An exploratory study of the ability of Small, Micro, Medium Enterprises development to create jobs and serve as centres of skills development in the construction industry: A case study in King Williams Town

Nolubabalo Grace Nkonya

December 2012
An exploratory study of the ability of Small, Micro, Medium Enterprises development to create jobs and serve as centres of skills development in the construction industry: A case study in King Williams Town

By

Nolubabalo Grace Nkonya

Submitted in fulfilment / partial fulfilment of the requirement for the degree of Students qualification to be awarded at the Nelson Mandela Metropolitan University

December 2012

Promoter/Supervisor: Ms Amy-Louise Shelver
Declaration

I, Nolubabalo Grace Nkonya, 202318656, hereby declare that the guided research report for Nolubabalo Grace Nkonya’s Masters degree is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or another qualification.

Signature:…………………………………

Date :……………………………………
Acknowledgements

I am most grateful to my supervisor Ms Amy-Louise Shelver for her tireless efforts, support and guidance in making this study a success and up to the required standards. Her assistance in reassuring that the study is worthwhile is immeasurable. This research paper would not be successful without her. Thank you so much.

My appreciation goes to all people who participated in the research by allowing me to conduct interviews with them to make this study a success.

Lastly I thank my family especially my kids who their mother couldn't give them the attention while developing this report.

Glory be to God.
Abstract

The significance of SMME development as a route to creating jobs and enhancing skills development has been and is still on top of South Africa’s developmental agenda. The escalating unemployment rate and skills shortage to meet with demands of globalization compels the government to develop strategies to respond to the crisis. It is eighteen years since South Africa became a democratic country but the job creation and skills development sectors remain in a crisis. Stagnant economic growth is as a result of high unemployment which is a factor of skills shortage in the black South African labour force. The government creates an enabling environment by developing flexible regulations for equal participation of historically disadvantaged individuals to participate the in mainstream economic activities. Public investment through infrastructure development is one of the labour intensive programmes to promote SMME development, job creation and skills development. It is against this background that this research aims to explore the effect of SMME development in creating jobs and its ability to serve as centres of skills development. Also, it is against this background that this study aims to assess the extent of government support in creating an enabling environment for SMME development to achieve its ultimate goals.
LIST OF ACRONYMS

AIDC - Automotive Industry Development Centre
AsgiSA - Accelerated and Shared Growth Initiative for South Africa
B-BBEE - Broad-Based Black Economic Empowerment
BRT - Bus Rapid Transit
CDC - Coega Development Corporation
CIDB - Construction Industry Development Board
CIP - Contractor Incubation Programme
COSATU - Congress of South African Trade Union
CWP - Capital Works Programme
DEDEAT-EC - Eastern Cape Department of Economic Development, Environmental Affairs and Tourism
DTI - Department of Trade and Industry
ECDoH - Eastern Cape Department of Health
ECDP - Emerging Contractor Development Programme
ECDR&T - Eastern Cape Department of Roads and Transport
EFS - Employment Framework Strategy
EPWP - Extended Public Works Programme
ETD - Education, Training and Development
ETQA - Education and Quality Training Assurance
GDS - Growth and Development Summit
GEAR - Growth, Employment And Redistribution
HDIs - Historically Disadvantaged Individuals
IDC - Industrial Development Corporation
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IPAP</td>
<td>Industrial Policy Action Plan</td>
</tr>
<tr>
<td>JIPSA</td>
<td>Joint Initiative on Priority Skills Acquisition</td>
</tr>
<tr>
<td>NIMS</td>
<td>National Infrastructure Maintenance Strategy</td>
</tr>
<tr>
<td>NDPW</td>
<td>National Department of Public Works</td>
</tr>
<tr>
<td>NGDS</td>
<td>National Growth and Development Strategy</td>
</tr>
<tr>
<td>NGP</td>
<td>New Growth Path</td>
</tr>
<tr>
<td>NURCHA</td>
<td>National Urban Reconstruction Housing Agency</td>
</tr>
<tr>
<td>NYS</td>
<td>National Youth Service</td>
</tr>
<tr>
<td>RDP</td>
<td>Reconstruction and Development Programme</td>
</tr>
<tr>
<td>REDP</td>
<td>Roads Enterprise Development Programme</td>
</tr>
<tr>
<td>SABC</td>
<td>South African Broadcasting Corporation</td>
</tr>
<tr>
<td>SAF</td>
<td>South African Foundation</td>
</tr>
<tr>
<td>SAMAF</td>
<td>South African Micro Apex Fund</td>
</tr>
<tr>
<td>SAP</td>
<td>Structural Adjustment Programme</td>
</tr>
<tr>
<td>SEDA</td>
<td>Small Enterprise Development Agency</td>
</tr>
<tr>
<td>SMME</td>
<td>Small Medium and Micro Enterprise</td>
</tr>
<tr>
<td>SOEs</td>
<td>State Owned Entities</td>
</tr>
<tr>
<td>UIF</td>
<td>Unemployment Insurance Fund</td>
</tr>
</tbody>
</table>
**Contents**

CHAPTER ONE: INTRODUCTION

1.1. Rationale and background of the study ............................................. 10
1.2. Research problem ............................................................................. 10
1.3 The research question ................................................................. 15
1.4 Aims and objectives ....................................................................... 16
1.5 Significance of the study ................................................................. 16
1.6 Definition of key concepts ............................................................... 17
1.7 The scope and scale of the research .............................................. 18
1.8 Conclusion ......................................................................................... 19

CHAPTER TWO: LITERATURE REVIEW .................................................. 20

2.1. Introduction ..................................................................................... 20
2.2 Conceptualisation of small business enterprise .................................. 21
2.3. The Importance of small businesses .............................................. 26
   2.3.1. Job creation ............................................................................ 27
   2.3.2. Economic growth ................................................................. 31
   2.3.3. Skills development ............................................................... 32
2.4. General Challenges of Small Businesses development ...................... 35
   2.4.1. Microenvironment challenges .............................................. 35
   2.4.2 Public sector support ............................................................. 36
   2.4.3.3 Economic environment ..................................................... 38
2.5 Conclusion ..................................................................................... 38

CHAPTER THREE: RESEARCH METHODS AND METHODOLOGY ............. 39

3.1 Introduction ..................................................................................... 39
3.2 Research approach ......................................................................... 39
3.3. Target population ........................................................................ 40
3.4 Data collection .............................................................................. 40
   3.4.1 Narrative inquiry and interviews .......................................... 41
   3.4.2 Questionnaires ....................................................................... 43
   3.4.3 Observation ........................................................................... 44
   3.4.4 Source documents .................................................................. 45
3.5 Data analysis .................................................................................. 45
CHAPTER ONE: INTRODUCTION

1.1. Rationale and background of the study

There is growing global recognition of Small Medium and Micro Enterprises (SMMEs), hereafter referred to as small businesses, and the critical role they play in employment generation, stimulation of economic growth and promotion of self-employment. It is understood that the increasing number of small businesses is a result of dependence on long-term structural employment and subsequent lay-offs where displaced employees decide to pursue careers in self-employment. Their acquired skills enable them flexibility to be innovative and be able to respond to dynamic economic environment. Conducive entrepreneurial development is created by the government to ensure entrepreneurial activities take place and flourish (Department of Trade and Industry: 2000:4; Baldacchino in Anderson et.al: 2005:2; Charantimath: 27:2006).

This chapter sets out the rationale and the background to the research. It commences with an overview on the legislative framework governing economic development, the main theme of the research problem. The research problem explores the extent to which small business development contributes to job creation and skills development in order to reduce unemployment and poverty. The objectives of the research problem focus mainly on exploring the construction industry and small business therein. The significance and scope of the study are also included, together with definitions of key concepts related to the study.

Unemployment and poverty alleviation are significant challenges facing the South African government. The government, in partnership with private sector, needs to bridge the gaps of inequalities that exist in segregated citizens of the country. SMME development is one of the critical areas that need particular attention and formalisation, as outlined in the Reconstruction and Development Programme, with a view to generating income and create jobs (DTI: 1995: 6; Act 102 of 1996).

The elaborative strategic framework on the promotion of small business, articulated in the White Paper on National Strategy for the Development and Promotion of Small Business (DTI:2005), sets out its primary objective as wanting to create an enabling environment for the development of small enterprises. A conducive environment for
small business development bridges the disparity gap experienced by disenfranchised small enterprises owned by black people, youth, women and disabled people (DTI:1995:5; DTI:2005:3; Statistics SA: 2008). More important than small business development is the transformation of the business sector, which is largely male and white-dominated, particularly the construction industry. Women in the industry, even at senior levels, are discriminated by their male counterparts (Gale et al: 2006:19; Jackson: 2004: 28).

Small businesses are believed to have the ability of absorbing a large number of the labour force in the country, the ability to penetrate new markets and the ability to expand the economy through their innovative skills and expertise (DTI: 1995:5)

A number of legislative frameworks have been passed that both recognise and aim to redress the imbalances of the past in economic inequalities, job creation and skills development (Employment Framework Strategy: 1998:4; Act 38 of 2000; Act 97 of 1998, Act 55 of 1998; Act 5 of 2000; Act 53 of 2003). It is acknowledged that SMME sector is a diverse and innovative sector that is a key driver in economic growth and job creation (DTI:1995:8). It is a response to underutilised skills and careers in waged employment and forms an important link between new and small firms and large corporations by improving products and services through innovation. Moreover, innovative skills development induces a paradigm shift on alternative construction methods that could be environmentally friendly. ARIYA projects in Western Cape, Molandi construction methods in Port Elizabeth and Novo Domus pre-constructed walls are examples of innovative skills development for a conventional building (http://www.ariyaprojects.com.; http://www.easterncapecountybusiness.co.za).

The programmes and activities of these organisations focus on innovative construction intervention development programmes targeting unskilled, semi-skilled and unemployed people with grade 10 in order to create employment opportunities through skills development. The above example illustrates the value and opportunity in the small business sector to absorb employment.

South Africa is a developing country and sustainable growth is the ultimate aim of development programmes. A conducive environment needs to be created and developed to lure people to start small businesses to bring about economic successes, such as productivity improvement, rather than luring one or two companies (DTI:2005:5; Edmiston:2004:73). In this regard, public private partnerships need to be strengthened to ensure sustainability of the industry. The National Department of Public
Works (NDPW) and Eastern Cape Department of Roads and Transport (EC DR&T) developed an emerging contractor development programme through Extended Public Works Programme (EPWP) and Roads Enterprise Development Programme (REDP) respectively, to empower and upgrade grade 1 to 4 contractors. Assessment for contractor grading, according to Construction Industry Development Board (CIDB) (2011:3) is two-fold. The first form of assessment is done to all contractors where they are assessed on their financial capacity and works capability. Emerging contractors automatically fall in grade 1-4 because grades 5-9 are assessed based on the number of registered professionals employed (CIDB: 2011:3). Vukuphile contractor learnership programme (Engineering News: Burger: 2010) and Masakhe emerging contractor development programme are examples implemented through EPWP to ensure that not only existing SMMEs are expanded from the programme but new SMMEs are established to provide infrastructural needs on behalf public bodies. The programme is intended to develop emerging contractors into fully-fledged contractors with emphasis on business and technical skills. Public works construction projects are reserved to provide trainings under appointed mentors by DPW. The programme is implemented in partnership with development specialist and DPW to mentor learners. The National Small Business Act, as revised by the National Small Business Amendment Act of 2003 and 2004, creates a conducive legislative environment as it tables sectors for the development and promotion of small businesses. The Annual Review of Small Business in South Africa of 2005-2007 (DTI: 2008: 1) acknowledges the diversity of SMMEs, not restricted to formally registered enterprises, but including informal and non-VAT registered enterprises such as survivalist street trading enterprises; backyard manufacturing and services, and occasional home-based evening jobs. With variety comes innovation – and the outcome of small business development.

It is eighteen years since South Africa became a democratic country, but job creation and skills development remain top of the agenda in every sphere of government. This is as a result of Growth Employment and Redistribution (GEAR) policies’ negative impact on jobs and its cutbacks to government spending, causing the average South African to be unable to participate in the economy (Heintz et al: 1998: 18). For this objective to be achieved, the government is strengthening Public Private Partnership as the public sector is the key role player in economic growth and job creation, as articulated by both President Thabo Mbeki and President Zuma in the 2003 and 2009 State of the Nation address respectively. Flexible procurement regulations and development programmes are developed to address the skewed racial ownership patterns to increase the economic base of historically disadvantaged individuals (HDIs) by all spheres of government (Govender et.al:2000). However, though there is government support for
the programme, persistent challenges that are barriers to success are perpetually evident.

For example the Eastern Cape Department of Health (ECDoH) established the Border Builders Association in order to capacitate and provide employment for marginalised and disadvantaged groups through procurement policies (Bank et.al: 2010:50). Because the association lacked capacity to ensure the delivery of products assigned to the association and was plagued with infighting, this resulted in poor service delivery. The failure of the association led the department to cancel the contract.

