Africa. *Environmental economics review* 7(3), 25-32.
- Moodaley, A. (2014). An analysis of the proposed amendments to the Labour Relations Act and other employment legislation. Nelson Mandela Metropolitan University. Retrieved from: <https://core.ac.uk/download/pdf/145048218.pdf>
- Moos, M., & Botha, M. (2016). How do age and location affect a business? evaluating the objectives, outputs and outcomes of small business policy. *South African journal of economic and management sciences*, 19(1), 344-357.

- Moraka, N. V., & Jansen van Rensburg, M. (2015). Transformation in the South African mining industry-looking beyond the employment equity scorecard. *Journal of the Southern African institute of mining and metallurgy*, 115(8), 669-678.
- Morioka, S. N., & de Carvalho, M. M. (2016). A systematic literature review towards a conceptual framework for integrating sustainability performance into business. *Journal of cleaner production*, 136, 134-146.
- Mubarik, M. S., Chandran, V., & Devadason, E. S. (2018). Measuring human capital in small and medium manufacturing enterprises: What matters? *Social indicators research*, 137(2), 605-623.
- Mukata, C. M., Ladzani, W., & Visser, T. (2018). The effectiveness of business management and entrepreneurship training offered by SME service providers in Namibia. *African journal of business and economic research*, 13(2), 81-98.
- Muleya, V. R., Fourie, L., & Schlebusch, S. (2017). Ethical challenges in assessment centres in South Africa. *South African journal of industrial psychology*, 43(1), 1-20.
- Mutanda, M., De Beer, M., & Myers, G. T. (2014). The perception of small and micro enterprises in the city of Durban Central Business District (CBD),(Kwazulu-Natal)(KZN) towards financial planning. *Mediterranean journal of social sciences*, 5(6), 153-163.
- Mutandwa, E., Taremwa, N. K., & Tubanambazi, T. (2015). Determinants of business performance of small and medium size enterprises in Rwanda. *Journal of developmental entrepreneurship*, 20(01), 155-160.
- National Small Business Advisory Council. (2015). *Strategic Business Plan*. Retrieved from Pretoria.: www.thedti/nsbac.gov.za
- Ndayizigamiye, P., & McArthur, B. (2014). Determinants of e-commerce adoption amongst SMMEs in Durban, South Africa. *Mediterranean journal of social sciences*, 5(25), 250-250.
- Netangaheni, M. I. (2012). *A comparative analysis of employment discrimination in South Africa and Canada*. Retrieved from: <http://ulspace.ul.ac.za/handle/10386/708>.

Ngcobo, S., & Sukdeo, R. (2015). Challenges facing SMMEs during their first two years of operation in South Africa. *Journal of corporate ownership and control*, 12 (3), 1-5 Retrieved from <http://www.virtusinterpress.org/IMG/pdf/cocv12i3c5p2.pdf>.

Nilsen, P. (2015). Making sense of implementation theories, models and frameworks. *Journal of implementation science*, 10(1), 53-56.

Nkanjeni, U. (2019). *Whites earn three times more than blacks: Stats SA*. Sunday Times. Retrieved from: <https://www.timeslive.co.za/news/south-africa/2019-11-18-whites-earn-three-times-more-than-black-people-stats-sa/>

Norbani, C. H., Felix, T. M., & Saad, M. S., 61(1): 2811-2820. (2014). Performance or learning goal orientation: Implications for business performance. *Journal of business studies*, 61(1), 2811-2820.

Nuhu, N. A., Baird, K., & Appuhami, R. (2016). *The association between the use of management accounting practices with organizational change and organizational performance*, *Advances in management accounting*. New York: Emerald group publishing limited.

Nulty, D.D. (2008). The adequacy of response rates online and paper surveys: what can be done ? *Assessment and evaluation in higher education review*, 33(3), 301-314.

Nwobu, O., Faboyede, S. O., & Onwuelingo, A. T. (2015). The role of accounting services in small and medium scale businesses in Nigeria. *Jabm journal of accounting-business & management*, 22(1), 1-12

O'Neill, P., Sohal, A., & Teng, C. W. (2016). Quality management approaches and their impact on firms' financial performance—An Australian study. *International journal of production economics*, 171, 381-393.

Odoom, R. (2016). Brand-building efforts in high and low performing small and medium-sized enterprises (SMEs). *Journal of small business and enterprise development*, 23(4), 229-246.

OECD. (2015). *OECD Economic Surveys South Africa*. Retrieved from <http://www.oecd.org/eco/surveys/South-Africa-OECD-economic-survey-overview.pdf>

