



**Broad-based Black Economic Empowerment as a
Competitive Advantage in Procurement in the
Construction Industry in KwaZulu-Natal**

**Dissertation submitted in compliance with the requirements for
the**

**MASTERS DEGREE IN TECHNOLOGY: BUSINESS
ADMINISTRATION**

**in the Faculty of Management Sciences at
Durban University of Technology**

DAX EDWARD GOOSE

March 2012

Supervisor: Dr M. de Beer: M.Com; PhD; A.C.I.S.

Co-supervisor: Mr L Kaplan: B.Com; M.Phil

**Broad-based Black Economic Empowerment as a
Competitive Advantage in Procurement in the
Construction Industry in KwaZulu-Natal**

**Submitted in fulfilment of the requirements of the Masters Degree
in Technology: Business Administration in the Faculty of
Management Sciences at Durban University of Technology**

DAX EDWARD GOOSE

March 2012

Approved for final submission

Supervisor
Dr M. de Beer: M.Com; PhD; A.C.I.S. **Date**

Co -Supervisor
Mr L Kaplan: B.Com; M.Phil. **Date**

DECLARATION

I, the undersigned, hereby declare that the work contained in this dissertation is my own original work, and that I have not previously in its entirety or part submitted it to any university for a degree.

Signed..... Date.....

ABSTRACT

The aim of this research project was to study the basic understanding the decision makers of construction companies in KwaZulu-Natal had of the Broad-based Black Economic Empowerment (BBBEE) initiative. This initiative has evolved from its origins as a form of affirmative action in the early 1990s into the broad-based initiative embodied in the Broad-based Black Economic Empowerment Act promulgated in 2003 and gazetted in 2007. Research was conducted using a questionnaire to assess the targeted population's understanding of BBBEE. A census of the 259 construction companies affiliated with the KwaZulu-Natal Master Builders Association (NMBA) at the time of the research was used. The questionnaire was distributed primarily by email and the returns were assessed using statistical methods. The results were also tested as a cross-tabulation based on the demographics and the BBBEE rating of the respondents. The findings showed that although most of the respondents knew about the BBBEE initiative and indicated a level of understanding of this policy, certain of their perceived understandings were misguided. The way in which the Act was intended to be implemented and was intended to benefit those who were previously disadvantaged had been misread by all parties. The way in which the government has rolled out its BBBEE initiative has not been effective. This needs to be addressed by both training and partnering with those SMMEs that can most effect change to implement the Act. This study only scratched the surface of the effects the BBBEE legislation will have on small to medium-sized businesses. It has highlighted the need for further research into both the trickle-down effect of this initiative and into the availability of skilled personnel to grow the economy in the way the BBBEE Act intended.

ACKNOWLEDGEMENTS

First and foremost, I would like to thank God for giving me the strength of understanding, commitment and the promptness to learn.

I would also like to extend thanks to my supervisor, Dr Marie De Beer, for her support and guidance. I would like to thank Mr Lewis Kaplan who co-supervised the study.

To Debbie Turrell, I would like to express gratitude for being a constant anchor and source of encouragement.

Last but not least, I would like to thank my wife Marcia, who is my rock, for her help and guidance, as well as the whole family for putting up with me during this process.

STATEMENT FROM THE DEPARTMENT OF TRADE AND INDUSTRY

"Our country requires an economy that can meet the needs of all our economic citizens – our people and their enterprises – in a sustainable manner," the Department of Trade and Industry (DTI) says in its BEE strategy document.

"This will only be possible if our economy builds on the full potential of all persons and communities across the length and breadth of this country."

Despite the many economic gains made in the country since 1994, the racial divide between rich and poor remains. As the DTI points out, such inequalities can have a profound effect on political stability:

"Societies characterised by entrenched gender inequality or racially or ethnically defined wealth disparities are not likely to be socially and politically stable, particularly as economic growth can easily exacerbate these inequalities."

(South African.info. Gateway to the Nation. *Black economic empowerment*.)

TABLE OF CONTENTS

TITLE PAGE	i
DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS	iv
STATEMENT FROM THE DEPARTMENT OF TRADE AND INDUSTRY	v
LIST OF TABLES	xi
LIST OF FIGURES	xii
ACRONYMS	xiii
CHAPTER ONE: INTRODUCTION	1
1.1 INTRODUCTION	1
1.2 PROBLEM STATEMENT	2
1.3 RESEARCH OBJECTIVES	3
1.4 RATIONALE FOR THE STUDY	3
1.5 SCOPE AND LIMITATIONS OF THE STUDY	4
1.6 BACKGROUND	4
1.7 RESEARCH METHODOLOGY AND DESIGN	6
1.8 STRUCTURE OF RESEARCH REPORT	7
1.9 CONCLUSION	8
CHAPTER TWO: LEGISLATION AND THE DEVELOPMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT	10
2.1 INTRODUCTION	10
2.2 HISTORICAL BACKGROUND	10
2.2.1 Historical necessity	10
2.2.2 The Black Economic Empowerment Commission	11
2.3 BLACK ECONOMIC EMPOWERMENT LEGISLATION	12
2.3.1 The National Small Business Act 102 of 1996	13
2.3.2 The Competition Act 89 of 1998 and the Employment Equity Act 55 of 1998	13