It must be noted that not all SMME developmental projects have failed. The Roads Enterprise Development Programme (REDP) implemented by the Coega Development Corporation (CDC) in the Eastern Cape and Gundo Lash programme in Limpopo recorded success (Kubashe:2008:10; McCord:2005:579). These programmes create employable enterprises and increase prospects of employability of workers.

**1.2. Research problem**

The main research problem is to explore the extent to which SMME development can create jobs and serve as centres of skills development in King Williams Town and surrounding areas. In order to do so, the research sets out to:

- Identify government support programmes that create an enabling environment for job creation and provide empowerment to emerging contractors.
- To explore the ability of small business development to create jobs and their ability to serve as workplace based skills development centres.
- To examine the trends of skills development within the construction industry in King Williams Town and surrounding areas.

Sustainable economic development that characterises rapid gross domestic product (GDP), growth and job creation, is the main focus of the South African Government as it emerges from recession (Budget Review: 2010:2; White Paper:1995:2). It is therefore imperative that an enabling environment for entrepreneurial development be established to promote long term survival; self-employment and skills development for the unskilled
and semi-skilled. There is a major shift in government policy from supporting traditional big firms to small business development (Lloyd: 2002:1-2; Storey: 2006: 275; JSBE: 1992: 23).

The global view on the small business sector is that the sector is able to create net new jobs which are a combined total of start-up and expanded firms that represent mostly self-employed and therefore have no payroll at all (Edmiston: 2004:79). Small business development therefore articulates a shift in economic development strategies. But the overarching question is whether the shift makes sense in terms of economic growth, sustainable job creation and skills development? The critical factor in the equation of small business development is the necessary support by the government to remove barriers that hinder emerging contractors in becoming fully fledged contractors in the mainstream industry.

Infrastructure development, maintenance and refurbishment have been identified as the key labour intensive development programmes aimed at strengthening the public-private partnership in the construction delivery process in South Africa (Act 38 of 2000). Such programmes are designed to provide a platform for existing and emerging small businesses to share and exchange their best developmental experiences with a view to strengthen private sector development as the key driver of economic development.

For the purpose of this study, an examination of skills development and job creation in the construction industry as stimulated by SMME development will be explored. Interest in this study arose from the fact that the SMME development is a diverse, global phenomenon – that ranges from the survivalist to small enterprises and medium enterprises – and whose increasing number is believed to have been caused by job losses but also willingness to exploit business opportunities (Stokes at.al: 2010: 9). It also arose from an interest in the response to the government’s call encouraging South Africans to create jobs for themselves in the form of small enterprises. Vukuzenzele and Enterprise Zone were one of the most publicized programmes commissioned by the South African Broadcasting Corporation (SABC) encouraging small enterprise development (DTI :2005:14). Vukuzenzele programme focused on entrepreneurial stories. It followed people who had taken the first step, no matter how small, to participate in the South African economy. The concept derived from a group of homeless and back-yard shack dwellers of Khayelitsha who decided to establish Vukuzenzele Housing Saving Scheme with a view to secure land for their infrastructure development (Milton: 2006: 4).
As an employee of the Department of Economic Development, Environmental Affairs and Tourism in the Eastern Cape (DEDEAT-EC) the researcher has been involved in education awareness sessions on enterprise development in communities of the Amathole region, of which King Williams Town forms a part. To the researcher’s surprise, it was discovered that there is not enough assistance offered for small enterprise development. There is lack of capacity for roll out of government programmes in the form of information dissemination. While the department promotes economic development, there seems to be a shortfall in departmental development programmes as it does not provide training for emerging SMMEs. The Accelerated and Shared Growth Initiative for South Africa (AsgiSA) followed by New Growth Path were policies to rescue the country in small business development and job creation. While DEDEAT is the implementing arm of DTI programmes, development agencies such as Khula Enterprises, Small Enterprise Development Agency (SEDA) are not rigorously making an impact to emerging small businesses. As a result the researcher took a keen interest in the sector and saw the value in understanding it – and its challenges – better.

The disjuncture between policy intention and its practice are indications of the lack of understanding the nature of small business in the country. As Brown (2005:17) argues, lack of awareness, uneven distribution of information and cumbersome administrative procedures are indications that SMME development is not a straightforward means of broadening economic base. Government services are concentrated in big cities leaving small rural towns disadvantaged. It must be noted that in those rural towns where target beneficiaries (women, youth and people with disabilities) live, who should get priority in government programmes live but are neglected resulting in their financial growth and development retarded. It is where informal entrepreneurs set up businesses as means of subsistence. The government therefore needs to expand its services to less developed rural towns, but to do so it needs to understand the dynamics and approaches of those rural areas. It is envisaged that this research contributes to understanding these dynamics.

1.3 The research question

The study carries out an assessment on the extent to which SMME development creates jobs and its ability as skills transfer centres. The question is based on a need to analyse the outcomes of the country’s development policies that promote job creation and skills development through small business development, using the case study of the greater King Williamstown. The question will later explore and identify challenges
facing emerging contractors in participating in mainstream construction industry – and consequently thwarting economic development among black people. Below is the research question:

An exploratory study of the ability of Small, Micro, Medium Enterprises development to create jobs and serve as centres of skills development in the construction industry: A case study in King Williams Town

1.4 Aims and objectives

The aim of this study is to explore the ability of construction SMMEs to serve as centres of skills development and job creation in King Williams Town in an endeavour to reduce poverty. The main objectives were:

1. To explore the ability of construction industry SMME development to create jobs and provide workplace-based training in the King Williams Town construction industry.
2. To examine the trends of skills development within the King Williams Town construction industry.
3. To explore mainstreaming and support programmes to enhance sustainability of the construction industry.

1.5 Significance of the study

The study of small business development as a route to job creation and skills development can contribute to an overall performance paradigm in the industry. This report hopes to illustrate to government – especially policy makers in all spheres of government, aspiring contractors, and the general public - what are some of the underlying causes that thwart economic development of HDIs and how to possibly deal with them.

The study hopes to serve as an eye opener to aspiring construction entrepreneurs who wish to exploit small business opportunities. For policy makers, this study will help identify routes to other developmental programmes, in addition to the EPWP and REDP, in order to establish a supportive environment that inspires more entrepreneurs and thus more jobs and skills development.
The study seeks to benefit the general public on the importance of trade skills as they contribute to entrepreneur development. The establishment of SETAs contributes immensely to improved performance thus placing an entrepreneur in better chances of participating in mainstream economic activity in both national and international markets. To enhance the performance, government support programmes should respond to sector skills needs articulated in sector skills plans. It is also imperative to ensure the availability of registered Education, Training and Development (ETD) providers and active Broad-based Black Economic Empowerment (B-BBEE) entrepreneurs participating in facilitating and developing skills. The study seeks to benefit all role players by identifying gaps that exist between emerging contractors and large companies in the construction industry and make efforts to develop new strategies for a unified industry.

It is on this basis that the study seeks to explore the extent to which small business development create jobs and enhances the skills-base required in the construction industry.

1.6 Definition of key concepts

This section defines key concepts of the study. Calmorin et.al (2007: 37) suggests conceptual and operational approaches to the definition of terms. Of the two approaches, the former is based on the concepts and usually taken from the dictionary and published journal. The latter is based on observational characteristics and how the term is used. Both approaches have been adopted in this section.

“Black people”- the Employment Equity Act 55 of 1998 defines black people as a generic term which means Africans, coloureds and Indians.

“Small business”- National Small Business Act 102 of 1996 defines “small business” as a distinct business entity including co-operative enterprises and non-governmental organizations, managed by one owner predominantly carried on any sector or subsector of the economy.

“SMMEs as ETD providers”- a body which delivers learning programmes which culminate in specified NQF standards or qualifications and/or manages the assessment thereof (SMME Accreditation Guidelines).

“Broad-Based Black Economic Empowerment”- Broad-Based Black Economic Empowerment Act 53 of 2003 defines broad-based black empowerment as the
economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that increase the number of black people that manage, own and control enterprises and productive assets (Act 53 of 2003).

“Construction industry”- the broad conglomeration of industries and sector which add value in the creation and maintenance of fixed assets within the built environment (CIDB: 2005).

“Second Economy” – a highly unequal economy in which people with access to wealth experience the country as a developed modern economy, while the poorest struggle to access even the basic services and that difference in condition appear to be worlds apart giving the notion of two economies (ASGISA: 2008).

“Skills development”- is the development of skills through workplace learning to improve productivity in the workplace and contribute to sustained job (Hammond et.al: 2011:14).

“Job creation”- it is the change in the number of jobs in the total economy (Hirschberg: 1999: 11).

“King Williams Town”- is a town in the Eastern Cape Province of South Africa close to the urban node of East London in the Buffalo City Metropolitan. King Williams Town is experiencing a construction boom due to the presence of provincial government head-quarters.

“Trade skills”- a developed talent, ability or technique in trade particularly one requiring use of hands (http://www.thefreedictionary.com/skill).

“Labourer”- a person doing unskilled or manual work (Concise Oxford English Dictionary).

1.7 The scope and scale of the research

Historically, King Williams Town and its surrounding areas have been characterised by underdevelopment, reinforced by legislation that ensured that education, infrastructure and business development did not take place at the level it should. The Group Areas Act 41 of 1950 ensured that most developed areas that constitute 84%, were reserved for white people which resulted in Blacks, Indians and Coloureds sharing the remaining 16% on the rural outskirts of developed areas. Because non-whites (Blacks, Indians and Coloureds) had no access to basic services such as hospitals, emergency services and
development amenities, business owners were not allowed to operate or run business within white areas. The results were overcrowded settlements, spread of disease, shortage of food and limited business growth and financial development. King Williams Town was no exception to this. It is difficult for the area to recover from the socio-spatial legacy of apartheid and the one route to trying to reconcile history is through SMME development.

The subsequent research is conducted on a small scale, focusing on the flexibility of employment and skills transfer of construction labour and technical skills amongst a number of contractors in King Williams Town. The literature review was based on primary, secondary sources and academic research papers. Data was collected from labourers and emerging contractors. Other participants in the research were managers involved in the industry, both government and private representative.

1.8 Conclusion

There is clear commitment by the South African government to transform towards development. Legislation has been enacted to redress the imbalances of the past and to realise the equality clause in the Constitution. The country strives to mainstream economic activities such as mining and the ever critical infrastructure development, for example, to better the livelihoods of its citizens. Central to small business development is job creation which could lift the standards of living of the citizens and contribute to economic growth of the country. Unemployment, underutilised and underdeveloped skills and uneven population distribution can prompt small businesses development that covers various sectors of the economy in response to changing lifestyles, consumer behaviours and the influence of globalisation on citizens.
CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter provides an overview of SMME development literature with a special focus on the construction sector. The relationship between SMME development, job creation and skills development are explored.

There is general consensus that small business represents an important vehicle of job creation and economic growth through innovation and increased competition and thus constitute the majority of private sector activity (DTI: 2001:5; Jones et.al: 2003: 3; Minniti et.al: 2005: 14; Edmiston: 2004:77; Moutray: 2006: 7). The South African legislative framework gives precedence to development initiatives that focus on employment creation and skills development by promoting self-employment and creating better chances of employability of the workforce. To enforce legislative framework, the government creates an enabling environment for aspiring small businesses to ensure equal participation by all the country’s citizens, irrespective of race, colour, gender or creed, to realise the equality clause of the South African Constitution (Act 108 of 1996). The promotion of small enterprise deserves critical attention since the sector has been greatly neglected in the past and therefore it has then been placed high on the agenda with the aim to redress the disparities created by the apartheid (EFS: 1998).

Small business sector is globally recognised to represent an important vehicle to address challenges of job creation through its absorptive labour intensive capacity, poverty alleviation and economic growth. The National Strategy for the Development and Promotion of Small Businesses in South Africa speaks volumes about its role on a global scale. Small business and entrepreneurial ventures are economic activities that have the same contribution in the economic growth especially the construction industry as the sector plays a significant socio-economic role in people’s lives while providing their basic needs (Chilipunde: 2010: 10; Moavenzadeh: 1975:).

In South Africa, experience has shown that the small business sector has so far made greater progress than larger enterprises despite constraints and unequal distribution of income and wealth (White Paper: 1995:10). While the global economy is recovering
from the economic downturn from late 2008, the New Growth Path (NGP) is an economic policy response with specific employment targets to accelerate employment creation, income growth and reduce poverty (Patel: 2010:3; Statistics S.A.: 2008).

2. 2 Conceptualisation of small business enterprise

Small business enterprise development is a practice many international countries, such as Great Britain, incorporated into their policy frameworks over the past 40 years, and in Britain when the Conservative Party first came into power in 1979, though it was not clearly defined (Carr: 2000:4). The practice signifies a shift in economic development approaches that rely on building small business as seedbeds of entrepreneurship from the ground; and the practice is equated more with self-employment than supporting existing business (Edmiston: 2004: 73; Naude and Havenga: 2005: 102-103).