- Oelz, M., Olney, S., & Manuel, T. (2013). *Equal Pay: An introductory guide*. Retrieved from https://www.ilo.org/global/publications/WCMS_216695/lang--en/index.htm
- Ofurum, C., & Aliyu, A. (2018). Intellectual capital component and financial performance of quoted banks in Nigeria. *Journal of academic research and financial management*, 4(2), 24-46.
- Ogunyomi, P., & Bruning, N. S. (2016). Human resource management and organizational performance of small and medium enterprises (SMEs) in Nigeria. *The international journal of human resource management*, 27(6), 612-634.
- Olaitan, O., & Flowerday, S. (2017). Critical success factors in introducing performance measurement metrics for small and medium-sized enterprises (SMEs). *International journal of education economics and development*, 8(2-3), 144-161.
- Olckers, C., & Zyl, L.V. (2016). The relationship between employment equity perceptions and psychological ownership in a South African Mining House: The role of ethnicity. *Journal of social indicators research*, 127(2), 887-901.
- Olckers, C. (2014). The impact of employment equity perceptions on psychological ownership. *Giabr Journal of Business*, 1(1), 67-82.
- Omar, O. A., Sell, D., & Rover, A. J. (2017). *The information asymmetry aspect of agency theory in business compliance contexts: a systematic review*. Paper presented at the international congress of knowledge and innovation-ciki. Retrieved from: proceeding.ciki.ufsc.br/index.php/ciki/article/view/305.
- Oosthuizen, R.M., & Naidoo, V. (2010). Attitudes towards and experience of employment equity. *South African journal of industrial psychology*, 14(3), 1-5.
- Ortiz-de-Mandojana, N., & Bansal, P. (2016). The long-term benefits of organisational resilience through sustainable business practices. *Strategic management journal*, 37(8), 1615-1631.
- Osinski, M., Selig, P. M., Matos, F., & Roman, D. J. (2017). Methods of evaluation of intangible assets and intellectual capital. *Journal of intellectual capital*, 18(3), 470-485.
- Otley, D. (2016). The contingency theory of management accounting and control: 1980–2014. *Management accounting research*, 31, 45-62.

Padayachee, K. (2016). Small businesses battling in KZN. Retrieved from:

<https://www.iol.co.za/business-report>.

Pallant, J. (2011). *A Step by step guide to data analysis using SPSS*. (4th ed.). Canberra: Allen and Unwin.

Parida, A., Kumar, U., Galar, D., & Stenström, C. (2015). Performance measurement and management for maintenance: A literature review. *Journal of quality in maintenance engineering*, 21(1), 2-33.

Parkinson, J. M., Riro, G. K., & Waweru, N. M. (2015). Need for accounting information systems in small-scale Kenyan businesses. *Transnational corporations review*, 7(4), 425-440.

Parmenter, D. (2015). *Key performance indicators: developing, implementing, and using winning KPIs*. London: John Wiley & Sons.

Pastor, D., Glova, J., Liptak, F., & Kovac, V. (2017). Intangibles and methods for their valuation in financial terms: Literature review. *Intangible capital*, 13(2), 387-410.

Patel, A. (2014). *The Labour Relations Amendment Act will take effect on 1 January 2015*. Retrieved from: <https://www.polity.org.za/article/the-labour-relations-amendment-act-will-take-effect-on-1-january-2015-2014-12-12>.

Patiar, A., & Wang, Y. (2016). The effects of transformational leadership and organizational commitment on hotel departmental performance. *International journal of contemporary hospitality management*, 28(3), 586-608.

Peprah, J. A., Mensah, A. O., & Akosah, N. B. (2016). Small and medium sized Enterprises (SMEs) accessibility to public procurement: SMEs entity perspective in Ghana. *European journal of business and social sciences*, 4(11), 25-40.

Peters, M. D., Wieder, B., Sutton, S. G., & Wakefield, J. (2016). Business intelligence systems use in performance measurement capabilities: Implications for enhanced competitive advantage. *International journal of accounting information systems*, 21, 1-17.

Petra, Š., S., J., & K., A. (2016). Measuring the Business Performance of Czech Manufacturing Companies. *International atlantic economic society journal*, 22(1), 229-230.

Peyper, L. (2017a). *72 JSE-listed firms flagged for employment equity inspections*. Retrieved from <https://www.fin24.com/Economy/72-jse-listed-firms-flagged-for-employment-equity-inspections-20170810>

Peyper, L. (2017b). *JSE-listed firms flagged for employment equity inspections*. Retrieved from <https://www.fin24.com/Economy/72-jse-listed-firms-flagged-for-employment-equity-inspections-20170810>

Pinto, L. H., & Ramalheira, D. C. (2017). Perceived employability of business graduates: The effect of academic performance and extracurricular activities. *Journal of vocational behavior*, 99, 165-178.

Pioneer Foods (Pty) Ltd v Workers Against Regression (WAR) and Others. (2016). *Pioneer Foods (Pty) Ltd v Workers Against Regression (WAR) and Others (C687/15) [2016] ZALCCT 14; [2016] 9 BLLR 942 (LC); (2016) 37 ILJ 2872 (LC) (19 April 2016)*. Retrieved from <http://www.saflii.org/za/cases/ZALCCT/2016/14.html>

Popovič, A., Hackney, R., Tassabehji, R., & Castelli, M. (2018). The impact of big data analytics on firms' high value business performance. *Information systems frontiers*, 20(2), 209-222.

Prajogo, D. I. (2016). The strategic fit between innovation strategies and business environment in delivering business performance. *International journal of production economics*, 171, 241-249.

Pucci, T., Nosi, C., & Zanni, L. (2017). Firm capabilities, business model design and performance of SMEs. *Journal of small business and enterprise development*, 24(2), 222-241.

Pucci, T., Simoni, C., & Zanni, L. (2015). Measuring the relationship between marketing assets, intellectual capital and firm performance. *Journal of management & governance*, 19(3), 589-616.

QuestionPro. (2020). *QuestionPro changing the industry of industry software*. Retrieved from: <https://www.prnewswire.com/news>.

Ramadani, V., Abazi-Alili, H., Dana, L.-P., Rexhepi, G., & Ibraimi, S. (2017). The impact of knowledge spillovers and innovation on firm-performance: findings from the Balkans countries. *International entrepreneurship and management journal*, 13(1), 299-325.