2.3.3	The Preferential Procurement Policy Framework Act 5 of 2000	14
2.3.4	The Broad-based Black Economic Empowerment Act 53 of 2003	14
2.4	REGULATION AND COMPLIANCE	15
2.4.1	The creation of BBBEE	15
2.4.2	The BBBEE initiative	16
2.4.3	The Codes of Good Practice	16
2.4.4	The scorecard	19
2.5	STRATEGIC IMPACT	23
2.5.1	The creation of a competitive advantage	23
2.5.2	Preferential procurement	24
2.6	CONCLUSION	27
 CHAPTER THREE: RESEARCH METHODOLOGY		29
3.1	INTRODUCTION	29
3.2	POPULATION	29
3.3	THE RESEARCH INSTRUMENT	30
3.4	QUESTIONNAIRE CONSTRUCTION AND DESIGN	30
3.4.1	The questionnaire	30
3.4.2	Research objectives	31
3.4.3	Data collection and analysis	31
3.5	SECTION 1: GENERAL INFORMATION ON THE COMPANY	32
3.6	SECTION 2: ASSESSMENT OF THE COMPANY PROFILE	33
3.6.1	The company's annual turnover for the previous financial year	33
3.6.2	The number of permanent staff	33
3.6.3	Company ownership	34
3.6.4	Company owned by a holding company	34
3.6.5	Corporate policies governing the company	34
3.6.6	The level of Black Economic Empowerment rating (if known) that the company presently has	34
3.6.7	Rating was achieved prior to February 2009	35
3.7	SECTION 3: BASIC ASSESSMENT OF COMPANIES USING BBBEE SCORECARDS	35

3.7.1	Section 3 Part A: Confidentiality clause	35
3.7.2	Section 3 Part B: BBBEE compliance	35
3.8	SECTION 4: UNDERSTANDING OF THE BBBEE INITIATIVE BY DECISION MAKERS	40
3.8.1	Gender	40
3.8.2	Age bracket	40
3.8.3	Race	40
3.8.4	Understanding of the BBBEE initiative as set out by the government	41
3.8.5	The objectives of BBBEE as understood by you	41
3.8.6	Had these objectives as understood by you been achieved	41
3.8.7	Level of agreement	41
3.8.8	Knowledge of the BBBEE initiative	43
3.8.9	Have you been awarded government tenders?	44
3.8.10	Percentage of the company work derived from government and/or parastatal work	44
3.8.11	Changes in turnover and number of employees	44
3.8.12	Status of the company over the last three years	44
3.8.13	Reduction in growth, turnover and/or equity in relation to the present economic climate	44
3.9	RELIABILITY	45
3.10	DATA ANALYSIS AND INTERPRETATION	45
3.11	CONCLUSION	45
	 CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION	 47
4.1	INTRODUCTION	47
4.2	STATISTICAL ANALYSIS METHODS	47
4.3	ASSESSMENT OF COMPANY PROFILE – SECTION 2	48
4.3.1	Company's annual turnover for previous financial year	48
4.3.2	Number of permanent staff	48
4.3.3	Company ownership	49
4.3.4	Holding company	49

4.3.5	Governed by corporate policy	50
4.3.6	The present level of BEE rating (if known)	50
4.4	ASSESSMENT OF COMPANY SCORECARDS – SECTION 3	51
4.5	UNDERSTANDING OF THE BBBEE INITIATIVE BY DECISION MAKERS – SECTION 4	52
4.5.1	Indicate gender	52
4.5.2	Age bracket	52
4.5.3	Race	52
4.5.4	Understanding of the BBBEE initiative as set out by the government	53
4.5.5	The following idea best describes the objectives of BBBEE	54
4.5.6	The objective has been achieved	54
4.5.7	Please indicate your agreement with the following statement	54
4.5.8	Knowing more about the BBBEE initiative	59
4.5.9	Been awarded government tenders.....	60
4.5.10	Indicate the percentage of the company work derived from government and/or parastatal work	61
4.5.11	In the past three years your company has increased or decreased turnover and increased or decreased the number of employees	61
4.5.12	Indicate the state of the company over the last three years	62
4.6	CONCLUSION	63
CHAPTER FIVE: ANALYSIS AND DISCUSSION OF FINDINGS		64
5.1	INTRODUCTION	64
5.2	THE BASIC UNDERSTANDING OF THE BBBEE INITIATIVE	65
5.2.1	General	65
5.2.2	Cross-tabulation of findings: demographics and company's BBBEE rating	65
5.2.3	Summary of cross-tabulation of findings	68
5.2.4	Recommendations	70
5.3	BBBEE COMPLIANCE	71
5.3.1	General	71

5.3.2	Cross-tabulation of findings: demographics and company's BBBEE rating	72
5.3.3	Summary of cross-tabulation of findings	74
5.3.4	Recommendations	74
5.4	BBBEE COMPLIANCE AND ESTABLISHING A COMPETITIVE ADVANTAGE THROUGH PROCUREMENT AND TENDERING	75
5.4.1	General	75
5.4.2	Cross-tabulation of findings: demographics and company's BBBEE rating	76
5.4.3	Summary of cross-tabulation of findings	85
5.4.4	Recommendations	86
5.5	CONCLUSION	87
CHAPTER SIX: CONCLUSION		89
6.1	INTRODUCTION	89
6.2	REVISITING THE OBJECTIVES	89
6.3	RESEARCH FINDINGS	91
6.4	RECOMMENDATIONS	92
6.5	SCOPE FOR FURTHER RESEARCH	92
6.6	LIMITATIONS OF RESEARCH	93
6.7	CONCLUSION	93
REFERENCES		95
ACTS		99
APPENDIX 1: QUESTIONNAIRE		100
APPENDIX 2: COVERING LETTER		111
APPENDIX 3: BBBEE SCORE CARD		113
APPENDIX 4: CROSS – TABULATION PERCENTAGES		115