Small businesses are a heterogeneous group of entities. Their developmental stages are phased and their expressions are found in a wide range of activities ranging from product manufacturing to selling in domestic and international markets (OECD: 2004: 10; Herrington: 2011: 9; DTI: 2008: 1). These entities are either responding to new needs by generating new activities or they are old family businesses that have been passed from generation to generation. Small business should thus be accorded their own status of contributing to economic development than to be treated as junior partners of large corporations or scaled down versions of large firms (Jones et.al: 2003:7 and DTI: 1995:7).

Jones et.al. (2003: 8) are of the view that smaller firms have their own distinguishing characters such as lack of formal structures; greater environmental uncertainty and greater potential for innovation. These features separate them from their larger counterpart firms. Since Africa is the poorest continent in the southern region, policy makers in Africa believe that entrepreneurship can contribute to its development and economic growth (Naude and Havenga: 2005: 102). The South African Small Business Act 102 of 1996, while conceptualising small business enterprise, classifies the small business sector according to size, number of paid employees, total annual turnover and total gross asset value, excluding fixed property. The limited classification of small businesses implies their background as they have been operating informally. It is understood that the majority of small business entrepreneurs do not have business
premises as their activities are based on subsistence and survival. In the construction industry small business is a convergence of activities that relate to intended purpose and such activities are coordinated by general builders; general contractors and design and construction companies (Krueger:2002:143).

The United Nations released a number of development intervention strategies to promote local enterprises and skills, encourage the development of more self-employment and to grow more indigenous businesses (Ruffing: 2006: 1; Bridge et.al: 2003: 402). Equally, the development paradigm has its assumptions and ideas that are aimed at benefiting the poor African people to attain access to some level of income to better their socio-economic living standards. Post 1994, South African development policy frameworks are developed to strengthen linkages between small and large enterprises that have a potential to create jobs and provide skills to semi- and under-skilled disadvantaged workers through ‘learning by doing’. South Africa’s development linkages saw the establishment of Zimele Anglo American enterprise development and initiative investment to create and develop viable sustainable small and medium enterprises (Ruffing: 2006: 39-40 and Toomey: 1998: 1).

In order for developing countries to bring social and economic change, governments’ actions should aim to satisfy basic physical and social needs including improving infrastructure. Infrastructure development is a global phenomenon that requires developing and developed countries to deliver using small businesses to catch up with pressure of globalisation, as the activities are project based and this fits well with the activities of the small business sector (Dlungwana: 2004: 3; Abdel-Wahab: 2008: 39; OECD). The contribution of infrastructure development stimulates the development of other industries. Once the construction of physical facilities is developed, investment opportunities, construction of commercial services and dwelling facilities are created and jobs are created. In the construction sector, Fryer (1997: 211) is of the view that the translation of tacit knowledge can lead to new product innovation or process. However each individual employees’ tacit knowledge is important as it is used as a marketing weapon for both the employee and the company in project based activities hence the construction sector is comprised of four subsectors which are repair and maintenance; housing; infrastructure and commercial and industrial (Abdel-Wahab: 2008:2; Fryer: 1997:209).

DPW has been actively involved in conceptualising, developing and implementing programmes that create an enabling environment to shape the present and future of
emerging contractors. Programmes such as Contractor Incubation Programme (CIP); Emerging Contractor Development Programme (ECDP); REDP, EPWP and Capital Works Programme (CWP) are in place to enhance B-BBEE level status and sustainability of emerging contractors in built environment. The implementation of these programmes is in partnership with public entities such as CDC; accredited material suppliers and section 21 companies (according to the Companies Act 71 of 2008) such as National Urban Reconstruction Housing Agency (NURCHA). The development of programmes underscores a need to promote labour intensive enterprises that are owned and controlled by HDIs. These programmes are implemented by awarding tenders to small business enterprises at 80/20 rule. Of the total tender, 80% is earmarked for the small enterprises for their development and the larger enterprise is paid the 20%. The contribution of SMMEs in such programmes means they can find their own defined identity and be integrated into the business sector (Jones et.al: 2003:7; DTI:1995:7; CDC: 17 August 2012).

The Reconstruction and Development Programme (RDP) which addressed a wide range of social and economic issues also formed the basis of development policies to conceptualise small business transformation and sought to address social justice for a non-racial and non-sexist democratic South Africa (DTI: 1994; Visser: 2004: 7). Beyond its poverty alleviation and economy reconstruction goals which are interlinked by infrastructural programmes, equitable distribution of economic benefits was the main focus. Job creation and human resource development through the promotion of small business, is featured in all pillars of the RDP policy which later gave rise to the promulgation of the National Small Business Act (Beck: 2000: 195; Reitzes: 2009: 6-7). As Burns (2007:21) points out, the growth of small business is part of social trends towards a more democratic and responsive society. In order for the government to realise reconstruction and socio-economic development, an enabling environment needs to be created to overcome challenges and constraints experienced by small business during the apartheid era.

The implementation of the policy could not take off easily because of the lack of among other things: provincial and local authorities lacking implementation programmes; lack of qualified Black middle managers and boycott of municipal and rent payments. The policy recorded impressive statistics though they were mere estimates because of the poor standards of statistical estimates available. In trying to rescue the problem of anticipated failure of the policy, an initiative launched by the former President Mandela in the name of Masakhane (lets us build together) was meant to encourage equal participation and instilling a sense of commitment towards the growing of the economy
Adelzadeh (1996: 67) is of the view that the demise of RDP was made worse by the adoption of National Growth and Development Strategy (NGDS), an economic policy which departed from RDP as the base document. Though there seemed to be no alignment between the two policies (RDP and NDGS), the Department of Finance released a macro-economic strategy – Growth, Employment and Redistribution (GEAR). The policy shared the same objectives with RDP (Visser: 2004: 8; Adelzadeh: op cit), but it adopted the tenets of policy recommendation advocated by International Monetary Fund (IMF) in its Structural Adjustment Programme (SAP). The programme lacked leverage from the IMF and World Bank for any dramatic economic and political change over South African Policy Makers to warrant such major policy shift. RDP policy imperatives were growth through redistribution whose vision was to meet basic needs of the people and job creation was among them. GEAR policy shift could not justify consistency and continuity on RDPs imperatives. GEAR was not people-centred and was susceptible of increasing poverty. From its (GEAR) inception and development, it was produced without consultation with the Congress of South African Trade Union (COSATU) which then generated disagreements between the Tripartite Alliance. Adelzadeh (1996: 67) argues that there is no correlation between growth percentage and the number of jobs projected to have been created by year 2000, given the structural problems inherited from the apartheid economy. Though GEAR recorded significant growth rates of 3% in 2003; 4% in 2004 and 5% in 2005, the strategy failed to achieve one its objective “better life for all” as the growth was “jobless growth”.

Following the plunge of GEAR in 2006, was the unveiling of Accelerated Shared Growth Initiative of South Africa (AsgiSA) which tried to answer the question of how the government could achieve “a better life for all”. There was nothing new in the policy though, except that it was designed to implement existing policies so as to accomplish their objectives. The strategy, as Ncongwane (2011:59) argues, was based on poverty and unemployment levels which are the results of skills shortage. Basically, its entire focus was to unlock the six identified constraints that form the set-back areas for more balanced economic growth for development of the country⁠¹. Unlocking public investment through meeting infrastructure needs for example, was the faster action that could increase GDP from 4 to 8%. This could only be achieved by promoting small business and encouraging investment in order to contribute to economic growth and further create job opportunities. The point of departure is human resource investment through skills development. The shortage of current skills level among the workforce is

---

¹ AsgiSA Annual Report (2006: 3) Six identified constraints hamper the desired economic growth of South Africa. There had to be strong mitigating responses as interventions to counter on these set of binding constraints which are grouped into: macroeconomic issues; infrastructure programmes; sector investment strategies; skills and education initiatives; second economy interventions; and public administration issues.
low and inadequate to compete for the new jobs being created. The Joint Initiative on Priority Skills Acquisition (JIPSA) is the strategy's national programme to address scarce skills as identified by AsgiSA (Nowark: 2007:3; OECD: 2008: 41; Chagunda: 2006:2). It is clear that the strategy was unable to reduce unemployment as envisaged during its inception as labour market indicators show 25.2% (14 795) of unemployed labour force population with the Eastern Cape registering 28.3% (StatsSA: 2012; ECSECC:2012).

Globally, evidence shows that where market reforms are a priority, small business sector activities in various industries get full recognition. Government and private sector facilitate the development of venture projects between small business activities and large enterprises.

However, there are many reasons people start small business. Bannock (2005: 1) is of the view that, among other things that encourage people to start small businesses, is the desire to become independent and the love of what they do. Market related trends manifest by the emergence of different types of small businesses. As Pearce (2003), quoted in Burns (2007:456-465), identifies three systems in the economy:

a. the private sector (business entrepreneurship) that concentrates on trading and its objective is profit maximization. This sector is constituted by both registered and unregistered entities of which the latter is increased by the necessity, and whose owners felt they had no other choice of survival but utilise their last savings (Bosma et.al: 2009:5).

b. the public sector and government which operates in a planned, non-trading way and is characterised as bureaucratic and inefficient. These are usually called public entities and they deliver some of the services on behalf of the government. This sector operates from anything from local to global (Burns: 2007: 456-465). CDC has been instrumental in employable small business through its training and development programmes (CDC Annual Report: 2008).

c. the social economy which includes social enterprise, voluntary and charity organizations. This is basically far more community-based and can be planned. Their objectives address social issues and playing a role in tackling the problems of socio-economic inclusion and poverty, and in fostering active citizenship and solidarity together with democratic participation. They also foster public policies to create an enabling environment to ensure sustainable development (Burns: 2007:456-465; Noya: 2007:4). These include construction activities in a building (not intended to be used for business
purposes) such as a ramp or widening a passage for wheelchair solely for charitable purposes.

Entrepreneurial development is taking centre stage and social enterprise is becoming popular and has received much attention as the vehicle to uplift the small business sector; and as a means to harnessing the remarkable contribution it can make towards economic development (Bosma et.al: 2009: 44; Burns: 2007: 455). Entrepreneurial development is prevalent in most developing countries (ibid.). The driving force for the establishment of these entities is the failure of public institution to meet the needs of the societies. During change, more people want to be involved in solving problems and are eager to contribute in the thriving economy in different ways.

The formalization of small businesses in South Africa has been the cornerstone in the public-private partnership for effective service delivery. Small business support policies date back to 1948 when such policies only favoured whites and stunted, if not destroyed, black businesses (DTI:1995: 12). This led the small business sector to be highly segmented with different organizations or government departments focusing almost exclusively on particular ethnic group. The influence of the past led to the responsibility of cooperatives being shifted to the Department of Agriculture in the early years of post-1994 transformation (Philip: 2003:12). As the majority of South Africans were previously disadvantaged prior to the 1994 transformation, Nyambe (2010: 5) states that when South Africa became a democratic country, a number of cooperatives were established with a view to create jobs for their members. Co-ops such as financial services cooperatives (stokvels), worker cooperatives (Zenzeleni of NACTWU), shelter or housing delivery coops, to mention a few are in existence in South African small business sector( Nyambe: 2010: 9; Phillip: 2003: 13-14; ICA: 2001:30). The establishment of cooperatives was aggravated by the establishment of the homeland development corporations where majority of black businesses operated and in rural homelands. The corporations had inadequate facilities and expertise to develop small businesses in former homelands.

2.3. The Importance of small businesses

Group activities, as they are found in every South African street corner are a manifestation of an active small business sector in the country which is predominantly
locally owned and controlled. They are informal businesses that are not inspired by technology and are more likely to satisfy the needs of poor people than large enterprises (Philip: 2003: 17). Generally, they are not operated from formal premises and are sometimes found in the backyards of owners. Massive restructuring by large firms contributed to unemployment and underemployment and those millions found potential and ability to work as collective in order provide employment.

There are many views on the importance of small business in every developing country. Calvert et.al (1995:11) asserts that their role is both corporate and social as each individual manager must contribute to the development of his own community through job security, consumerism and creation of opportunities for the underprivileged. He further characterises industrial enterprises as the wealth producing sector that funds the Welfare State. Nieman (2006:12) attributes the importance of SMMEs in South Africa to be a motivational factor of development to policy makers as they provide opportunities for aspiring entrepreneurs, especially those who are unemployed, under-employed or retrenched. The 1995 White Paper commits the government to give full attention to job creation and generation of sustainable and equitable growth through SMME development. The sector is an important source of job creation and it contributes significantly towards economic growth of a country and advancing national and individual prosperity (Ntsika 2000; World Bank 2007).

2.3.1. Job creation

The economic activities of the majority of South African population, which is constituted by the Black, Coloured and Indian races and designated groups, are found in the informal economy where jobs are more easily created. Their poor education and skills development, caused by apartheid education and labour policies, resulted in unemployment and skills disparities within the entire population (Roberts et.al: 2010; Petersen: 2011:1; Davies et.al: 2009: 3). The post-apartheid policies address issues of unemployment and create opportunities for the previous disenfranchised groups in both informal and formal activities.