- Rambe, P., & Mosweunyane, L. (2017). A poverty-reduction oriented perspective to small business development in South Africa: A human capabilities approach. *African journal of science, technology, innovation and development*, 9(3), 289-302.
- Ramukumba, T. (2014). Overcoming SMEs challenges through critical success factors: A case of SMEs in the Western Cape Province, South Africa. *Economic and business review for central and South-Eastern Europe*, 16(1), 19-20.
- Rangriz, H., & Soltanieh, F. (2015). Exploring the effects of organisational capabilities and managerial competencies on the organisational effectiveness. *Journal of strategic human resource management*, 4(2), 1-5.
- Rasinger, M. S. (2014). *Quantitative research in linguistic*. (2 ed.). London: Bloomsbury publishing.
- Rauch, A., & Hatak, I. (2016). A meta-analysis of different HR-enhancing practices and performance of small and medium sized firms. *Journal of business venturing*, 31(5), 485-504.
- Rautenbach, I. M. (2016). The Constitution and recent amendments to the definition of unfair discrimination and the burden of proof in unfair discrimination disputes in the Employment Equity Act. *Journal of South African Law / Tydskrif vir die Suid-Afrikaanse Reg*, 1(1), 110 - 125.
- Raynus, J. (2016). *Improving business process performance: Gain agility, create value, and achieve success*. New York: Auerbach publications.
- Rees, G., & Smith, P. (2017). *Strategic human resource management: An international perspective*. London: Sage publications.
- Rekarti, E., & Doktoralina, C. M. (2017). Improving business performance: A proposed model for SMEs. *European research studies journal*, 20(3A), 613-623.
- Rice, J., Liao, T.S., Galvin, P., & Martin, N. (2015). A configuration-based approach to integrating dynamic capabilities and market transformation in small and medium-sized enterprises to achieve firm performance. *International small business journal*, 33(3), 231-253.
- Rubin, A., & Babbie, E.R. (2016). *Empowerment Series: Research methods for social work*. Boston: Cengage learning.

Rvans, A. (2018). *Government Gazette DTI*. Retrieved from:
doi:<https://www.thedti.gov.za/gazettes/41709.pdf>

Sajilan, S., Tehseen, S., & Adeyinka-Ojo, S. (2016). A conceptual framework of the impact of entrepreneurial competencies on small and medium enterprises business performance in the Malaysian hospitality and tourism industry. *Review of integrative business and economics research*, 5(2), 47.

Saridakis, G., Lai, Y., & Cooper, C. L. (2017). Exploring the relationship between HRM and firm performance: A meta-analysis of longitudinal studies. *Human resource management review*, 27(1), 87-96.

Sarwoko, E., & Frisdiantara, C. (2016). Growth determinants of small medium enterprises (SMEs). *Universal journal of management*, 4(1), 36-41.

Saunila, M. (2016). Performance measurement approach for innovation capability in SMEs. *International journal of productivity and performance management*, 65(2), 162-176.

SBP. (2013). *SME Growth Index: South Africa's most comprehensive study of the SME Community*. Retrieved from: www.durban.gov.za/city_service.

Scheyvens, R. (2014). *Development field work: A practical study*. London: Sage Publications. .

Sekaran, U., & Bougie, R. (2014). *Research methods for business: A Skillbuilding approach*. (6 ed.). New York: John Wiley.

Selvam, M., Gayathri, J., Vasanth, V., Lingaraja, K., & Marxiaoli, S. (2016). Determinants of firm performance: A Subjective Model. *International social science studies*, 4(1), 90-91.

Semrau, T., Ambos, T., & Kraus, S. (2016). Entrepreneurial orientation and SME performance across societal cultures: An international study. *Journal of business research*, 69(5), 928-932.

Serfontein, E., & De Waal, E. (2015). The corruption bogey in South Africa: Is public education safe? *South African Journal of Education*, 35(1):1-12.

Sesant, S. (2017). *Affirmative Action isn't going anywhere, says minister*. Retrieved from Cape Argus.: <https://www.iol.co.za/capeargus/affirmative-action-isnt-going-anywhere-says-minister-9053610>

- Shagari, S. L., Abdullah, A., & Saat, R. M. (2017). Contributory factors of accounting information systems effectiveness in Nigerian banking sector. *Asian journal of multidisciplinary studies*, 151, 1-8.
- Shanker, R., Bhanugopan, R., Van der Heijden, B. I., & Farrell, M. (2017). Organizational climate for innovation and organizational performance: The mediating effect of innovative work behavior. *Journal of vocational behavior*, 100, 67-77.
- Sharma, J., & Dhar, R. L. (2016). Factors influencing job performance of nursing staff: mediating role of affective commitment. *Personnel review*, 45(1), 161-182.
- Shih-Yao, L., & Ai-Chi, H. (2017). Correlation between Office Locations, Corporate Governance and Business Performance. *International journal of economics and financial issues*, 7(4), 668-676.
- Simo, K. B. D. (2016). Mixed-gender ownership and financial performance of SMEs in South Africa. *International journal of gender and entrepreneurship*, 8(2), 117-136.
- Simon, R., & Watson, L. (2014). The effects of entrepreneurial intention on business performance. *Journal of governance and regulation*, 3(4), 210-222.
- Singh, K. 2019. *KZN unemployment rate on the rise*. Retrieved from: <https://www.iol.co.za/mercury/news/kzn-unemployment-rate-on-the-rise-30165566>.
- Singh, S., Darwish, T. K., & Potočnik, K. (2016). Measuring organizational performance: A case for subjective measures. *British journal of management*, 27(1), 214-224.
- Sitharam, S., & Hoque, M. (2016). Factors affecting the performance of small and medium enterprises in KwaZulu-Natal, South Africa. *Problems and perspectives in management*, 14(2), 277-288.
- Škec, S., Cash, P., & Štorga, M. (2017). A dynamic approach to real-time performance measurement in design projects. *Journal of engineering design*, 28(4), 255-286.
- Solidarity and Others v Department of Correctional Services and Others. (2016). *Solidarity and Others v Department of Correctional Services and Others (CCT 78/15) [2016] ZACC 18; (2016) 37 ILJ 1995 (CC); 2016 (5) SA 594 (CC); [2016] 10 BLLR 959 (CC); 2016 (10) BCLR 1349 (CC) (15 July 2016)*. Retrieved from <http://www.saflii.org/za/cases/ZACC/2016/18.html>