LIST OF TABLES

Table 2.1	Breakdown of generic BBBEE scorecard	21
Table 3.1	Breakdown of research questionnaire	30
Table 3.2	Adjusted BBBEE scorecard for QSEs in the study	39
Table 4.1	BBBEE rating of respondent's company	51
Table 4.2	Respondents' opinions on whether BBBEE provides an advantage in tendering	55
Table 4.3	Policy in place	56
Table 4.4	Company has benefited from being BBBEE compliant	56
Table 4.5	Your company will benefit economically if work is obtained from government contracts	57
Table 4.6	Access to government tenders will increase turnover	58
Table 4.7	BBBEE compliance is advantageous	58
Table 4.8	Knowing more about the BBBEE initiative	60
Table 4.9	Been awarded government tenders	60
Table 4.10	Percentage of work derived from government/parastatal ..	61
Table 4.11	Company has increased or decreased turnover and increased or decreased the number of employees	62
Table 4.12	State of the company over the last three years	62
Table 5.1	Been awarded government tenders	82
Table 5.2	Percentage of the company work derived from government and/or parastatal work	83
Table 5.3	State of the company over the last three years	84

LIST OF FIGURES

Figure 2.1	Trickle-down effect of the BBBEE initiative	17
Figure 2.2	Areas of transformation	18
Figure 2.3	BEE status generic scorecard	20
Figure 4.1	Types of company ownership represented by respondents	49
Figure 4.2	Breakdown of respondents according to age group	52
Figure 4.3	Breakdown of respondents according to race	53
Figure 4.4	Breakdown of respondents according to their level of understanding of BBBEE	53
Figure 4.5	Respondents' perceptions of the objectives of BBBEE	54
Figure 4.6	Summary of questions 4.7.1–4.7.10	59

ACRONYMS

ANC	African National Congress
BBBEE Act	Broad-based Black Economic Empowerment Act 53 of 2003
BEECom	BEE Commission
BMF	Black Management Forum
DTI	Department of Trade and Industry
SMME	Small, Medium and Micro Enterprise
QSE	Qualifying Small Enterprise
EME	Emerging Micro Enterprise
The Codes	The Codes of Good Practice

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This study is focused on the effects of Broad-based Black Economic Empowerment (BBBEE) on small to medium-sized construction companies in KwaZulu-Natal. BBBEE is an evolution of the initial Black Economic Empowerment (BEE) policy as revised and as set out in the Broad-based Black Economic Empowerment Act 53 of 2003. BBBEE is the main drive of the South African government, through procurement and tender, in its own procurement framework. As outlined in the 2008 Budget Speech (Manuel.2008), the purpose of BBBEE is to expand the participation of the black population previously disadvantaged under the apartheid era (Standard Bank 2006:4). "Black disadvantaged" refers to African, Coloured, Indian and now Chinese South Africans, as adjudicated by the Pretoria High Court in June 2008 (Mbola 2008:1).

In 1994, apartheid in South Africa was formally ended and the democratisation process was begun (Jack 2007:5-6). Since then, businesses have been encouraged to participate in the government's goal of increasing corporate participation by the black majority population. To accelerate this participation, the BBBEE Act was promulgated in 2003. This evolved from the work done by the Black Economic Empowerment Commission that was created in 1997. To implement BBBEE, the Department of Trade and Industry (DTI) was tasked with drafting a policy to enable companies to put the process into action. This resulted in the Codes of Good Practice and Industry Sector Charters being gazetted in February 2007. It was realised that these would provide a standardised definition and framework for BBBEE evaluation.

At first BEE transactions were essentially private placements of equity. Firms that had taken this socially activist position of selling portions of their equity, usually at a substantial discount, to black empowerment groups, received positive media attention in the name of “good corporate citizenship” (Standard Bank 2006:4). But not all companies had the opportunity to sell part of their equity and therefore BEE has expanded to become “broad-based” and to include black participation in other areas. These are management, employment equity, skills development, preferential procurement, enterprise and socio-economic development.

This study focuses on assessing the implementation of BBEE principles in small and medium-sized businesses in the construction industry in KwaZulu-Natal. It will investigate the perceptions of BBEE held by decision makers in these businesses, as it is through these decision makers that change can best be effected (Robbins et al 2004:107).

1.2 PROBLEM STATEMENT

Public feedback through the print media reflects a misunderstanding of the intentions of BBEE and the effects that it will have on existing businesses and staff.

Many have perceived this policy as a ploy to replace existing white workers with black workers, and have therefore seen it as a threat. This misconception seems to have created a negative response to the change. The initial processes under BEE and the practice of BEE (mainly in the form of affirmative action) remain highly contested, even though the idea has been around in principle since the signing of the Freedom Charter that was adopted at the Congress of the People in Kliptown, on 26 June 1955 (Freedom Charter 1955).

Initially the focus has been at a corporate level where only a few members of previously disadvantaged groups have gained wealth and access to shares.

The lower-skilled workers have not seen an improvement from this initiative (Sanchez 2006:5-6). Small to medium-sized enterprises may be the framework for implementing the BBBEE initiative at the 'coal face', thus enabling those who were previously disadvantaged to ascend the corporate ladder. This has led to the BBBEE initiative as it stands today.

At present there is little information available that indicates the level of understanding of the BBBEE initiative by the decision makers of construction companies. Their understanding of BBBEE principles needs to be assessed in order to evaluate their implementation of the BBBEE initiative in terms of establishing a competitive advantage in tendering.

1.3 RESEARCH OBJECTIVES

The main objective of the research is to assess the basic understanding that the decision makers of construction companies in KwaZulu-Natal, classified as Qualifying Small Enterprises (QSEs), have of the BBBEE initiative in terms of compliance and the competitive advantage gained through procurement and tendering. The supporting objectives are:

- To investigate the basic understanding that the decision makers of construction companies in KwaZulu-Natal have of the BBBEE initiative.
- To investigate BBBEE compliance in order to determine a level of BBBEE rating for companies.
- To investigate the perceived competitive advantage gained by BBBEE-compliant companies through procurement and tendering.

1.4 RATIONALE FOR THE STUDY

A vast amount of research has been conducted on BEE at corporate level in major companies but not on small to medium enterprises, as indicated by the Director of the DTI, Lionel October (OECD 2008:52). He pointed out that in

the application of BEE codes there existed a perception in the business world that BEE was “all about ownership factors”, which are not the focus of the BBBEE initiative.