Unemployment is a global crisis and there is a dire need to bring more people into economic activity. South Africa is not immune to this reality. Out of a population of nearly 50 million in South Africa (2011 Budget Review), the NGP policy framework targets 250 000 (0.5%) jobs a year from the date of its inception in 2010 to 2015.
Labour intensive developmental projects have been identified in construction of new infrastructure; operations of the new facilities; expanded maintenance and manufacture of components for the infrastructure programme. The outcomes of these targets need strong and sustainable business investments and a thriving enterprise economy through greater cooperation between the private and the public sector. Either way, these opportunities create an enabling environment for entrepreneurial development for new young entrants who more often lack the experience, skills and education necessary to access employment in the formal sectors and are thus forced to create own opportunities and provide their own employment (NGP:2010: 3; Herrington: 2009:1). These new enterprises have been found to be the poverty escape route for people who cannot find suitable jobs in the formal economy and utilize their skills to make a living (Mmakola: 2009: 71). On the other hand, local employment depends on the capacity of the industry to accommodate increases in housing and infrastructure demand. The elasticity of housing supply is one of the key determinants of how labour markets adjust to changes in local economic conditions (Saks: 2009: 21).

At a global glance from 1990 to 2003, net new jobs created by small firms (less than 20 employees) as published by the US Census Bureau (Edmiston ;2004: 77) are the most accounted for at 79.5% in comparison to midsize (20 to 499 employees) and large (500 or more) which account for 13.2 and 7.3% respectively.

In South Africa (StatsSA: 2007), employment statistics by June 2007 show that the construction industry took the lead at 31.6%. SMME employment had its own fair share contribution of 64.4 with the micro enterprise sitting at 30.8%. The lead taken by micro enterprises, indicate nascent entrepreneurial activities that have taken advantage of opportunities to create new businesses (Minniti et.al: 2005:16).

HDIs in the construction industry were targeted by affirmative action policies to address the imbalances of the past. Emerging contractors owned by females, youth, people with disabilities and rural people benefitted from the contractor development programme to upgrade their levels, participate in capacity building programme and improve their financial capacity and working capability (DR&T ECDP: 2008: 4; CIDB: 2005: 3). Opportunities offered by the DPW targeted mostly emerging female contractors to
upgrade up to level 4 as they dominated grade 1 and 2 (CIDB grade classification)\(^2\) that falls under general building construction in the contractor register. Their lowest level grades is caused by their registration under the General Building classification construction works which is caused by the lack of companies owned by black women or people with disabilities in the specialised areas such as Mechanical Engineering (ECDP).

To address the above challenge, a combination of short and long term measures that include special employment programmes and new systems have been developed and will be implemented through infrastructure programmes in South Africa. The DPW implemented the Affirmative Procurement Policy in all its contracts in order to address the country's construction structural problems (Nel et.al: 2005: 109). In order to do this, the government shifted its service delivery responsibility to SMMEs to access public infrastructure projects. The EPWP which culminated in the Growth and Development Summit (GDS) in 2003 and is linked to AsgiSA was developed to provide work opportunities for marginalised communities to participate in the mainstream economic activities while simultaneously building infrastructure, contributed in SMME development which forms part of self-employment. Other than government funded construction projects, Standing et.al (1996: 75) comment on companies being established based on own-account work. Though these companies increase the in formalisation of construction industry and labour because they are not registered, they also contribute to economic growth through their earnings. The construction industry has greater opportunities of job creation as the government is implementing its nation-wide infrastructure development programme to address backlogs in housing development, transport and communication (DTI: 1995:11). Initially, the programme was designed to be implemented by national department, but because it is a large-scale expansion of labour-intensive construction methods, its implementation cascaded to provinces, state owned entities (SOEs) and municipalities.

The government envisioned growth of employment in 2020 by five million in response to the global job losses that took place by late 2008 to mid-2009. The vision as articulated in the New Growth Path, can be achieved by focusing on areas that have the potential for creating employment on a large scale through specified job drivers. Such job drivers are found to be in six sectors such as infrastructure; agricultural value chain; mining value chain; green economy; manufacturing sectors and tourism and certain high level

\(^2\) (CIDB vol2: 2011:1) The CIDB register grades and categorises contractors according to their capability to carry out construction projects. A grade determines the maximum Rand value of a project as well as the type of construction works a contractor is capable to perform.
Barlow Manila, CEO of Automotive Industry Development Centre (AIDC) announced the industry’s contribution to the success of the NGP. The industry’s projects include the establishing of the country’s first supplier incubation centre to develop black owned component suppliers at the vehicle manufacture Ford Motor Company in Pretoria (Engineering News, 22nd July 2011). Through the infrastructure job driver, SMME activities find space by engaging in the maintenance of the existing facilities or construction of new infrastructure.

Buffalo City Metro where King Williams Town is situated and is the centre of the study successfully registered 10 companies with 20 supervisors (EPWP Report: 2004/5-2008/09). Not only municipalities contributed to job creation, the CDC was the first SOE to implement EPWP with a massive 18 and 16 SMME construction and suppliers respectively for the construction of Nelson Mandela Bay Logistic Park (NMBLP) with 83 residential units (2009 CDC Annual Report). The Eastern Cape has the most registered companies with a total of 95 SMMEs with 190 supervisors and from the total number, each of the 10 contractors enrolled in the programme by the CDC, successfully completed their R6 million projects (EPWP Report: 2004/5-2008/09; 2009 CDC Report). In a bid to mainstream the industry, the EPWP’s New Capital and Building Maintenance Contracts Programme registered 232 contracts. In addition to jobs created, Nelson Mandela Bay in the Eastern Cape has been earmarked for a multi-billion rand investment that will boost job creation and be a catalyst for the development of metal beneficiation cluster in Coega. During the construction phase of the plant, 1000 jobs will be created of which there will be an additional 400 permanent jobs expected when the plant is operational (Masincokole: May: 2011). The investment forms part of the Industrial Policy Action Plan (IPAP) which among other things seeks to promote a more labour absorbing path as outlined in the NGP Strategy.

While looking at the national employment statistics, there has been a decline in the construction industry from the last quarter of 2007 to the first quarter of 2010 (StatsSA: 2010) which is attributed to the completion of Bus Rapid Transit (BRT) Transport system and 2010 World Cup Stadiums. The state of underdeveloped transport infrastructure and the legacy of stadiums highly influenced the much desired infrastructure development in the country. On the contrary the skills drought was reduced as the country was experiencing a huge skills shortage in the construction industry.
2.3.2. Economic growth

It is worth noting that there is no unifying policy on economic growth but rather depends on an area that has a potential to generate and maintain economic performance (George et.al: 2007: 4). The nature of operations of small businesses respond to limited consumer demands for particularised products or services for a limited demand.

While the aspirations of small business development can contribute to domestic economic growth, positive spin offs can benefit regional, continental and even international economies. Comparing Africa with other continents, Sachs et.al (2004:117) in Winter (2005), identifies Africa to be the poorest and to have a negative growth in the past two decades. The ability of South Africa therefore towards new growth and development requires economic transformation through the integration of first and second economy (EPWP Report: 2004/05-2008/9: 7). The implementation of infrastructure development through the construction of 2010 FIFA world Cup stadiums, upgrading of King Shaka International Airport are endeavours of the government to bridge the gap between the first and second economy. The global economic recovery from recession of 2008-2009 is a much desired state and fiscal and monetary policies developed support strong demand of growth (2010 Budget Review).

In view of the work that has been done by other regions world-wide on small business development, Africa is able to draw lessons and develop its own strategies in response to negative economic growth. Legislative frameworks on small business development underscore lessons drawn from developed and developing countries to improve economic growth. The development of small business entrepreneurial behaviour in South Africa encourages self-employment, competition and economic growth and forms part of small business mainstreaming programmes to decrease unemployment and potentially unemployed.

Blignaut et.al (2002:1) acknowledges the big proportion of 65% is from SMME contribution in the total GDP of the country and of that proportion, more that 40% come from agriculture, construction, trade and transport. This is supported by Nieman (2006: 13) as he states that in 2002 the large proportion of GDP at 36.1% was from SMME contribution of which of the total GDP is accounted in agricultural and construction sectors. A number of concerted efforts in the form of policies, strategies, Bills (NIMS 2006) and Acts have been developed with coordinated activities that would create
space for the development of SMME contractors to participate in mainstream construction.

An EFS whose key objective is to boost employment growth in the short to medium term by identifying areas that inhibit job creation commits to increase the demand for labour. Other efforts include strengthening special employment programmes; strengthening and focusing on some of the existing investment programmes by promoting SMMEs and strengthening the employability of labour through devoting special attention in education and training programmes for vulnerable groups (NGP: 1998:4-6).

South Africa has laid a foundation on growth acceleration by developing various policies such as RDP and GEAR in the promotion and development of small business (Treasury Documents:1996). Both documents envisioned a competitive fast growing economy that is able to create sufficient jobs for all work seekers and thus transforming the behaviour of the private sector through operationalisation and implementation of policies on small business promotion (DTI: 1996:1). The behavioural change in the private sector opened doors for the supply driven businesses that would respond to changing needs of the fast growing population of a country. As Nieman (2006:8) writes, the Preferential Procurement Act of 2001 endorsed the promotion of small businesses by which the emerging and aspiring small businesses are given preference by government to benefit from public sector procurement tendering systems so as to contribute to economic growth.

In the President’s state of the nation address, in June 2009, the efforts of creating decent work are flagged as the key element of the government’s programme of action. The statement is articulated to strengthen the broader vision of the White Paper which includes all the business sectors such as big businesses, public entities and also the small enterprise sector as part of the integrated, interdependent process (President Jacob Zuma, 3 June 2009).

2.3.3. Skills development

Literature shows that there is general consensus on skills development and training as part of the equation in improving productivity performance, promoting employability and increasing self-employment (Abdel-Wahab et.al:2008:378; 2007/08 CETA Report: 39).
The general purpose of skills development is to improve the skills base of the general workforce though in some areas such as UK (Abdel-Wahab et.al: op.cit), skills development is meant to increase and improve productivity. South Africa is also no stranger in improving social and economic performance through skills development.

The contextualisation of skills development in South Africa relates to historical legacies of those denied access to skills training in the past. The development of skills development policies should therefore interact broadly with education, labour, macro and fiscal policies in order to play a significant role in building the future of the country (McGrath et.al: 2004: 2). However, this therefore suggests that the development of the strategy must consider the country’s’ skills deficit before investing in human capital.

Nieman (2006:12) states that workers in the small business often require limited skills and training as they learn the skills on the job. They do not depend on large production but rather on small quantities so as to find local markets in their surroundings or communities. Gorse et.al (2004) concur with this as they assert that coaching and action learning are the best trainings as learners or employees being developed tackle the problems with guidance and support from tutors. Construction industry managers value coaching most hence some small business register as SMME ETD providers.

The South African government has developed a number of policies to address social justice through skills development programmes and job creation to address skills shortage and increase employability among the designated groups. Small business development has been found to provide employees training in the form of a variety of learning experiences (Nieman: 2006: 10). In order for the small business sector to optimally contribute to economic growth by attracting foreign investments, eradicate poverty and be able to compete internationally, the sector should undergo a transformation process through accessing formal education that would strengthen and recognise the knowledge that had been acquired informally because access was previously denied (Allison et.al.:2010:3693).

The success of such trainings depend on the effective implementation of Skills Development Act (SDA) of 1998, availability of SMMEs as ETD providers of skills programme having been accredited by Education and Training Quality Assurance
bodies. In this regard, SMME ETD providers should have the capacity to provide education and training against specified unit standard and qualification while they still remain SMMEs in their sectors. In the construction industry, the Construction SETA (known as CETA) has been instrumental in developing unit standards for the design, supervision and management of labour intensive construction at NQF levels 2, 4, 5 and 7 for small contractors, lower level supervisors, higher level supervisors, technicians, undergraduate engineers and post-graduate engineers (EPWP Report: 2004/5-2008/09: 12). Over and above, the main aim of the EPWP while it carries out social activities, it equips participants with training and work experience to increase their chances on employability.

Development initiatives towards sustainable growth require the provision of equal opportunities to be created for HDIs and new entrants workers to advance a fair society (Act 97 of 1998; Act 55 of 1998; Abdel-Wahab: 2008:13; Act 38 of 2000; 2007/08 CETA Report: op cit). The ECDP strategy together with the CIP are the main development programmes that are developed to empower emerging contractors mostly in level 1 and 2 to become sustainable enterprises. The strategy has been developed as a result of the proliferation of disproportionate distribution of black and women companies registered under the General Building classification with a lack of specialised areas. While small contractor enterprises have been marred by business impediments, the programme provides them with exposure on technical skills through mentorship. The NIMS acknowledges the need to empower small enterprises through construction maintenance activities such as repair, refurbishment, renewal and replacement of infrastructure. Youth targeted skills development programme such as National Youth Service (NYS) is implemented through projects by both national and provincial DPW. Programmes target unemployed youth with technical skills in artisan; trade; entrepreneurial skills that will assist them to start their own construction companies (EPWP 2004/05-08/09 Report).

In any small business enterprise, the environment is more relaxed than in large firms. As Nieman (2006:10) explains, small businesses provide employees with a variety of learning experiences than in those large firms, as in small enterprises there are no specialised jobs or services.