Solidarity v South African Police Service and Others. (2015). *Solidarity and Others v SA Police Services and Others (JS469/12) [2015] ZALCJHB 266 (13 August 2015)*. Retrieved from <http://www.saflii.org/za/cases/ZALCJHB/2018/380.html>

Soni, P., Cowden, R., & Karodia, A. M. (2015). Investigating the characteristics and challenges of SMMEs in the Ethekewini Metropolitan municipality. *Arabian Journal of business and management review*, 3(10), 15-93.

Soto-Acosta, P., Cismaru, D. M., Vătămănescu, E. M., & Ciochină, R. (2016). Sustainable entrepreneurship in SMEs: A business performance perspective. *Sustainability*, 8(4), 342-344.

Soto-Acosta, P., Popa, S., & Palacios-Marqués, D. (2016). E-business, organizational innovation and firm performance in manufacturing SMEs: an empirical study in Spain. *Technological and economic development of economy*, 22(6), 885-904.

South Africa: Johannesburg Labour Court, J. (2015). *2015 South Africa: Johannesburg Labour Court, Johannesburg Decisions*. Retrieved from <http://www.saflii.org/za/cases/ZALCJHB/2015/>

South African Government. (2018). *National Minimum Wage Act 9 of 2018 (English / Tshivenda)*. Retrieved from <https://www.gov.za/documents/national-minimum-wage-act-english-tshivenda-27-nov-2018-0000>

Spieth, P., & Schneider, S. (2016). Business model innovativeness: designing a formative measure for business model innovation. *Journal of business economics*, 86(6), 671-696.

Squire, D. (2015). *Employment equity in human resources : feature- employment equity*. Retrieved from [doi:https://journals.co.za/content/om_hrf/06/1/EJC170652](https://journals.co.za/content/om_hrf/06/1/EJC170652)

State of the Ethekewini Economy. (2016/17). *State of the Ethekewini Economy. (2016/17)*. Retrieved from:

http://www.durban.gov.za/City_Services/Economic_Development/InvestDurban/Documents/State%20of%20the%20Ethekewini%20Economy%20Oct%2020

Stine, A. (2015). *Over 1000 firms in court over EE targets*. Retrieved from <http://www.fastmoving.co.za/news/marketing-74/over-1-000-firms-in-court-over-ee-targets-7287>

Stoddard, E. (2020). *SA's shocking unemployment rate remains unchanged*. Business Maverick: Horror Statistics. Retrieved from:

<https://www.smartclub.co.za/SmartClub/NewsViewRedirect.do?NewsId=723170>.

Stone, G. W., & Parker, L. (2016). A comment on "The struggle to fabricate accounting narrative obfuscation: an actor-network-theoretic analysis of a failing project". *Qualitative research in accounting & management*, 13(1), 86-89.

Storey, D. J., Keasey, K., Watson, R., & Wynarczyk, P. (2016). *The performance of small firms: profits, jobs and failures*. London: Routledge.

Strachan, G., French, E., & Burgess, J. (2016). *Equal opportunity*. In *encyclopedia of human resource management*. New York: Edward Elgar publishing limited.

Syrjä, P., Sjögrén, H., & Ilmarinen, A. (2015). *Performance measurement in social enterprises—a conceptual accounting approach*. Paper presented at the Proceedings of the 5th EMES International research conference on social enterprise-building a scientific, Helsinki, Finland.

Tafirenyika, E. T. (2016). Decent work: the promotion of equal treatment and opportunity in the South African workforce with regards to gender. North-West University (South Africa), Potchefstroom Campus,

Takata, H. (2016). Effects of industry forces, market orientation and marketing capabilities on business performance: An empirical analysis of Japanese manufacturers from 2009 to 2011. *Journal of business research*, 69(12), 611-619.

Tandwa, L. (2017). *Concourt to rule on constitutionality of affirmative action*, BEE. Retrieved from: <https://www.news24.com/SouthAfrica/News/concourt-to-rule-on-constitutionality-of-affirmative-action-bee-20171102>

Tapanya, G. (2015). The constitutionality of the concept of demographic representivity provided for in terms of the Employment Equity Amendment Act 47 of 2013. (Doctoral dissertation). Retrieved from: <http://ukzn-dspace.ukzn.ac.za/handle/10413/13403>

Tayeh, M., Al-Jarrah, I. M., & Tarhini, A. (2015). Accounting vs. market-based measures of firm performance related to information technology investments. *International review of social sciences and humanities*, 9(1), 129-145.

Teece, D. J. (2019). A capability theory of the firm: an economics and (strategic) management perspective. *New Zealand economic papers*, 53(1), 1-43.

Thaver, S. (2010). *Support of small enterprises through business linkages, and assessing the role of small business fairs in the eThekweni Municipality, South Africa* (Doctoral dissertation).