As the BBBEE policy was only finalised in 2007, little is known about its broad-based application. October (OECD 2008:52) also noted that there was “confusion and a lack of a correct understanding of broad-based BEE” across a whole section of the economy. He went on to maintain that little is known about the level of knowledge the decision makers have about BBBEE or the processes involved in the implementation of the policy.

The information obtained for this study will provide a clearer indication of the training and information needs that have to be addressed in order to implement BBBEE positively and constructively. It will also highlight the general ideas held by decision makers within QSEs in the construction field in KwaZulu-Natal.

1.5 SCOPE AND LIMITATIONS OF THE STUDY

The Codes of Good Practice contained in the BBBEE Act have different charters and scorecards pertaining to various industries. The focus of this research is on the construction industry in KwaZulu-Natal and is limited to QSE companies only. These are defined as earning between R5 million and R35 million per fiscal year. Enterprises earning an annual total revenue of up to R5 million are defined as Exempted Micro Enterprises (EME) and all those above R35 million per fiscal year as Generic.

1.6 BACKGROUND

Since the election of a democratic government in 1994 there has been a drive towards socio-economic transformation in providing equal opportunities for those previously disadvantaged during the apartheid era. The aim has been to increase black people’s participation in the economy by empowering them to meet their own social needs rather than relying on government

handouts. With the move towards positive change, a BEE policy was created in the early 1990s, having evolved from various Acts of Parliament (DTI 2003-2004:10).

During the 1990s, BEE focused mainly on ownership and the transfer of ownership to previously disadvantaged people. The policy stated that black South Africans, who were then defined to include Indian, Black and Coloured people (the definition has been modified to include Chinese South Africans as adjudicated by the Pretoria High Court in June 2008), were to be part of transactions that involved the sale of equity stakes in companies at a substantial discount.

According to Jack (2007:22), BEE policy tended to be seen as a narrowly based strategy, and it became the focus of growing criticism and dissatisfaction. Government was forced to review the policy, renaming it Broad-based Black Economic Empowerment, and former president Thabo Mbeki called on society as a whole to engage more closely with it in his State of the Nation address in 2008 (Mbeki 2008).

Government institutions in particular were encouraged to employ all their legislative leverage and buying power to force the pace of change. Departments at all levels of government were expected to implement the strategy and the Department of Trade and Industry (DTI) was allocated the leading role (DTI 2003).

Overall, the framework became more comprehensive and the scope of transformation was broadened. This occurred following the publication of the BEE strategy by the DTI in 2003, the promulgation of the BBBEE Act in 2003, and more importantly with the proposal of the Codes of Good Practice in late 2005 (gazetted in February 2007). (DTI 2007:60)

The BBBEE Act established a legislative framework for the promotion of BEE with the main objective of facilitating the process through a national policy.

The policy was defined as an integrated and coherent socio-economic process that would directly contribute to the economic transformation of South Africa. This would bring about significant increases in the numbers of black people that managed, owned and controlled the country's economy, as well as significant decreases in income inequalities (DTI 2003).

With the government's drive to empower black people, which involved it being more selective in choosing companies for its various projects, many companies misrepresented their BEE status. 'Fronting' occurred, where window-dressing, benefit diversion and opportunism came about (Standard Bank 2006:7). This may have helped a few individuals, but these changes did not flow down the ranks to enrich the majority.

In theory, the BBBEE policy leads to job creation, global competitiveness and economic growth; however, in practice it is still proving a difficult challenge, especially for small businesses. Accredited companies have been created to assist in the process but these can be costly to consult with (Jack 2007:29).

1.7 RESEARCH METHODOLOGY AND DESIGN

A survey design, comprising the use of email questionnaires, was selected in order to fulfil the objectives of the study. The questionnaires were submitted to the management of the selected construction companies.

A list of 259 construction companies in KwaZulu-Natal, obtained from the KwaZulu-Natal Master Builders Association (KZNMBA), was used to conduct the survey.

The findings of the questionnaire were analysed using the Statistical Package for Social Scientists (SPSS) and Microsoft Excel. In preparing the

data for analysis, editing and coding of the raw data was undertaken. Following data editing, a coding template was constructed in order to provide the key coding instructions for each variable. All questionnaires were pre-coded prior to data capture in order to reduce errors resulting from incorrect data entry. Content analysis was carried out for the open-ended questions, which were then quantified for SPSS analysis.

1.8 STRUCTURE OF RESEARCH REPORT

The following is a summary breakdown of the chapters to follow:

Chapter 1: Introduction

This chapter provides the background and context of the study, presents the problem statement, identifies the primary and secondary research objectives, and outlines the rationale for the study as well as its scope and limitations. The research methodology and design are outlined, and the structure of the research report is laid out.

Chapter 2: Literature review

The literature review covers the historical background and context of the BBBEE Act 53 of 2003, the issue of competitive advantage and the tendering process in South Africa.

Chapter 3: Methodology

The research methodology implemented is outlined and the sampling techniques, data collection and capture methods, and data analysis are presented. Each of the questions used in the questionnaire is analysed to assess its purpose.

Chapter 4: Presentation of results

The data collected was analysed using SPSS, Microsoft Word and Microsoft Excel, and the results are presented in narrative and graphic forms.

Chapter 5: Analysis and interpretation

The significant findings of the empirical study are analysed and interpreted using descriptive statistics and cross-tabulation. The results are compared with the intended purpose of questions in the research design (Chapter 3).

Chapter 6: Conclusions

The problem statement and the primary and secondary objectives of this research are revisited and commented on. Areas for further research are suggested.