---

3 (Document No.: APRO004: 2006) ETQA is a body accredited in terms of the SAQA Act 58 of 1995, responsible for monitoring and auditing achievements in terms of national standards or qualifications, and to which specific functions relating to monitoring and auditing of national standards or qualifications have been assigned in terms of section of the SAQA Act.
Discriminatory education policies such as Bantu Education, restricted opportunities for the acquisition of technical and professional skills by black people which led to the total absence of entrepreneurial education or sensitizing young people to encourage them to enter business and acquire a culture of entrepreneurship and thus pose a challenge in sustainability and growth of small business as they lack formal business skills (White Paper: 1995:11).

2.4. General Challenges to Small Businesses development

Small businesses are an integral part of the economy and operate within a number of environmental factors that definitely have a direct or indirect influence on their functions. Despite their potential to have labour absorptive capacity, their operations are hampered by a number of factors including microenvironment that relate to the entrepreneur itself (Cronje et.al (1998:57), market environment that relates to intense competition because of basic labour activities they perform (OECD: 2009: 9) and macro-conditions that relate to among other things regulatory and legislative requirements.

2.4.1. Microenvironment challenges

The microenvironment variables are considered as responsible for the outputs of the enterprise. They reflect on the entrepreneurial mind-set and attitude that the entrepreneur should portray while conducting the business, mission and objectives of the enterprise, management and resources. Lack of basic business managerial know-how to provide strategic direction of the firm, is a major cause of business failure (Abor et.al: 2010:224; Ncwadi et.al: 2005; Thwala et.al: 2009:199 Nieman: 2006:7). These are premised on the fact that small business owners are unable to separate their personal lives with the business, hence training and exposure in the field is essential. Bosma et.al: (2008:41) and Cronje et.al (1998:39) concur with this as they attribute the challenges with the lack of entrepreneurial training at school or post school entrepreneurial experience.
2.4.2 Public sector support

The process of redressing skewed business ownership patterns prevalent in the construction industry is at the top of the South African agenda. All government departments that have a stake in meeting basic needs of the population in order to overcome the backlog of the physical infrastructure (White Paper: 1999) develop programmes that create an enabling environment for emerging black-owned construction companies (Thwala et.al: 2009: 196) to participate in the mainstream economic activities.

a. Access to finance

Finance is an important resource to business though literature proves that accessing financial resources is a global uphill in developing and developing countries. Financial resources form the basis to access professional advisors and consultants (Ncwadi et.al:2005). The result is that emerging contractors (Chilipunde: 2010: 33) resort on ad-hoc and informal types of financial services. The financial constraint is attributed to lack of collateral, high start-up costs with no backing of revenue and reluctant financial institutions to provide loans and lack of ability to repay bank loans by emerging contractors (Ncwadi et.al 2005; Abor et.al: 2010: 224; Chilipunde: 2010: op.cit). The inability of contractors to repay loans generally classify them as high risk clients. Nieman (2009:13) suggests that business finance must be available and mostly supplied by normal financial banks. In doing so the South African government has been actively involved in offering a wide range of products and services that will enable access to finance through institutions, among others are South African Micro Apex Fund (SAMAF); Khula enterprise Finance Limited and Industrial Development Corporation (IDC) (DTI SMME Strategy: 2005). The establishment of NURCHA to provide development finance for the provision of Bridging Finance and Construction Support Services to contractors underscores the need to create access to finance by emerging contractors. Agencies such as NURCHA managed to bridge the gap between the supplier and emerging contractors as the latter do not have bargaining powers to negotiate good deals with the suppliers of building materials.

b. Regulatory compliance burden

There is growing literature that argues the elasticity of housing supply is exacerbated by models of migration and such elasticity influences the demand for increased labour
(Saks: 2005), the construction industry then becomes more competitive. Government regulations can hinder or benefit construction but most notable the former outweighs the latter.

While the government is committed to sustain growth to levels sufficient to meet social targets, tools have been developed (Act 5 of 2000; Act 53 of 2003 and Act 102 of 1996) to address economic imbalances and uneven development within South Africa. The objectives of the tools are to create a platform for all governments’ spheres to implement systems that are just; fair, equitable, transparent, competitive and cost-effective. However, while rectifying the previous unfair discrimination, Act 5 of 2000 is the key tool that enables government procurement to be accepted and used to facilitate social and economic empowerment. It has been noticed that while the commodity sector remains strong, the non-tradable sector including construction was expanding rapidly (AsgiSA: 2006:3). Prominent in the industry are environmental regulations, land zoning regulations and building permit approvals that hamper the construction industry (Saks:2005).

However, the South African Foundation (SAF), criticises policy makers as they are concerned with regulations and do not consider the negative spin-offs that are difficult to undo even if the regulations are removed. This is supported by Small Business Project consortium group that policy makers should in their objectives encourage proactive approach to regulatory reform to minimise negative impact of policies on small business development (Ashira Consulting et.al:2005:7). As small businesses do not have the scale of operation, they cannot afford to appoint designated people to look after compliance issues. The paper work is found to be time-consuming and strenuous and impede production in owner management businesses. Pillay (2009:3) attributes the non-compliance of small business poor to management and controls. These attributes are caused by time spent on focusing on survival of the company, their nature of being cash-based without a need for records and their assumption that regulatory authorities focus on larger businesses.

The 1995 White Paper identifies regulatory constraints imposed on small businesses as critical factors that prohibit small businesses access to business sector opportunities and also pose as obstacles to growth. Such constraints prompted for the establishment of the National Small Business Regulatory Review Council to look at the regulatory framework that impact on small businesses. To assist in reducing compliance burden, the South African Revenue Services established a working group on tax compliance to
advise on measures to reduce tax burden on small businesses. The National Treasury introduced measures to reduce administrative and cost burden on small business (Ntsika: 1999).

2.4.3. Economic environment

The structural changes in the incomes of the different consumer groups, however are of greater importance to management since they give rise to changed spending patterns in the products and services such as food, clothing, housing and insurance (Cronje et.al:1998:74). Indeed consumer spending patterns are a correct measure of the upswing and downswing phases of the economy therefore they have a direct influence on the strategy of the business. The government also plays its part in determining new constructions and renovations but the lengthy bureaucratic application process delay or prevent the construction altogether (Saks: 2005). Inflation and economic growth are economic variables that affect decisions of management in such a way that the company would reduce the inventory in good time if it anticipates recession (Nieuwenhuizen: 10-11). He is of the view that those cyclic phases are causal effects of political, social, technological and international environment which conversely influences the country’s economic wealth and growth which are in turn influenced by the products and services the country it produces. Cronje et.al (1998 op.cit) further states that monetary and fiscal policies of which the former is controlled through altering of the reserve ratio: the higher the reserve ratio, the less money that banks can lend out to the general public. All that contribute directly to the economic environment.

2.5 Conclusion

The focus on practice of SMME development is a global paradigm shift acknowledging the sector’s contribution to job creation, skills development and economic growth. Direct involvement of government is important to create an enabling environment by creating regulatory reforms and business opportunities for the success of the sector. Much as their scale of operation is minimal they are not immune to political, social, economic and environmental changes. These factors can improve or hamper their activities.
CHAPTER THREE: RESEARCH METHODS AND METHODOLOGY

3.1 Introduction

This chapter outlines methodology adopted in order to focus on the objectives of the research. This study explored if SMME development agenda initiatives in the construction industry of King Williams Town region of the Eastern Cape Province, aimed at addressing and improving lives of historically disadvantaged individuals are able to result in significant outcomes, such as skills development and job creation. In order to achieve the presumed results, there should be maximum government support to create an enabling environment that would result to equal participation of historically disadvantaged individuals in the mainstream construction industry. A number of strategic methods were adopted to answer the following objectives of the study which are:

1. To explore the ability of SMME development to create jobs and provide workplace based training in the King Williams Town construction industry;

2. To examine the trends of skills development within the King Williams Town construction industry.

3. To explore mainstreaming and support programmes to enhance sustainability of the construction industry

This chapter is divided into three sections. In the first section is the approach of the research which describes delimitation of the study and methods used to collect data. The second section contains data collection tools and the last section has data analysis tools.

3.2 Research approach

This study focuses on exploring the dynamics of an emergent construction industry in the Eastern Cape that now involves SMME companies managed and run by previously disadvantaged individuals. The aim of the researcher is to understand the long-term challenges in the industry and contribute towards finding the solutions to achieving equal participation in the mainstream construction industry. Both qualitative and quantitative approaches were used with an exploratory study to garner information. A
qualitative method as stated by Green and Browne (2005: 46) is characterized by non-numerical data that aims to explore meaning and understanding experiences of respondents studied. This approach tried to identify the salient factors within the study, such as the skills shortage in the construction industry which contributes to the increasing unemployment. Less formal and less rigid textual data collection tools were adopted. However, to ensure that objectives of the study are dealt with, emerging contractors from King Williams Town and surrounding areas were targeted though they later withdrawn. The Eastern Cape DPW was also included in the sample in an effort to explore government support to enhance sustainability of the industry. As Lapan et.al (2012: 3) write, qualitative research places more emphasis on the study of phenomena from the perspective of insiders and is aimed at generalizing findings with the use of interpretive frameworks of social context. This approach was adopted to learn about government support programmes and participants’ new experiences of small business development.

3.3. Target population

Population, as described by Gravetter et.al (2009: 138), refers to large groups that attract interest to the researcher whereas small set of individuals who participate in the study is called a sample. Both these groups were identified as target populations that would enable the researcher to generate data. However, to ensure that objectives of the study are dealt with, the target population consists of:

1. A building company from the surroundings of King Williams Town that is not participating in government programmes.
2. Workers participating in answering questionnaires
3. Focus group drawn from construction workers to participate in interview inquiry.
4. The Eastern Cape DPW officials were also was included to represent government.
5. The owner of the construction company- Daddy Tee Construction Company
6. Contractor Financial Support Intermediaries

3.4 Data collection

After identification of the target population, permission to collect data was sought from all participants. The approach was explained by the researcher and hence a voluntary focus group was formed by the construction workers. Data collection, as stated by Joiner Associates (2005: 2- 4), is an essential process whose objective is to understand problems and opportunities of a phenomena to avoid pitfalls. Data was collected using
various tools including literature review, narrative inquiry and interviews, and questionnaires and observation.

3.4.1 Narrative inquiry and interviews

Narrative inquiry, which includes face-to-face interviews with both structured and less structured questions, was conducted. Narrative inquiry was dominated by less structured questions to create environment for storytelling by employees’ natural experiences, individually or collectively while the researcher took notes. According to Webster et.al (2007:5) narrative enquiry allows researchers to get an understanding of the impact experience as it attempts to capture the whole story. Squires (2008) in Wells (2011:5), is of the view that narrative inquiry relates to human experience, represents experience and displays transformation or change. Bernard (2000:191) does not agree that questions are asked informally as in narrative inquiry. He argues that questions are based on a clear plan and both the interviewer and the interviewee are aware and know what the interviewer is doing and there is no shared feeling between the interviewer and the interviewee. Though respondents were aware of the inquiry, the interactions were informal and relaxed as if they were unaware of the formality of the interview process, and therefore they were able to relate and give credible answers to the questions posed in natural conversation flow. During interactions, when the researcher asked a question, it was possible to get more than one answer from different people, presented differently though related to the question.

Four sets of face-to-face interviews were conducted with both structured and less structured questions. Adler et.al (2011: 253-256) is of the view that when respondents fill in the instrument on their own without the help of the researcher, the instrument is called a questionnaire and when interviewees are asked questions, as is the case in the face-to-face interviews, the instrument is known as structured interview programme. The first set of interview conducted using structured questions was with the employees of Daddy Tee Construction Company. Only one set of focus group selected with nine representatives who consented to be interviewed. The group felt that they didn’t express themselves enough in structured interviews. Below are extracts of interview sessions conducted with a focus group:

**Researcher:** Why do you prefer interviews over a questionnaire?
**Worker 1:** “…the questionnaire is like filling a form, there is limited space to express yourself. Ma’am, when I write, my mind is faster than my hand and some information get lost and find later that I did not capture it while writing but if I am talking to you as we are doing now, nothing will be lost between my mind and hand.”

**Worker 2** “… we have moved away from the era of writing letters, this thing (referring to the questionnaire) is like writing a letter whereas we no longer do that we talk to our loved ones as if they are with us.”
Worker 3 “… since you are not in the industry interviews will be right for me so that we understand each other, what you want to learn or know from us. Maybe your interview is going to change peoples’ attitudes towards us as we are doing this dirty work, as they call it.”