The African Centre for Migration & Society (ACMS). (2017). *Fact sheet on foreign workers in South Africa 2012-2014, Migrating for Work Research Consortium (MiWORC). University of the Witwatersrand, Johannesburg*. Retrieved from: https://www.fes-southafrica.org/fileadmin/user_upload/documents/Fact_sheet_on__foreign_workers_for_unionists.pdf

The Global Entrepreneurship Monitor (GEM). (2013). The Global Entrepreneurship Monitor (GEM) and its impact on entrepreneurship research. *Foundations and trends in entrepreneurship*, 9(2), 143-148.

Thirathon, U., Wieder, B., Matolcsy, Z., & Ossimitz, M.-L. (2017). *Impact of big data analytics on decision making and performance*. Paper presented at the International Conference on Enterprise Systems, Accounting and Logistics. Received from: <https://opus.lib.uts.edu.au/bitstream/10453/98428/1/ICESAL17%20THIRATHON%20et%20al%20BIG%20DATA.pdf>

Toit, D. D. (2014). *Protection Against Unfair discrimination: Cleaning Up the Act*. Retrieved from: <https://heinonline.org/HOL/LandingPage?handle=hein.journals/iljuta39&div=86&id=&page=>

Töytäri, P., & Rajala, R. (2015). Value-based selling: An organizational capability perspective. *Industrial marketing management*, 45(1), 101-112.

Tuan, N., Nhan, N., Giang, P., & Ngoc, N. (2016). The effects of innovation on firm performance of supporting industries in Hanoi, Vietnam. *Journal of industrial engineering and management*, 9(2), 413-431.

Ullah, M., & Ahmad, H. M. (2017). The impact of internal marketing on the organizational performance through organizational culture mediation. *Abasyn journal of social sciences*, 10(1), 129-148.

- Urban, B., & Joubert, G. C. D. S. (2017). Multidimensional and comparative study on intellectual capital and organisational performance. *Journal of business economics and management*, 18(1), 84-99.
- Van Looy, A., & Shafagatova, A. (2016). Business process performance measurement: a structured literature review of indicators, measures and metrics. *SpringerPlus*, 5(1), 797-798.
- Van Scheers, L. (2016). Is there a link between economic growth and SMEs success in South Africa. *Investment management and financial innovations*, 13(2), 349-353.
- van Scheers, L. (2018). Strategies of global recession for small business enterprises in emerging markets: Case of South Africa. *Journal of business and retail management research*, 12(2), 163-172.
- van Zyl, B. (2017). Equal pay for equal work dispute. *HR Future*, 1, 40-44.
- Vargas, M. I. R. (2015). Determinant factors for small business to achieve innovation, high performance and competitiveness: organizational learning and leadership style. *Procedia-social and behavioral sciences*, 169, 43-52.
- Vij, S., & Bedi, H. S. (2016). Are subjective business performance measures justified? *International journal of productivity and performance management*, 65(5), 603-621.
- Visnjic, I., Wiengarten, F., & Neely, A. (2016). Only the brave: Product innovation, service business model innovation, and their impact on performance. *Journal of product innovation management*, 33(1), 36-52.
- Wagner, D., Block, J. H., Miller, D., Schwens, C., & Xi, G. (2015). A meta-analysis of the financial performance of family firms: Another attempt. *Journal of family business strategy*, 6(1), 3-13.
- Wang, C. L., Senaratne, C., & Rafiq, M. (2015). Success traps, dynamic capabilities and firm performance. *British journal of management*, 26(1), 26-44.
- Warren Jr, J. D., Moffitt, K. C., & Byrnes, P. (2015). How Big Data will change accounting. *Accounting Horizons*, 29(2), 397-407.
- Wilson, J. (2014). *Essentials of business research: A guide to doing your research*. London Sage Publications.

Worku, Z. (2016). Barriers to the growth of small, micro and medium-sized business enterprises in the Vaal Triangle region of South Africa. *African journal of science, technology, innovation and development*, 8(2), 134 - 141.

World Bank Group. (2014). Doing business: Going beyond efficiency, 12th edition. World Bank Group flagship report. Retrieved from <http://www.doingbusiness.org>.

Wynarczyk, P., Watson, R., Storey, D. J., Short, H., & Keasey, K. (2016). *Managerial labour markets in small and medium-sized enterprises*. New York: Routledge.

Yuliansyah, Y., Gurd, B., & Mohamed, N. (2017). The significant of business strategy in improving organizational performance. *Humanomics*, 33(1), 56-74.

Zablah, A. R., Carlson, B. D., Donavan, D. T., Maxham III, J. G., & Brown, T. J. (2016). A cross-lagged test of the association between customer satisfaction and employee job satisfaction in a relational context. *Journal of applied psychology*, 101(5), 743.

Zacca, R., Dayan, M., & Ahrens, T. (2015). Impact of network capability on small business performance. *Management decision*, 53(1), 2-23.

Zizile, T., & Tendai, C. (2018). The importance of entrepreneurial competencies on the performance of women entrepreneurs in South Africa. *Journal of applied business research*, 34(2), 223-226.

Zondi, W. B. (2017). Challenges facing small business development in South Africa. *International journal of economic perspectives*, 11(2), 621-628.

Zondo, J. P., Goldstein, A., & Hlophe, A. (2001). *Louw v Golden Arrow Bus Services (PTY) Ltd*. Retrieved from <https://heinonline.org/HOL/LandingPage?handle=hein.journals/iljuta22&div=332&id=&page=>

ANNEXURES

Annexure A: Informed Consent

UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

APPLICATION FOR ETHICS APPROVAL

For research with human participants

Information Sheet and Consent to Participate in Research

Date:

Greetings,

My name is Reward Utete from University of KwaZulu-Natal, Westville Campus, Department of Human Resource Management and Industrial Relations, email: 216071061@stu.ukzn.ac.za or uteter@gmail.com.