1.9 CONCLUSION

This chapter has provided a brief introduction to the study, highlighting to some extent certain misconceptions about the BBBEE policy as it stands today. These misconceptions, as noted by Lionel October (OECD 2008:52), indicate that there was “confusion and a lack of a correct understanding of broad-based BEE” across whole sections of the economy. He went on to maintain that little is known about the level of knowledge the decision makers have about BBBEE or the process of implementation of the policy.

The impact of the changes in various policies that the government has implemented, and of the various acts that the government has promulgated over the past 13 years, was assessed in this research. In order to obtain a clearer understanding of the BBBEE initiative and its associated legislation, the legislation that led to the promulgation of the BBBEE Act will be analysed and presented in the chapter that follows.

A discussion of the acts (the National Small Business Act of 1996, the Competition Act of 1998, the Employment Equity Act of 1998, the Preferential Procurement Policy Framework Act of 2000, and the BBBEE Act of 2003) lays the foundation for examining the details of the Codes of Good Practice gazetted in 2007 and the BBBEE scorecard that emerged. This then provides

a start to examine the strategic impact of gaining a competitive advantage and to establish the role of preferential procurement in contributing towards BBBEE compliance.

CHAPTER TWO

LEGISLATION AND THE DEVELOPMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

2.1 INTRODUCTION

The previous chapter gave an overview of the research that has been conducted for this study. This chapter expands on the background to the study and focuses on the historical factors that have made BEE a necessity, and the development of BEE as a concept and practical tool, underpinned by three specific government policy instruments: legislation, regulation and incentives that promote compliance, such as preferential procurement.

The historical development and progression of the legislation on which the study is based are examined. The specific acts referred to are the National Small Business Act of 1996, the Competition Act of 1998, the Employment Equity Act of 1998, the Preferential Procurement Policy Framework Act of 2000, and the BBBEE Act of 2003.

The chapter proceeds to examine the regulation of BBBEE, focusing on the structures and methods of determining BBBEE compliance, specifically the Codes of Good Practice gazetted in 2007 and the BBBEE scorecard. Finally, this chapter examines the strategic impact of gaining a competitive advantage and establishes the role of preferential procurement in contributing towards BBBEE compliance.

2.2 HISTORICAL BACKGROUND

2.2.1 Historical necessity

During the apartheid era, black people were denied access to skills development and were prevented from participating in the economy. They

were also deliberately prohibited from generating self-employment opportunities and from entering the business sector. Race was used to restrict and control black people's access to the economy. The whole system, including the introduction of Bantu Education with the Bantu Education Act 47 of 1953, was designed to ensure that black people were merely suppliers of cheap labour.

A central objective of the Reconstruction and Development Programme initiated in 1994 was to deracialise business ownership and control completely through focused BEE policies aimed at enabling black people to access capital for business development more easily.

2.2.2 The Black Economic Empowerment Commission

The idea of a BEE Commission arose out of a resolution taken at a Black Management Forum conference in November 1997. It was then formally established in May 1998 under the auspices of the Black Business Council. The BEE Commission's terms of reference were as follows:

- To develop a clear and coherent vision and strategy for BEE.
- To develop a clear and unambiguous definition of BEE.
- To locate the empowerment project as part and parcel of the transformation of South African society.
- To determine the role of black women in the empowerment process.
- To determine the role of black business in the transformation process.
- To examine ways in which the management skills of black people could be developed.
- To examine ways in which black business could speak with a united voice on issues that affected them directly.
- To examine ways in which black business could ensure that its actions were honourable as it conducted business.
- To determine practical ways in which small businesses could be developed.

(BEE Commission 2001:9-11)

The Black Economic Empowerment Commission provided the following definition of BEE:

Black economic empowerment is an integrated and coherent socio-economic process. It is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership, management and control of South Africa's financial and economic resources to the majority of its citizens. It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity.

(BEE Commission 2001:11)

2.3 BLACK ECONOMIC EMPOWERMENT LEGISLATION

Government uses policy instruments, such as legislation, regulation and preferential procurement, to achieve the goals of BEE. These have served as guidelines for the proper implementation of BEE.

The legislative framework, strategies, policies and programmes that have been introduced aim to provide an environment where all of South Africa's citizens can participate in the country's economy in a fair and just manner. This move towards positive change has been the product of the evolution of the BEE policy from the various commissions, programmes and charters created in the early 1990s, to specific pieces of legislation promulgated in the late 1990s and early 2000s (DTI 2003-2004). The following pieces of legislation were significant landmarks in the development of the BEE and BBBEE framework.

2.3.1 The National Small Business Act 102 of 1996

A national strategy for the development and promotion of small businesses was tabled in 1995, the key component of which was the creation of new black-owned and black-controlled businesses. The National Small Business Act was promulgated in 1996, and its purpose was to provide an enabling environment for Small, Medium and Micro Enterprises (SMMEs). It also established institutions that were to provide financial and other support to entrepreneurs.

The National Empowerment Fund was created in 1998. This fund held equity stakes in state-owned enterprises and other private enterprises on behalf of historically disadvantaged people. It was tasked to:

- Provide historically disadvantaged people with the opportunity to acquire shares directly and indirectly.
- Encourage and promote savings, investment and meaningful economic participation by historically disadvantaged people.
- Promote and support business ventures pioneered and run by historically disadvantaged people.

(DTI 2003:8-9)

The National Small Business Development Promotion Programme encouraged disadvantaged people to start their own businesses, thereby ensuring broader and more meaningful participation in the economy of South Africa.

2.3.2 The Competition Act 89 of 1998 and the Employment Equity Act 55 of 1998

The Competition Act of 1998 was introduced to increase the numbers of historically disadvantaged people who had a share in the economy. This act allows for exemptions from anti-competitive practices. It promotes the ability of black-owned and black-controlled enterprises to become competitive.