Narrative inquiry was conducted at different intervals for four consecutive days. Each interval took 30 minutes. The first intervals were in the morning two hours after they started working, the second intervals were conducted 30 minutes before lunch time and last interviews conducted 30 minutes before knock off. The different intervals conducted were to assess behavioural changes in support of non-verbal responses over the duration of their daily activities. The advantages of interviews while sourcing data is that the tool is able to reach even the illiterate respondents and those who find it difficult to write their opinions but find it easy in answering questions asked (Bernard:2000:230). Its aim is to let respondents to open up and express themselves in their own way of understanding issues in their own space. Above all the tool is able to give insights that reflect attitudes and behaviours of respondents towards job creation and skills with respect to small business development. A sample of questions asked were as follows:

1. When you joined the company what skills did you have? Did you acquire any other skills? If yes, what were the skills?
2. How would you describe the process of skills transfer in the industry?
3. Before you joined the construction industry how was your frequency of employment?
4. Which age groups are dominant in the construction industry especially in labour work? What are the contributing factors to your answer?

The second set of interviews conducted was with government official in the Eastern Cape DPW. Senior Manager for Construction Industry Development Programme (CIDP), Ms Thembakazi George in the Eastern Cape DPW represented the department. The inquiry intended to explore the extent of government support on SMME development in the construction industry. As Wilkinson (2003:63) points out, the advantages of using interviews is that they provide a vast amount of rich useful data which either prompts follow up questions or gather data that may become useful for further analysis. As interviews progressed, it was clear that challenges that existed before the emerging contractor development programme was implemented still exist. It was also clear that the industry is purely in the hands of the private sector of which the government has no absolute control. Herewith are sample questions asked to the senior manager:

1. Which contractors are targeted by the programme and why?
2. Do contractors finish their projects within the contract time frames?
3. Do contractors finish their projects within the contract time frames? If not, why?
4. Which skills in the programme that contractors are exposed to?
5. What are the critical challenges in the industry?
The third set of interviews was conducted with the owner on the construction company at the construction site. This set of interviews was conducted to collect data from the contractors’ point of view. Equally important, was to understand how skills development takes place on managers and their benefits thereof. Questions such as:

1. What motivated you to start a company?
2. What is the profile (skills, education levels, experience etc.) of your workers?
3. How does skills transfer takes place in your company?
4. Are you participating in government contractor development programme? State reasons for your answer.

The fourth set of interviews was with the private construction intermediary that offers financial, construction and administrative empowerment to emerging small and medium contractors. It was necessary to source data from a private sector company on the roll out of government emerging contractor development programmes. The importance of this information was to understand how the government operates as opposed to the private sector, how do these sectors (public and private) jointly contribute to SMME development. Interviews were held with the branch sales representative, Mr Madoda Mbeki, in the branch offices in East London.

1. Why was this company established?
2. What services does this company offer to contractors and how?
3. How do contractors access the company services?
4. What are the most challenges faced by emerging contractors and how do you reduce those challenges?
5. Do you think the government is doing enough in supporting the development of small businesses, job creation and skills development? If so in what way?

3.4.2 Questionnaires

Questionnaires were developed to source data from workers of Daddy Tee Construction Company. The company has a staff compliment of 43 workers (39 labourers including casual workers; 3 foremen and 1 manager). Of the 43 workers, 29 workers were given the instrument to answer questions in their own time without the help of the researcher while the remaining nine consented to participate in narrative inquiry. The first part of the questionnaire had closed questions that required biographical information of respondents. Following those, were work related questions with a combination of closed and open ended questions. This tool, as Gillham (200: 6) claims, has been voted as the most affordable by most researchers. The tool has proved to be the best as it is low on cost and allows time for respondents to complete it when it suits them as opposed to interviews. This is supported by Oppenheim (1997:43) as he states that the costs of an interview are strongly influenced by contacting time i.e. the time an interviewer has to spend in order to find respondent to interview. In addition to the above, every questionnaire designed will speak to the nature of data required for each particular study.
The researcher agreed with workers that questionnaires will be collected after two weeks from the day the tool was with them. The researcher observed that the willingness and enthusiasm that was there on the day of receipt of the questionnaire was no longer there when questionnaires were required to be returned. Of the 29 questionnaires issued out, the first 17 were returned on the agreed day, fully completed. Those who could not return the tool had various excuses such as they forgot the tool at home, when they get home they are tired and could not fill in the questionnaire. It did not take long for the outstanding questionnaires to be received by the researcher. Of most important was that, the researcher learnt that visiting the site time and again to collect outstanding questionnaires is time consuming.

3.4.3 Observation

To effectively administer the tool, Colton and Covert (2007:314) suggest that site selection and time of the day should be carefully considered while planning to administer the tool as it involves seeing, hearing and less commonly touching (Barbie: 2010:43). This therefore suggests that there should be clear view of what is under observation. Direct observation was type of the method applied to ensure a more detached perspective from the activity.

The tool was administered at the construction site in the morning an hour before interviews started and in afternoon an hour before knock off to allow observation of any behavioural change in activity performances at different times. Its advantages are that the study is undertaken while workers are in their natural setting without their behaviour influenced. This enabled the researcher to study one skill at a time as the construction work consists of phases. The researchers’ regular visits at the site did not influence any behaviour to perfect workers performance as their main concern was to acquire skills to increase their chances of employability.

Observation of skills transfer was between foremen and workers. The procedure was conducted in three phases. The initial phase of the procedure, the worker listens to the foreman while he explains the work to be done. The second phase he demonstrates just what he explained while the learner is watching. The third phase the foreman gives the instruction to the worker and he takes over. The exercise is repeated over and over again until the foreman is satisfied with the quality and the worker will thus be told that he has acquired the skill. Observation of each skill was conducted for 1hour per day for four days. Each skill was therefore allocated four hours in four days which result in a total of 16hours for administering the tool. While the learner is performing his task to master the skill, he is under a watchful eye of the foreman. While the activity is conducted (skills transfer), the researcher takes notes, photos and video clips for data analysis. These tools were of assistance to recall all what was under observation and notes represent sample of observation. Photos and video clips support the empirical evidence of observation.
3.4.4 Source documents

Armstrong (2010:55-56) suggests two types of source documents, primary and secondary documents. Primary sources could be documents in the era in which the project is being studied and secondary documents could be published documents such as government publications, magazines and posters.

Primary source document that was studied was the human resource file of Daddy Tee's Construction Company. The file provides full statistics of employees from the date of its establishment in 2006. Secondary source documents studied were official government reports on SMME development with a special focus on skills development and job creation by the construction industry and academic literature.

3.5 Data analysis

The purpose of data analysis is to interpret issues raised by the research question. The technique provides the prospects of understanding participants individually or in groups interacting with each other in their social context. This is done by transforming raw data into something that is meaningful and provides an understanding of how collected data is related to the existing body of knowledge (Cargan: 2007: 229). While applying the technique, the researcher compared data collected during interviews with data in questionnaire to ensure any correlation to get to the findings. Another alternative was comparing data collected during interviews and data collected during observation. Coding was used after each session of data collection as the first step towards data analysis. Data coding was used in conjunction with memoing. According to Glaser (1978) in Matthew (1994:72) memoing involves tying different pieces of theorised data or ideas into a recognisable cluster that lead to general concepts. Memoing which is as a result of researchers’ ideas as they evolve and has been generated in memos throughout the study, was used to distinguish between those assumptions that were there in the researchers mind and real situations.

Content analysis was used to analyse data of which tables were used to present education levels, age groups, number of employees acquired a particular skill, for example. The biographical information is important to measure the most dominating age group in the industry. Each table was followed by a pie chart which displays the total quantity of data. The proportions of the circle will represent both qualitative and quantitative data.

Despite the intention of achieving objectives of the study, challenges in data collection were just an unexpected experience. The worst challenge was the expense of collecting questionnaires. The researcher met with various excuses for the unavailability of questionnaires. Common excuses were that they forgot their questionnaires at home. Other could not finish answering the questionnaire in time. Visits to the site were therefore more than as planned. The other challenge that was an unforgettable experience were interview sessions with a focus group. When the researcher asked a
question, they all wanted to talk whereas they talk the same thing but presented differently. All that transpired from the interviews and questionnaires were verified from the human resource file and the manager. Other challenges were disappointments by contractors participating in the contractor development programme to honour interviews after agreements were reached.

3.6 Conclusion

Data collection methods are influenced by the nature of data required, the source from where data is to be collected and the environment or setting where methods are going to be applied to answer and achieve research question and its objectives. The construction industry is dynamic and project based and therefore methods applied respond to the situation at hand. Generally, data collection for behavioural science research should be conducted at intervals to produce data that will produce transformed behavioural change at the end of the study. Observation and face-to-face interviews have been the best techniques that were able to make the researcher relate what was under observation and terminology used in the industry. While conducting narrative inquiry, the researcher needs to be focused as respondents tend to be excited and provide information that is not necessary relevant to the topic. Data is as important as the method used to collect so that the researcher is able to make informed decisions based on first-hand information. While collecting data, the researcher is in a position to clear assumptions that were there and pass the information to other researchers. Over and above, data collection gives a true picture of the situation and helps to influence the decision makers of the industry.
CHAPTER FOUR: FINDINGS OF THE STUDY

4.1 Introduction

The key findings of the study shed some light on a number of issues with respect to small business development as a key tenant of the Eastern Cape construction industry. The overarching problem of unemployment is as a result of technical skills shortage that compel discouraged workers to opt for any job opportunities at their disposal. Workers are chronically under skilled in their industry and never evolve within the workplace without training. As a result they are disposable and often lose their jobs. Conversely, SMME development and programmes to fast-track job creation and skills development have produced good results to counteract this trend. However, on the surface it might seem as though small business development programme was not meeting targets or achieving its objectives, because of the escalating rate of unemployment in South Africa.

The bigger picture of transformation policies that seeks to support and create an enabling environment for HDIs to actively participate in mainstream construction industry, do not unlock or remove some barriers that existed before policies were developed to achieve economic advancement of HDIs. Challenges such as lack of access to skills education, or vocational education, existed during the apartheid era and continue to exist. Dippenaar et.al (2012:3-4), argue that though vocational schools for black people were available for formal apprenticeship training, they were designed to offer inferior education compared to that received by white people. This led to the stigmatisation of vocational oriented education amongst black people. These challenges are a factor in unequal participation in the industry. This is because of the apartheid laws and the industry has been purely in the hands of the private sector which is dominated by white professionally skilled people who discriminate against black people and put a strain on black contractors who aimed to climb up the ladder. As Ramoketsi (2008: 33-34) argues, the education of the Natives (Blacks) was not to be academic but ensured that they are subservient to Europeans and deprived skills and abilities that could have been tapped to the full to benefit the country. The research has uncovered potential areas of further research that were beyond the scope of this report. The researcher would like to pursue the evaluation of SMME development programmes in relation to job creation and skills development to reduce unemployment and increase economic growth.
The findings of the research were measured through the use of:

1. Interviews with
   a). Manager of the construction company not participating in the development programme – Daddy Tee’s Construction Company
   b). Focus group of Daddy Tee Construction Company.
   c). Government official involved in the development programme from DPW
   d). Private sector intermediary for emerging contractors
2. Distribution of questionnaires to workers of Daddy Tee Construction
3. Observation of the activities performed at the construction sites

4.2 Presentation of findings

Data presented as findings is the interpretation of data collected in relation to the objectives of the study. The purpose of presenting findings is to broaden the present findings of the study in the larger context of the construction industry.

4.2.1 Biographic background

This section presents data analysis as form of evidence in the form of tables and charts. Data is derived from various indicators such as levels of education of workers in the industry, skills acquired through coaching and mentoring. These indicators would assist to draw conclusions based on the understanding of the units of the unemployed population.

4.2.1.1 Table 1 and Figure 1:

Educational Levels of workers- Daddy Construction Company

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary education</td>
<td>10</td>
<td>23%</td>
</tr>
<tr>
<td>High school education (grade 10-grade 12)</td>
<td>26</td>
<td>60%</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>6</td>
<td>14%</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>3%</td>
</tr>
</tbody>
</table>
The above table and chart show the total number of workers in the construction company with their different levels of education. Data in the table was collected from questionnaires that were filled by 29 workers, interviews with focus groups and human resource file of the company. Data collected shows that that a large proportion of construction workers is constituted by those who have high school education which represents 60%. This implies that people who should be doing clerical work opt for any job available to them. Out of 10 respondents in the focus group, 5 of them claimed to have passed grade 12 between 1982 and 1985 (their claims correspond with information in file) while the remaining five were those with primary education. The conversation below is an extract from interaction with the focus group.

**Researcher:*** "..you said, you started working in the industry two years after matriculation, why are you still working in the industry with your matric certificate?  
**Worker 1:*** ".. when I was doing matric in 1984, I was hoping to be a professional civil engineer. Because things didn’t go well, I couldn’t get financial assistance, I mean to get a R20 application fee for university was a hurdle on its own. I couldn’t get neither a job in the police service nor a clerical job as they were popular government jobs at the time. That is why I ended up here."

**Worker 2:*** " ma’am, as I said to you, as you grow older, there is nothing you shy about. What is important is that you must be able to prove that
you are a provider for your family, therefore you have no choice you take any job that is available".

Worker 3: “… look chap, what you say does not sound good to me. The manual construction work is for us, because I am uneducated and I have no- where to find job that’s why people call us “Daka boy” (name referring to assistants of qualified workers) and “Manyindana” (name referring to poor quality work done by not a professional).

Researcher: “… why do you think workers with matric should not do manual work?