You are being invited to consider participating in the study and the topic is entitled, “Examining the impact of employment equity amendments on business performance of small and medium companies in Durban”. The aim and purpose of this research is to examine the impact of employment equity amendments on business performance of small and medium companies in Durban. The study is expected to include 226 industrial relations representatives of small and medium companies in Durban. All small and medium companies that are situated in Durban Central, Durban North, Durban North-Central, Durban South, Durban South-Central, Durban Outer West as well as Durban Inner West will be incorporated in this study. It will involve the following procedures; only requires you to click to the relevant precoded response objectively and honestly; and requires you to answer all likert scale statements and not leave any statement blank. After completing answering the questions, click submit. The duration of your participation if you choose to participate and remain in the study is expected to be an average of 30-40 minutes to complete the questionnaire. The study is not funded by an organisation.

The study does not involve any risk. The responses to the questionnaire will be utilised for statistical purpose only. The study will provide no direct benefits to participants. If you are finding it a challenge to complete the online questionnaire, the soft copy of the questionnaire will be emailed to you as an attachment where you be required to mark (X) to the relevant precoded response objectively and honestly and upon completion you can send it back.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number HSSREC/00000789/2019).

In the event of any problems or concerns/questions you may contact the researcher at 216071061@stu.ukzn.ac.za or uteter@gmail.com; supervisor – Nzimakw@ukzn.ac.za or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban 4000 KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

Your participation in the study is voluntary and by participating, you are granting the researcher permission to use your responses. You may refuse to participate or withdraw from the study at any time with no negative consequence. There will be no monetary gain from participating in the study. Your anonymity will be maintained by the researcher and the School of Management, I.T. & Governance and your responses will not be used for any purposes outside of this study.

All data, both electronic and hard copy, will be securely stored during the study and archived for 5 years. After this time, all data will be destroyed.

If you have any questions or concerns about participating in the study, please contact me or my research supervisor at the numbers listed above.

Sincerely

A solid black rectangular box used to redact the researcher's signature.

Reward Utete

CONSENT TO PARTICIPATE

I _____ have been informed about the study entitled “Examining the impact of employment equity amendments on business performance of small and medium companies in Durban” by Reward Utete.

I understand the purpose of this research is to examine the impact of employment equity amendment on business performance of small and medium companies in Durban. I understand that the procedures to be followed is to click to the relevant precoded response objectively and honestly; and to answer all likert scale statements and not leave any statement blank.

I have been given an opportunity to ask questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

I have been informed about any available compensation or medical treatment if injury occurs to me as a result of study-related procedures.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at this emails 216071061@stu.ukzn.ac.za or uteter@gmail.com.

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

Signature of Participant

Date

Annexure B: Questionnaire (Closed-ended and open-ended questionnaire)

Instructions

1. This questionnaire comprises two sections.
2. You are kindly requested to answer all likert-scale statements.
3. Please click the relevant pre-coded response.
4. Please click one response only.
5. Do not leave any statement blank.

Section A: Biographical information

1. Please indicate the number of employees that your company has.

1.1	Less than 50	1
1.2	51-100	2
1.3	101-150	3
1.4	151-200	4

2. Please indicate the industry which your company falls under.

2.1	Quarrying and Mining	1
2.2	Water, Gas and Electricity	2
2.3	Repair services, Motor Trade and Retail	3
2.4	Accommodation, Catering and other trade	4
2.5	Business and Finance services	5
2.6	Agriculture	6
2.7	Manufacturing	7
2.8	Construction	8
2.9	Commercial, Wholesale Trade and other Trade	9
2.10	Communications, transport and storage	10
2.11	Personal services, Community and Special	11
2.12	Other (specify)	12

3. Please indicate your position.

3.1	Industrial Relations Assistant	1
3.2	Industrial Relations Administrator	2
3.3	Industrial Relations Officer	3
3.4	Senior Industrial Relations Officer	4
3.5	Industrial Relations Manager	5
3.6	Senior Industrial Relations Manager	6
3.7	Industrial Relations Director	7
3.8	Industrial Relations Executive	8
3.9	Other (specify)	9

4. Please indicate your positional level in the organogram.

4.1	Executive Management	1
4.2	Top management	2
4.3	Middle management	3
4.4	Lower management	4
4.5	Supervisory/Foreman	5
4.6	General staff	6
4.7	Other (specify)	7

5. Please indicate your gender.

5.1	Male	1
5.2	Female	2

6. Please indicate your age group.

6.1	21-25 years	1
6.2	26-30 years	2
6.3	31-35 years	3
6.4	36-40 years	4
6.5	45-50 years	5

6.6	> 51 years	6
-----	------------	---

7. Please indicate your qualification.

7.1	Certificate	1
7.2	Diploma	2
7.3	Degree	3
7.4	Masters	4
7.5	Doctorate	5
7.6	Other qualification	6

8. Please indicate your racial group.

8.1	African Black	1
8.2	White	2
8.3	Indian	3
8.4	Coloured	4
8.5	South African Chinese	5

Section B

Instructions

1. This questionnaire comprises two sections.
2. You are kindly requested to answer all likert-scale statements.
3. Please click to the relevant pre-coded response.
4. Please click one response only.
5. Do not leave any statement blank.