The Employment Equity Act of 1998 required all enterprises that had more than fifty employees to embrace affirmative action to ensure that all racial groups were represented in all occupations and at all organisational levels within a certain time period.

2.3.3 The Preferential Procurement Policy Framework Act 5 of 2000

In 1997, a Green Paper on public-sector procurement reform was issued. Mechanisms intended to give effect to a preferential procurement policy were introduced. These were as follows:

- The tendering process was made more accessible for black people.
- Tenders were unbundled into smaller portions to allow smaller enterprises to tender for work.
- A points system was introduced in order to award tenders on the basis of the combination of price and preference for targeted groups.

This Green Paper was later promulgated as the Preferential Procurement Policy Framework Act of 2000. The concept of preferential procurement is discussed in greater detail in section 2.5.2 in relation to issues of regulation and compliance.

2.3.4 The Broad-based Black Economic Empowerment Act 53 of 2003

During the 1990s, BEE focused mainly on ownership and the transfer of ownership to previously disadvantaged people. The policy stated that black South Africans, who were then defined to include Indian, Black and Coloured people (the definition has come to include Chinese South Africans as ruled by the Pretoria High Court in June 2008) (Mbola 2008), were to be involved in transactions that involved the sale at a substantial discount of equity stakes in companies.

BEE tended to be seen as a narrowly based strategy, and it became the focus of growing criticism and dissatisfaction. Government was forced to

review the policy, renaming it BBBEE, and former president Thabo Mbeki called on society as a whole to become more engaged with it.

Government institutions in particular were encouraged to employ all their legislative leverage and buying power to force the pace of change. Departments at all levels of government were expected to implement the strategy and the Department of Trade and Industry (DTI) was allocated the leading role.

Overall, the framework became more comprehensive and the scope of transformation was broadened following the publication of the BEE strategy by the DTI in 2003, the promulgation of the BBBEE Act in 2003, and more importantly, with the proposal of the Codes of Good Practice in late 2005 (gazetted in February 2007).

The BBBEE Act established a legislative framework for the promotion of BEE with the main objective of facilitating the process through a national policy.

The policy was defined as an integrated and coherent socio-economic process that would directly contribute to the economic transformation of South Africa and bring about significant increases in the numbers of black people that managed, owned and controlled the country's economy, as well as significant decreases in income inequalities (DTI 2007).

2.4 REGULATION AND COMPLIANCE

2.4.1 The creation of BBBEE

The various acts promulgated over the past 20 years (see section 2.3) were used to create the BBBEE Act. In the creation of this act, regulations and compliances were set up as a code of conduct. This code of conduct is addressed in order to clarify the concept of the BBBEE initiative.

2.4.2 The BBBEE initiative

BBBEE, in the form of the Codes of Good Practice gazetted in 2007, is one of South Africa's most recent initiatives to redress the imbalances created by years of inequality. It is an optimistic move to heal the economic distortions created by discriminatory policies and proactively reincorporate those who were excluded from the mainstream economy (Jack 2007:5).

With the government's drive to empower black people, which involved them being more selective in choosing companies for various projects, many companies misrepresented their BBBEE status. 'Fronting' occurred where window-dressing, benefit diversion and opportunism came about (Standard Bank 2006). This may have helped a few individuals, but this change did not flow down the ranks to enrich the majority.

In theory, the BBBEE policy leads to job creation, global competitiveness and economic growth; however, in practice it is still proving a difficult challenge, especially for small businesses, which find it difficult to adopt even four of the seven elements that are considered the pillars of BBBEE (Figure 2.2). Accredited companies have been created to assist in the process but these can be costly to consult with.