Worker 4:”…no man, Daka boy or Manyindana is everywhere in business, as long as you don’t have qualifications you are bound to be Daka boy. Don’t mind him Ma’am, what counts in the private sector when one is looking for jobs is a first time first serve appointment. We cannot be disadvantaged just because we passed matric. Everyone knows that there are no jobs in this country but retrenchments occur every now and again. It’s hard”.

Worker 3:”….these people are better off than us, uneducated people. Government is creating opportunities for them. Look young people are in higher positions in government but with us there are no promotions at all. I am above 35 years and the government cannot support me to acquire the expensive trade test certificate. I have to finance it and for those below 35 the list is always long. This means that opportunities are limited for us”.

Researcher: “…so when does a worker stop to be Daka boy or Manyindana?

Worker 5: “…..guys let’s not accuse each other. We are all Manyindana because we are not exposed to training that will give us qualifications. What I can tell you Ma’am is that, once you are trained by your supervisor and he confirms that you have mastered the skill, then you are on your own. It’s easy to look around for construction projects because you don’t feel embarrassed when you are assessed for your skill on you on arrival”.

Worker 6: “….at this stage even your neighbours can hire you because you feel excited to have secured employment in a known company. You tell everyone you know that you mastered a skill. Unaware you are marketing yourself because you receive calls people asking when are you coming home as they have jobs waiting for you”.

Workers: “… that is true, sometimes you even train your son so that jobs don’t wait for you and by that you earn trust and respect from your community. In most cases with us as black people, that is how families join construction industries. The more you are hired the more your standard of living improves because you are even offered piece jobs. By
being exposed to job opportunities you are able to provide for your family by extending your homestead and the standard of living is improved”.

**Researcher:** “….you have been in the industry for more than five years, why have you not upgraded and become a qualified artisan?”

**Workers:**... work is so scarce once you go back to school, you lose money.”

…….“ it’s not easy to see yourself without a salary.”

…….” I don’t want to disappoint my references when they call me for a job.”

It is not by choice for them to do manual work in the industry, lack of employment opportunities is the cause. In addition, not only job seekers with matric certificate find it difficult to find employment, even those with university degrees are forced to enter second choice careers or find jobs of unskilled workers (City Press 17 June 2012).

A 23% is a portion of respondents with tertiary education. Though this is a smaller group than those with matric certificate, this could imply that workers’ tertiary qualifications could not provide marketable opportunities for them. On the other hand, it could mean that this percentage of respondents decided to opt for any work opportunities than to wait for jobs related to their qualifications. This underscores what has been by exposed by City Press newspaper that even graduates opt for second choice careers of unskilled workers. It has been found that diversification of skills is the order of the day for individuals to put food on the table.

Respondents with primary education are the smallest portion. They claim that those with higher levels of education are taking their employment. This claim comes from the fact that, better educational levels are associated with people living in urban and semi-urban areas (Ospivo: 1969: 236). Rural people as they are concentrated in scattered rural dwellings, are prone to be uneducated or to have acquired junior secondary education. This category does not have special training and do manual labour. Further, this group is of the view that if educated people take their job opportunities, their employment chances are fading. Because the nature of the job is dangerous and dirty it is by implication meant for uneducated people. The smallest percentage represents a percentage of workers with six months certificates.
4.2.1.2 Table and Figure 2: Racial distribution of respondents

<table>
<thead>
<tr>
<th>Ethnic origin</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacks</td>
<td>31</td>
<td>61%</td>
</tr>
<tr>
<td>Coloured</td>
<td>12</td>
<td>39%</td>
</tr>
</tbody>
</table>

King Williams Town area is mainly dominated by black people who occupy rural residential communities and few coloured residential areas in semi-urban townships. Data collected shows that the construction industry has a diverse work-force dominated by black people who constitute the large percentage of 72%. The larger proportion of black people in this company indicates lack of development in education and economic opportunities to the level it should have as Ramoketsi (op.cit) stated earlier.

The portion also indicates that workers with high school and tertiary education are black people who were disenfranchised by the apartheid laws. It is by implication that they dominate the area and as well the largest percentage in the unemployment statistics in the area.

4.2.1.3 Table 3 and figure 3: Ages of workers in the project

<table>
<thead>
<tr>
<th>Age group</th>
<th>Number of workers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-35</td>
<td>7</td>
<td>16%</td>
</tr>
</tbody>
</table>
The construction industry is like any employment sector where workers are constituted by all age and racial groups. Of the total population, the largest portion is constituted by middle aged workers at 58%. This implies that this group is constituted by those workers with high school education. Because of unavailability of employment opportunities for them as transpired during interviews, they have resorted to taking up any employment available to them. It must also be noted that the group is constituted of family heads and therefore taking up any employment was not by choice.

The second largest portion is a group approaching retirement age as defined by the South African older Persons Act 13 of 2006. It has been noted that amongst the group, coloured people are dominating and have been in the industry for most of their working lives. Of the group, workers with primary and high school education can be found. It has been noted that part of the group is constituted by young people who have tertiary education.
4.2.2 Workforce related activities

4.2.2.1 Table 4 and figure 4: Number of skills acquired

<table>
<thead>
<tr>
<th>Skills acquired</th>
<th>Number of skills acquired</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painting</td>
<td>10</td>
<td>23%</td>
</tr>
<tr>
<td>Bricklaying</td>
<td>14</td>
<td>32%</td>
</tr>
<tr>
<td>Plastering</td>
<td>11</td>
<td>26%</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>19%</td>
</tr>
</tbody>
</table>

In the light of data collected, every worker in the construction sector acquired a skill. All the skills acquired have been through informal coaching. They are general construction skills that are easy to learn through ‘learning by doing’. The first three skill areas have been acquired through coaching by foremen who are full time employed artisans. It has been found out that one of the two artisans has primary education and is a qualified artisan while the two have high school education. Though bricklaying is the most acquired skill, it transpired that workers in this skill area acquired other skills from other construction projects. Workers claim that acquiring more skills in the industry increases chances of employability.

Of importance to note is that, on arrival employees are assessed on the skill they claim to have acquired elsewhere. Assessments are conducted under the supervision of the foreman. It is on the discretion of the foreman after the assessment that an employee needs further coaching to perfect his performance or can be employed as skilled labourer. Basic construction skills are fundamental in addressing economic
empowerment within the HDIs as the government is addressing infrastructure development in the country.

Though there is no certification at the end of the project, an informal skills development programme has taken place, which simultaneously increases chances of future employment for workers.

4.2.2.2 Table 5 and figure 5: Workers’ experience in the project

<table>
<thead>
<tr>
<th>Workers experience in the project</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months and above</td>
<td>12</td>
<td>28%</td>
</tr>
<tr>
<td>Less than 12 months</td>
<td>22</td>
<td>51%</td>
</tr>
<tr>
<td>other</td>
<td>9</td>
<td>21%</td>
</tr>
</tbody>
</table>

The construction sector performances are always project-based. The company has the largest portion of 51% of workers for less than 12 months of a year. Due to the fact that the industry is project-based, when each phase is complete, those involved in the phase leave the project and the new staff comes in for the next phase until the construction project is finished. The other contributing factor to the increased percentage of the group, are casual workers. Casual workers are always at the site as the work they do is always available, which ranges from collecting rubble to cleaning floors and windows. This group forms the port of entry for work seekers to enter cities. To this end, Sinclair (1978: 53) is of the view that in urban areas unemployment has a ‘voluntary’ component as most people leave their jobs to find higher salaries. Therefore those quitting their jobs create space for urban newcomers.
The smallest percentage, at 21%, are subcontractors who perform specialised jobs such as installing electricity and plumbing. They are neither in the company nor seasonal workers as they are readily on call when their services are needed. Job opportunities for them are not geographically located as their scarce skills are in demand. The group of workers at 28% are foremen who are full-time employees and form the core of the company. Amongst the group are workers who have worked for the company for more than five years. They mastered their trade-skills and therefore chances of employability increased and when the company has big projects they are always on call.

4.2.2.3 Table 6 and figure 6: Employee wages paid fortnightly

<table>
<thead>
<tr>
<th>Workers’ salaries</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages less than R700</td>
<td>24</td>
<td>56%</td>
</tr>
<tr>
<td>Wages between R700 and R1000</td>
<td>12</td>
<td>28%</td>
</tr>
<tr>
<td>Wages between R1000 and R1200</td>
<td>4</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>7%</td>
</tr>
</tbody>
</table>

The above chart shows the large proportion of 56% of workers earning below the minimum wage. This group is constituted of casual workers whose wages are calculated based on the hours they have worked. Other workers in the group are those under training and who have not yet mastered the skill. It is a group that is not on the payroll and therefore not registered for the Unemployment Insurance Fund (UIF). In some cases no personal details are required as they are hired only when a need arises. It is likely that casual workers can be engaged in multiple projects in one area within one week and thus provide opportunity for them to survive on their meagre wages.
Data shows that 28% and 9% of workers are earning between R700 and R1000 and between R1000 and R1200 respectively. Workers in this group are both skilled workers who mastered the skill but not qualified artisans. They have worked for the company and thus form the core of the company. This group is constituted of bricklayers, plasterers and painters.

The small 7% response rate come from workers who provide specialised services. They are plumbers and electricians. Their wages are determined by the quote they submit, hours they have worked for and the amount or size of work to be done.

4.2.3 Opinions on SMME development and job creation

4.2.3.1 Table 7 and figure 7: The extent of SMME development and job creation

Data collected from workers on their opinions on the extent of SMME development in job creation varies based on the individuals’ meaning of job creation. It has been noted that 61% of responses are workers who understand job creation as the opportunity to be offered paid work, is bigger than the other two groups. Workers who agree that SMME development create jobs, argue that, before any construction activity starts, people who become workers are neither employed nor skilled. They further acknowledge that during the period that the project is still operational, poverty in their households is reduced. Also, workers utilize their skills in piece jobs they receive to earn a living when construction projects are unavailable.
On the other hand are two minority groups who have different opinions on the matter. The response rate of 21% neither agrees nor opposes that SMME development create jobs, their concern is mainly to have permanent jobs. This group is of the view that jobs created should be life-long. The minority group of 18% is firm in their responses that SMME development is not making any impact in their lives because no worker can tell when the next employment is coming on his way. In addition to their responses, they are of the view that big chunks of money in any construction are enjoyed by the owner as workers get small salaries.

4.3 Other findings from interviews

Responses on data collected from workers indicate and acknowledge that SMME development creates jobs and serves as a training ground for building construction skills development. This is informed by the increasing number of jobs created through a number of developments that are taking place in King Williamstown and surrounding area. By development the researcher is referring to construction of low cost houses in semi-urban areas with the intent to improve peoples’ lives in terms of providing better accommodation through the provision of houses. Such developments are provided by Government that is contributing through ensuring that every municipality builds low cost houses in previously disadvantaged areas. It is where previously disadvantaged construction workers are getting jobs, acquire and improve their skills and in that way their level of standards are uplifted as stated during interactions.

Once construction workers become involved in big projects and acquire skills, the frequency of getting jobs increase. The increased chances of getting jobs are a result of working experience they gather and reliable contactable references. They earn trust and integrity from their communities because of the exposure in different projects. They are easily hired by local community members to build houses for them or fix any other building construction related problems. Other benefits from working in the construction industry are that, after the project has come to an end, ex-construction workers can claim from their unemployment insurance fund, which was buoyed during an employment phase and to which they are entitled to being contributed while the project was operational.
4.3.1 Interview with the manager of the contractor

The manager (owner) of the company believes that in any sector the inherent requirement for the owner to start a small business is to have experience and knowledge of the sector. As he was working in a hardware store, knowledge of types of material and skills needed in each stage of construction are the reasons that his company is expanding.

From the contractors’ point of view, policies do not speak to the needs of the companies. There are no policies in place that protect them (contractors) as opposed to workers. His observations were that policies would have a greater impact if government would insist on establishing cooperatives by contractors so that even small companies from disadvantaged groups can benefit from big tenders such as construction of low cost houses. Small companies collapse within a period of less than five years because of, among other things, tax burden. Other reasons for the collapse of small businesses are that those not participating in government programmes are not supported by the government through mentorship programmes. He is of the view that it would be better if there would be big companies assigned by government to assist develop small companies whose companies are not linked to government tenders.

4.3.2 Interviews with DPW: CIDP Senior Manager

It transpired from the interview session with the senior manager that participation in the ECDP is voluntary. Only grades 1 to 4 participate in the programme. These grades are targeted because they are considered not to be established, from grade 5, those businesses are considered established. The programme, among other things seeks to upgrade them to be established so that they are no longer assisted. When there is going to be new intake of learners (emerging contractors), the department advertises the programme with clear requirements.

Emerging contractors participate in the programme by implementing government infrastructure programmes such as building schools, storm water drains, low volume roads and sidewalks. Skills such as entrepreneurial, business and technical are what contractors are exposed to. It transpired that not all learners finish their projects because of lack of funds. In that case the department loses. The department takes full
responsibility to appoint experienced construction mentors guide and advise the learner based on the structured development plan. In summary, the industry is increasing its skills base in King Williams Town and the surrounding areas.