9. Employment Equity amendments and business performance

	Item	Strongly disagree	Disagree	Nuetral	Agree	Strongly Agree
9.1	We have increased the numbers of previously disadvantaged employees at all levels.	1	2	3	4	5
9.2	Our company has policies that counter discrimination.					

		1	2	3	4	5
9.3	We no longer consider foreign nationals for our mandate to meet equity goals.	1	2	3	4	5
9.4	We once received a penalty for not meeting employment equity targets.	1	2	3	4	5
9.5	Our company gives the same pay for people who are doing the same work, regardless of race, gender and nationality.	1	2	3	4	5
9.6	I perceive that the amendments to employment equity are too harsh for our business.	1	2	3	4	5
9.7	I perceive that the amendments to employment equity bring more harm than good.	1	2	3	4	5
9.8	Sometimes commissioners who come for inspection demand bribes to lift the hefty financial sanctions.	1	2	3	4	5
9.9	Our company considers both regional and national demographics when placing employment equity targets.	1	2	3	4	5
9.10	Our company submits employment equity reports every year.	1	2	3	4	5

9.11	The amendments to employment equity are negatively affecting our performance in business.	1	2	3	4	5
------	---	---	---	---	---	---

9.12	We are having difficulties in measuring the value of work.	1	2	3	4	5
------	--	---	---	---	---	---

9.13	Hefty penalty charges stipulated in the new amendments to employment equity diminish our revenue.	1	2	3	4	5
------	---	---	---	---	---	---

9.14	Loss of foreign skilled employees lowers our production.	1	2	3	4	5
------	--	---	---	---	---	---

9.15	Sometimes our organisation just hires employees from previously disadvantaged groups to avoid penalties.	1	2	3	4	5
------	--	---	---	---	---	---

9.16	High penalties stipulated in the new amendments to employment equity lowers our profits.	1	2	3	4	5
------	--	---	---	---	---	---

9.17	The shift from reporting the employment equity goals once every 2 years to once every year strains our company.	1	2	3	4	5
------	---	---	---	---	---	---

9.18	Our production decreased significantly in the past 3 years.					
------	---	--	--	--	--	--

		1	2	3	4	5
9.19	Our business is growing slowly due to inexperienced employees available.	1	2	3	4	5
9.20	The cost of production is rising due to inefficiency caused by inexperienced employees.	1	2	3	4	5
9.21	The qualification of an employee is crucial to our good business performance.	1	2	3	4	5
9.22	The experience of an employee is crucial to improve our business performance.	1	2	3	4	5
9.23	We are hiring semi-skilled employees at our company as skilled citizens are few, the available ones are grabbed by large companies.	1	2	3	4	5
9.24	I perceive the higher satisfaction that comes as a result of equality increases our business performance.	1	2	3	4	5
9.25	The removal of a chance to object to some compliances causes inflexibility in our business.	1	2	3	4	5
9.26	The removal of a chance to object to some compliances causes stunted growth to our business and some others suppress innovation.	1	2	3	4	5

9.27	Our process of production is so sophisticated such that it requires experienced employees.					
------	--	--	--	--	--	--

		1	2	3	4	5
9.28	Our company has high potential of growth once we keep our expert team of employees.	1	2	3	4	5
9.29	Any penalty in the new amendments to employment equity that may be fined is likely to lead to the shut down of our company.	1	2	3	4	5
9.30	The hefty penalties stipulated in the new amendment to employment equity are likely to cause bankruptcy for our company.	1	2	3	4	5
9.31	I perceive that the equal pay-equal work is causing an increase in job losses.	1	2	3	4	5
9.32	We are still struggling to bear the cost of wage adjustments that come as a result of equal work equal pay.	1	2	3	4	5
9.33	We have a significant number of skilled non-South African citizens who quit the job since 2014 and went overseas.	1	2	3	4	5
9.34	Penalties issued for failure to comply with the Director General stifle production of goods and services	1	2	3	4	5
9.35	We have a significant number of skilled white male South Africans who quit the job since 2014 and went overseas.	1	2	3	4	5
9.36	I think exclusion of occupational categories in the new employment equity amendment is good for the company.	1	2	3	4	5

9.37	The increase in the number of reports adds an administration burden.	1	2	3	4	5
9.38	I think the extension of unfair discrimination to incorporate 'any other arbitrary grounds' in the new amendments to Employment Equity Act is vague, as such it opens the flood gate for litigation.	1	2	3	4	5
9.39	We spend a lot of time dealing with a multitude of issues of discrimination at our company within the past three years.	1	2	3	4	5
9.40	I think there is an infringement of free negotiation between unions and employers in the New Amendments to Employment Equity, where arrangements of a specific workplace should be discussed rather than having all the powers in decision-making centred on the Minister.	1	2	3	4	5
9.41	Some employees are silently lodging their disputes at the CCMA without management's knowledge.	1	2	3	4	5
9.42	The removal of occupational categories reduces the administration burden.	1	2	3	4	5
9.43	We once experienced a case of sexual harassment in our organization.	1	2	3	4	5
9.44	We have a fair pay structure in our organisation.	1	2	3	4	5
9.45	We use psychometric tests when selecting the right candidate for the job.	1	2	3	4	5
9.46	For critical jobs, we use employment agencies to recruit and select the right candidate for us.	1	2	3	4	5
9.47	The removal of occupational categories reduces time wasted in scrutinising job levels in the company.	1	2	3	4	5
9.48	We ensure that the employment agency we deal with has psychometric tests registered and	1	2	3	4	5