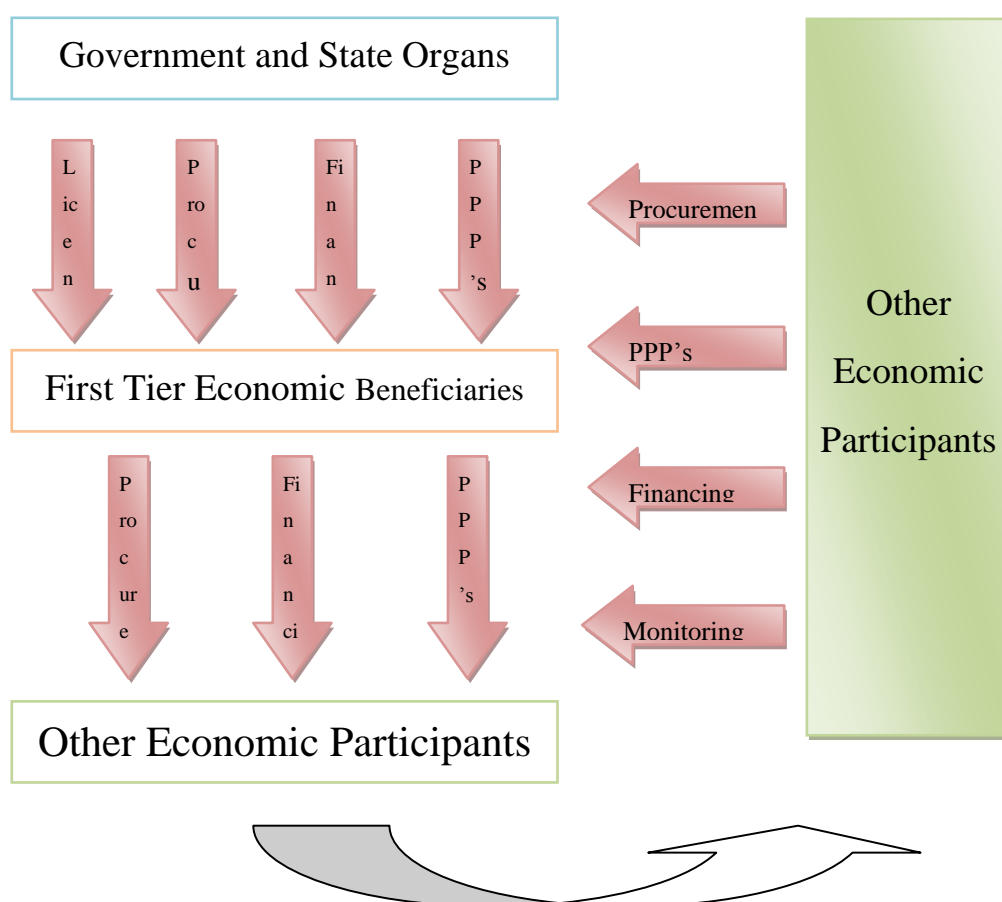
2.4.3 The Codes of Good Practice

The Department of Trade and Industry (DTI) was tasked by government in 2003 to draft a set of codes to ensure that the imbalances in the economy are directly and indirectly redressed. The Codes of Good Practice for BBBEE (referred to hereafter as the Codes) were gazetted on February 9, 2007 and are applicable for a period of 10 years. It has been gazetted that the need to maintain or dispose of the Codes will be reviewed by the Minister of Trade and Industry at the end of that period. (DTI 2005)

Contrary to popular belief, BBBEE will not be enforced on the private sector by legislation. The Codes were initially binding only on state-owned entities,

but recently public companies have also been approved and gazetted by the government to implement the Codes.

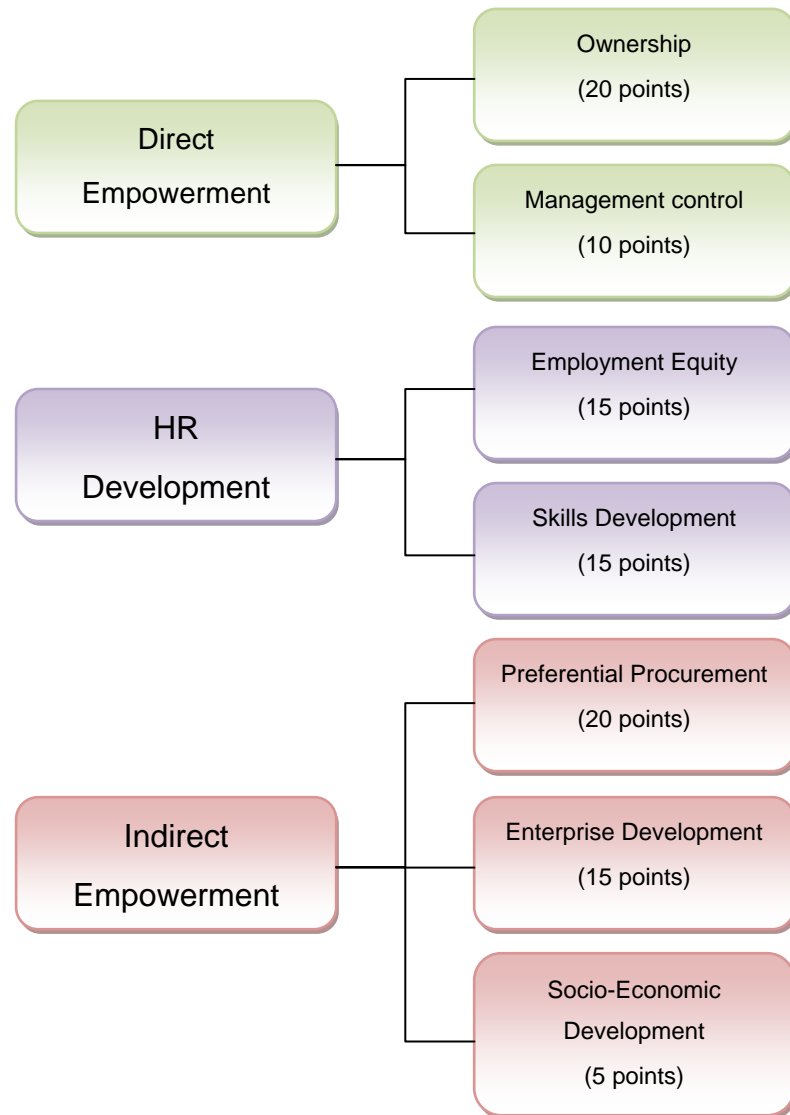
The principle behind the supplier tiers is that government only does business with suppliers who meet their BBBEE requirements (Figure 1). In order to remain fully compliant, these companies will in turn have to deal with second-tier suppliers that comply. This trickle-down effect will ensure that transformation actually takes place — and that the benefits of BBBEE are received by all companies in the supply chain making the effort to transform.



Sourced: DTI Code Interpretive Guide

Figure 2.1 – Trickle-down effect of the BBBEE initiative

One of the most common misconceptions about BBBEE is that it refers only to the transfer of ownership. The intention of the Codes, however, is to be broad-based by including other areas or opportunities for transformation and upliftment. The outcomes of BBBEE are required to be far-reaching, sustainable and broad-based (BEE Commission 2001:10).



Sourced: Empowerdex – areas of transformation

Figure 2.2 – Areas of transformation

Transfer of ownership itself has been abused and often becomes a situation where the owners sell a significant percentage of the equity to a black partner — often a single individual — and that is where transformation ends. Consequently, the DTI identified three areas within which to achieve this broad-based objective:

1. Direct empowerment
2. Human resource development
3. Indirect empowerment.

These areas are further segmented into seven sub-sections or pillars. Each has been allocated a specific value on a scale of 0–100 according to its level of importance and influence in relation to the goals of BBBEE (Fig. 2.2).

The Codes of Good Practice have been designed to address these seven areas and provide detailed guidelines on how transformation should be implemented. From the allocation of the values, a score is calculated and a BBBEE rating is derived.