Challenges that existed before the promotion SMME development still exist, acknowledged by the senior manager. The main challenge is the access to finance (capital) and exposure to procurement processes. Lack of finance to pay membership fees with CIDB make them loose tenders and are prone to be degraded. Even if the contractor wins the tender, the challenge in some cases is under-costing the project and that lead to shortage of finances before the project is finished and the project is not finished.

4.3.3 Interviews with Tusk Construction Support Services (TCSS)

The company was established because of the gap that exists between contractors, commercial lending banks, suppliers of building material and government. The company is an intermediary between these parties to facilitate and further create an enabling environment for emerging contractors to participate in mainstream construction industry. It is a one stop shop for project finance and support services. The company provides support in four categories such as:

a. **Bridging finance.** The company issues a letter of intent to help the contractor. The company covers all the costs of the construction project until the employer pays the contractor.

b. **Performance guarantees.** Because emerging contractors have no credit record with major lenders and suppliers, this issues for the duration of the project.

c. **Access to material.** The company becomes involved in identifying the necessary material required including assets to minimise costs of hiring. Material is procured on ad hoc basis to avoid waste caused by overstocking.

d. **Construction support services.** These services include among others project evaluation which include pricing at current market prices to determine viability.
There are a lot of challenges faced by emerging contractors. Though government has created opportunities, they fall back to grade 1 as they find it difficult to self-sustain on completion of the project. The contributing factor to contractors fall back is caused by delayed payments from government departments where services were delivered on their behalf. A number of issues, such as failure to pay exorbitant annual membership fees, inability to buy material for the next project, are affected by the delayed payments.

Because the industry is purely in the hands of the private sector, contractors are unable to upgrade up to grade 7 in a vicious circle of further rejection. Also the researcher found that contractors participating in government development programmes are reluctant to participate in research studies, as was the researchers’ experience.

4.4 CONCLUSION

The formalization of the small business sector has many dimensions that neither benefit the HDIs nor exploit them.

Prior to the 1994 transformation when the SMME sector was not properly regulated, two economies were created and strengthened, the first economy that was constituted of the bourgeois’ (capitalist) and second economy constituted of the proletariat (working class). The second economy was not developed and depended on the first economy. Regulations were not meant to protect the working class but rather gave power to the capitalist to exploit worker. Though the informal economy was not recognized by the capitalist, its contribution to the economic growth was significant through informal markets though not formally accounted.

In order to redress the inequalities in small business sector, development should benefit and promote equal participation in the mainstream economy. Government systems such as policies, regulations and programmes should be biased to benefit those disenfranchised in the past. The infrastructure development is the point of departure to redress the imbalances. This causes dilemma to small businesses whether to register as formal businesses while exploring the burden of regulations. Contributing factors to the dilemma, are among other things are cumbersome procedures and processes such as lengthy registration processes, registration costs that reduce income of the business
and implications of regulations such as the tax burden. Other related issues are that small companies find it difficult to pay annual membership fees and contribute to the UIF and skills development levies.

Development programmes designed are arguably designed to benefit HDIs and not continue to benefit the capitalist. The emerging contractors that are targeted to benefit hardly reach grade 5, the lowest grade of the established business grades. The country’s development model (small business development) does not consider poverty levels of the targeted groups (working class). Notably, the working class which are survivalists and small businesses remain as such with gradual change in skills development without feasible features of sustainability. The model can only claim its success in skills development but if these skills are not nurtured, the business aspect of the model is doomed to collapse and the whole model is a failure.
CHAPTER 5: CONCLUSION

5.1 Introduction

It became apparent to the South African government that the role played by SMMEs is critical to the development of the country. This study intended to assess the extent to which SMME development has contributed in job creation and skills development for the purpose of self-employment and poverty alleviation.

This is premised on the fact that small business sector is globally recognised and acknowledged to represent an important vehicle to address challenges of job creation. In order to do that, the government took an initiative to formalise the sector to ensure equal participation in the mainstream economy by the designated groups who were disenfranchised in the past and were operating informally.

The aims and objectives of the study were to:

- To explore the ability of SMME development to create jobs and provide workplace based training in the King Williams Town construction industry.
- To examine the trends of skills development within the King Williams Town construction industry.
- To explore mainstreaming and support programmes to enhance sustainability of the construction industry.

5.2 Key findings of the study

The study has found that the sector is male dominated with the majority of workers having high school education and working as labourers or qualified artisans. By implication this is a group of unskilled work-force who depend on manual labour to execute their duties. They are always found to be on the bottom of the hierarchy in any organisational structure. They act as assistants to other tradesmen and for them to acquire a skill they depend on coaching by mentors who are qualified artisans. Learning by doing is the main skills transfer programme in the industry.

Middle aged workers are found to constitute a large portion of working which by implication they have families to support. Of this portion, black people are found to
constitute a large portion which would mean that they are the group that has been hard hit by racial laws of the past. They were deprived of proper education, trade-skills and economic opportunities to enhance their skills. On the job training and mentoring is the order of the day in transferring skills by experienced workers to less skilled workers. Bricklaying has been the most acquired skill as opposed to painting and plastering.

Due to the fact that the construction sector performances are project based, a large proportion of workers are casual workers who are hired only for a specific task such as cleaning windows, collecting rubble and or when need arises. Also in this group are learners who are in the project to acquire the skills but are able to earn salaries. With regards to wages, this is the group that earns meagre salaries and will face the problem of poverty after the task has been finished as they are not registered in the Unemployment Insurance Fund.

The study has also found that of the total workers, 61% agree that SMME development creates jobs and serve as a platform for skills development as they acknowledge that workers are neither employed nor do they have skills before they join the construction labour-force. While they are employed they either acquire new skills or improve their skills to enhance their working experience and better their chances of being marketable. A minimum 18% does not share the same opinion. For them the programme is “apartheid” in reverse as they claim the big chunk of money goes to the well-established business owners and workers do not earn much.

From the manager’s point of view, poverty and crime can sometimes be attributed to unemployment, though he is not condoning crime. He mentioned that criminals who are caught stealing from his project admit that it is because they did not get the opportunity to be employed while they experience the same poverty as those who are fortunate to get jobs. He believes that if the government could promote cooperatives within the SMME sector, emerging contractors can benefit from government tenders for the construction of low cost houses. That would remove stereotypes that coloureds and white people are the only beneficiaries of government tenders. The manager’s experience in resolving sexual harassment allegations towards females by males has taught him to stop hiring female labourers as they are always in small numbers and are hired for ad hoc tasks towards the end of the project.
5.3 Conclusion

The small business sector is divided into three categories. The first category is the private sector which by nature concentrates on trading and its objectives is profit maximisation. Due to increasing needs and demands of the societies within which it operates, objectives of each small business diverge and new trends of small business emerge in response to the identified gaps and opportunities in the market. The second category is the public sector enterprise whose operations are planned and are non-trading. This category is designed to deliver some of the services on behalf of the government. This is where government support to emerging contractors comes in. The third category is the social enterprise that includes voluntary and charity organisations.

Intervention programmes by government to create an enabling environment for the small business sector are not enough. The government should be able to unlock barriers to access finance due to problems such as lack of collateral. This contributes to emerging contractors lack capital equipment. There should be systems developed to assist and monitor emerging contractors. This is based on the nature of development programmes that are designed to benefit emerging contractors who are grade 4 and below do not provide professional services that are necessary in the industry. The grades indicate the structure of companies that there are no professional, legal and consultancy services within the company. This gap will in no doubt drain company finances reserved to start the business. This leaves the researcher with concerns that if TUSK was not established to provide these services, how would the government report on the success of small business development.

5.4 Recommendations

Though the government claims that the programme is effective, it needs better design so that full participation of emerging contractors is achieved. It is recommended that:

- Strong partnership between government and construction industry is facilitated/created. This would enable emerging contractors to enter the private sector database and acquire the skills according to the standards of the private sector. This would also eliminate discrimination towards emerging contractors as they seen as working under sympathy
- Government programmes should encourage cooperatives within emerging contractors for them to secure tenders of big project
- There seems to be no programmes on construction recycling skills, this is a gap that should be explored to
- The disjuncture that seems to exist between policy objectives and its implementation should be looked at and rectified. In order to do so, the background (financial viability, skills capacity) of enterprises as they were operating informally should be taken seriously during policy development as these are the main causes of failure in the sector.
REFERENCES

Abdel-Wahab, M.S. (2008). *An examination of the relationship between skills development and productivity in the construction sector*. CICE. Loughborough


Bank, L; Makubalo, L. and Maqasho, L. (2010). *Housing Delivery and State Subsidies*. FORT Hare Institute of Research


Blignaut, J.N., Demana, T. ( 2002). *Does it Profit to care about the Environment*


*Broad-Based Black Economic Empowerment Act (BBBEE)* 53 of 2003


Chilipunde, R.M. (2010). *Constraints and challenges faced by small, medium and micro enterprises in Malawi*
CIDB. (2005). *Applying the procurement prescripts in the CIDB in the Public Sector*


Mbanjwa, X. City Press, (17 June 2012). *Young, jobless and desperate- Degrees with no guarantees*


*Contractor Incubator Programme.* (2004). Department of Public Works. Republic of South Africa


*Employment Equity Act 55 of 1998*


*EPWP Report. 2004/5-08/09*


Goosen, S. (22nd July 2011). *Centre to assist government in reaching New Growth Path goals*. Engineering news


http://www.ariyaprojects.com


http://www.easterncapebusiness.co.za


*Journal of Small Business and Entrepreneurship.* (1992) Vol. 9, No.2


Moavenzadeh, F. (1976) *The Construction Industry in Developing Countries*. Massachusetts Institute of Technology


*National Small Business Act 102 of 1996*

*National Small Business Amendment Act 26 of 2003*

*National Small Business Regulatory Review, Final Report, 1999*


Nowak, M. (2007) *International Monetary Fund. Article IV Consultation – Staff Report*


OECD. (2004) *Promoting SMEs for Development*


OECD. (2009) *Competition in the construction industry*


Pillay, V. (2009) *Strategies for improving the quality and accuracy of SME bookkeeping*

Preferential Procurement Act 5 of 2000

President Jacob Zuma- *The State of The Nation Address*, 2009

President Thabo Mbeki- *State of The Nation Address*. 2003


*Realignment strategy and management plan for the Emerging Contractor Development Programme*


Saks, R.E. (2005) *Job Creation and Housing Construction: constraints on metropolitan area employment growth*

*Skills development Act 97 of 1998*

*South African Qualifications Authority Act 58 of 1995*


The Small Business Economy. (2005) *A Report to the President*. United States


www.statssa.gov.za/publications/P02111/P021112008.pdf


ANNEXURE 1: QUESTIONNAIRE NO 1

SECTION A - Demographic background

Instructions: Circle one answer from the following

1. Ethnic origin
   Black
   White
   Coloured
   Other

2. Age group
   18-35
   36-50
   51-65
   Above

3. Please circle highest year of schooling
   Primary
   High School
   Other

4. Number of dependents

5. Sex (circle)
   Female / Male
SECTION B – Work related information

1. When did you join the industry and why? ..........................................................
   ..........................................................................................................................
   ..........................................................................................................................
   ..........................................................................................................................

2. When you joined the industry did you have any skill? If yes how did you acquire
   the skill you have now? ..................................................................................
   ..........................................................................................................................
   ..........................................................................................................................

3. How do skills you have help you? .................................................................
   ..........................................................................................................................
   ..........................................................................................................................
   ..........................................................................................................................

4. How do you know that you have mastered the skill? Please explain ............
   ..........................................................................................................................
   ..........................................................................................................................
   ..........................................................................................................................

5. How long have you been in this project? Choose one answer
   12 months and above
   Less than 12 months
   other

6. How would you describe skills transfer in all the companies you have worked for.
   ..........................................................................................................................
   ..........................................................................................................................
   ..........................................................................................................................

7. Do you agree or disagree that SMME development creates jobs? Explain why
   you say so ........................................................................................................
   ..........................................................................................................................
   ..........................................................................................................................

8. Do you think small businesses from black communities can be recognised like
   those established from the white communities? Explain your answer ............
   ..........................................................................................................................
   ..........................................................................................................................
ANNEXURE 2: QUESTIONNAIRE FOR THE MANAGER

1. What motivated you to start a construction company? ...........................................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

2. How did you get financial support? .................................................................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

3. When you started the company how many workers were in the company? .......
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

4. When people arrive in your company seeking work, how do you recruit workers?
   .................................................................................................................................
   .....................................................................................................................................
   .....................................................................................................................................
   .....................................................................................................................................

5. On arrival how do you assess workers have the necessary skills required? .......
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

6. Do you have permanent staff? Give reasons for your answer ...........................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

7. Do you think government is doing enough to support SMME development especially the construction industry? Explain your answer ...........................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

8. What are challenges do you experience in the industry? .................................
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

9. What else would you like the researcher to know about the industry? .............
   .....................................................................................................................................
   .....................................................................................................................................
   .....................................................................................................................................
   .....................................................................................................................................