	approved and certified by the Health Professions Council of South Africa (HPCSA).					
9.49	The extension of burden of proof that incorporate employees does not affect our business performance.	1	2	3	4	5
9.50	I think that amendments do not affect us as we are holding the same position of proving that an employee has not been discriminated against.	1	2	3	4	5
9.51	It is good to us that an employee should prove to us that we have discriminated against them based on arbitrary grounds.	1	2	3	4	5
9.52	The enforcement procedures are too tight for us.	1	2	3	4	5
9.53	The new enforcement procedures force us to hire ill-skilled people for the sake of achieving compliance.	1	2	3	4	5
9.54	When the CCMA handles sexual harassment matters, it saves time and unnecessary expenses.	1	2	3	4	5
9.55	The increment of total annual turnover threshold does not affect our business performance.	1	2	3	4	5
9.56	I think an increment of total annual turnover threshold comes to relieve some companies that are facing financial problems.	1	2	3	4	5
9.57	We fall above the total annual turnover threshold stipulated in the new amendment.	1	2	3	4	5
9.58	We do not have any confusion in respect of the implementation of regional and national demographics.	1	2	3	4	5
9.59	We have been experiencing cashflow constraints in our organisation for the past 3 years.	1	2	3	4	5
9.60	We have been making meagre profits for the past 3 years.	1	2	3	4	5
9.61	We need much innovation to be competitive on the global market.	1	2	3	4	5
9.62	We strive to produce products of high quality and services	1	2	3	4	5

4. What is the importance of measuring the performance of your company? Please briefly explain.

5. In your company, what factors do you consider when measuring business performance? Please briefly explain.

6. Do you understand the terms national and regional demographics? How do you apply the national and regional demographics when implementing employment equity in your organisation? Please briefly explain.

Annexure C: Gatekeeper's Letter



DURBAN CHAMBER OF COMMERCE AND INDUSTRY NPC
EST. 1856

+27 31 335 1000 | Unit Match Office Park, 892 Ungers Road, Durban
+27 31 303 1149 | P.O. Box 1506, Durban, 4000, KwaZulu-Natal, South Africa
info@durbanchamber.co.za | www.durbanchamber.co.za | Reg No: 2054/016/94

15 November 2019

Mr. Reward Utete
University of KwaZulu-Natal
University Road
Westville
Private Bag X 54001
Durban
4000

Dear Mr. Utete,

RE: PERMISSION TO CONDUCT RESEARCH

This letter serves to confirm that the Durban Chamber of Commerce and Industry hereby acknowledges and approves the research to be conducted through the Durban Chamber of Commerce and Industry for the completion of PhD research project: **Examining the impact of employment equity amendment on business of small and medium companies in Durban.**

Please note that the data collected must be treated with due confidentiality and anonymity. This information is also provided by the Durban Chamber of Commerce and Industry on the condition that a copy of the final research output will be given to the DCCI for information purposes.



Under signature
Manager: Policy and Advocacy
Durban Chamber of Commerce and Industry NPC
T: 031 335 1000

President: Ndumiso; Deputy President: G. Ndlovu; Immediate Past President: M. Mkhongwe
New Executive Directors: M. J. Mkhongwe, D. Mkhongwe, D. Mkhongwe, D. Mkhongwe and P. Mkhongwe
Executive Directors: D. Mkhongwe, D. Mkhongwe, D. Mkhongwe and D. Mkhongwe

#DurbanMustRise

Annexure D: Editor's Letter

696 Clare Road
Clare Estate
Durban
4091
1 June 2020

To Whom it may concern

Editing of PhD: Reward Utete

Examining the Impact of Employment Equity amendments on the business performance of small and medium companies in Durban

This letter serves as confirmation that the aforementioned thesis has been language edited.
Any queries may be directed to the author of this letter.

Regards


MP MATHEWS

Lecturer and Language Editor: DUT

mercillenem@dut.ac.za

Annexure E: Ethical clearance approval



19 November 2019

Mr Reward Utete (216071061)
School Of Man Info Tech & Gov
Westville Campus

Dear Mr Utete,

Protocol reference number: HSSREC/00000789/2019

Project title: Examining the impact of employment equity amendment on business performance of small and medium companies in Durban

Full Approval – Expedited Application

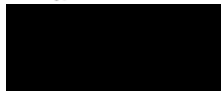
This letter serves to notify you that your application received on 11 November 2019 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. **PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid for one year from 19 November 2019.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

Yours sincerely,



Professor Urmilla Bob
University Dean of Research

/dd

Humanities & Social Sciences Research Ethics Committee
Dr Rosemary Sibanda (Chair)
UKZN Research Ethics Office Westville Campus, Govan Mbeki Building
Postal Address: Private Bag X54001, Durban 4000
Website: <http://research.ukzn.ac.za/Research-Ethics/>

Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

INSPIRING GREATNESS

Annexure F: Turnitin report

EXAMINING THE IMPACT OF EMPLOYMENT EQUITY AMENDMENTS ON THE BUSINESS PERFORMANCE OF SMALL AND MEDIUM COMPANIES IN DURBAN

ORIGINALITY REPORT

8%	6%	2%	3%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	researchspace.ukzn.ac.za Internet Source	1%
2	hdl.handle.net Internet Source	1%
3	pdfs.semanticscholar.org Internet Source	<1%
4	Submitted to University of KwaZulu-Natal Student Paper	<1%
5	Submitted to Mancosa Student Paper	<1%
6	Pavλίνα Pellešová, Pavla Sýkorová. "Position of Small and Medium Companies in Poland and Results of Research in Selected Areas", Procedia - Social and Behavioral Sciences, 2014	<1%