Ownership counts for only 20 points, emphasising that BBBEE must go far beyond facilitating the financial gain of a small group of investors (Fig. 2.2). To be authentic and sustainable, transformation should take place at the very core of a company and affect its day-to-day decision-making structures and it must place pressure on a company's suppliers to transform as well.

2.4.4 The scorecard

At the core of the Codes of Good Practice is a points system based on a scorecard, which is applied by companies to measure BBBEE transformation against identified targets. A company's level of compliance with the BBBEE standards will be pivotal in securing government tenders, as well as securing other business and public company contracts. This scorecard was designed for Generic companies and has been adapted for use in QSE companies.

The role of the scorecard

The scorecard system, which allocates points on a scale of 0 to 100, describes companies in terms of contributor levels that work on a descending scale with Level 1 being the ideal and anything lower than Level 8 being a non-compliant contributor. The level indicates the BBBEE status of a company. It is possible for a company to earn more than 100 points as there are bonus points within the BBBEE codes. Ultimately, the rating a company achieves is represented by its contribution level.

BEE Status	Qualification	Recognition Level
Level one contributor	> 100 pts	135 %
Level two contributor	> 85 but < 100 pts	125 %
Level three contributor	> 75 but < 85 pts	110 %
Level four contributor	> 65 but < 75 pts	100 %
Level five contributor	> 55 but < 65 pts	80 %
Level six contributor	> 45 but < 55 pts	60 %
Level seven contributor	> 40 but < 45 pts	50 %
Level eight contributor	> 30 but < 40 pts	10 %
Non-compliant contributor	< 30 pts	0 %

Sourced: DTI generic scorecard

Figure 2.3 – BEE status generic scorecard

A BBBEE-rated company's status will automatically impart a level of BBBEE recognition to any other company procuring goods or services from it. For example, if Company A is a Level 5 contributor (by scoring 60 points on the scorecard) and Company B procures R100 worth of goods or services from Company A, then Company B is then able to claim R80 as BBBEE procurement. Obviously this helps Company B achieve compliance points.

Business opportunities with government will be conditional on a company's BBBEE status. The status of a company will be essential for government

work. Government will transact with the private sector by applying minimum thresholds that companies must adhere to.

The seven elements of the BBBEE scorecard

The BBBEE policy adapted old policies and brought them up to date and after much consultation, the policy incorporating a scorecard for BBBEE measurement was mostly finalised by February 2007 (Government Gazette 29617 2007). This scorecard consists of seven key areas of business:

Table 2.1 – Breakdown of generic BBBEE scorecard

Ownership	20 points	The issue of transfer of ownership has often been in the headlines, possibly because the restructuring of corporate ownership has until recently been the sole focus of corporate BBBEE efforts.
Management control	10 points	The codes highlight the need for the hands-on involvement of black people at the most senior level, giving them the right to drive not only the direction of a company, but also the implementation of strategic and operational decisions.
Employment equity	15 points	The employment equity element of the codes is strategically aligned to the Employment Equity Act of 1998. If a company has proactively sought alignment with the Employment Equity Act, it is likely to score points in terms of this statement of the codes
Skills development	15 points	Having acknowledged that the skills shortage is a major constraint to economic growth, the government anticipates that renewed attention on skills development could deliver greater efficiency, increased productivity and higher levels of competitiveness.
Preferential procurement	20 points	Preferential procurement has long been considered one of the most potent mechanisms to drive BEE. It has the potential to be one of the most effective and efficient ways of 'spreading' BEE compliance because of its multiplier effect.
Enterprise development	15 points	Government has singled out Small, Medium and Micro Enterprises (SMMEs) as vital in the fight against poverty and unemployment
Socio-economic development	5 points	Socio-economic development or corporate social investment (CSI) is one of the most established routes used by companies to 'give back' to the society within which they operate.

Sourced: DTI generic scorecard breakdown

BBBEE compliance is rated on a scale of 1–8, with 4 being an acceptable 100 percent compliance.

This charter was designed to create true opportunities for black employees, which would lead to the creation of economic expansion. The workload created would increase market share and with the experienced guidance of the white partners, all partners would see growth and profit. With the policy being quite complex and onerous, especially for small and medium-sized companies and those just starting their businesses, the DTI created Codes specifically aimed at these companies.

With these adaptations, the Codes would be able to cater for all business types, and the overall focus is on all businesses moving in the direction of the BEE policy. This will affect the economy as a whole and therefore even the private sector and the Exempted Micro Enterprises should be aware of this policy and how it will ultimately affect their business.

Qualifying Small Enterprises (QSEs)

The Codes have attempted to accommodate smaller companies, called Qualifying Small Enterprises (QSEs), by drafting a set of less complex codes. These QSEs are required to conform to only four of the seven pillars of BBBEE. Any company with an annual total revenue of between R5 million and R35 million qualifies as a QSE (DTI 2011).

Exempted Micro Enterprises (EMEs)

Acknowledging the regulatory burdens already placed on micro-enterprises, the DTI has excluded these small companies from having to comply with the codes of good practice. To qualify as an Exempted Micro Enterprise (EME), a company must not have an annual turnover of more than R5 million.

EMEs automatically enjoy BEE recognition as a Level 4 contributor, which has a BBBEE procurement recognition of 100 percent, and an EME that is more than 50 percent owned by black people or black women, can be promoted to a Level 3 contributor, which has a BBBEE procurement recognition level of 110 percent (DTI 2011).

Eligibility as a start-up enterprise

Start-up enterprises are companies that have been recently incorporated and have been in operation for less than one year. These companies must provide an independent confirmation of their status to qualify for measurement as such in their first year of operation.

Start-up enterprises are measured as an EME for the first year following their formation or incorporation. This applies regardless of the enterprise's total or expected total revenue. Start-up enterprises, like EMEs, are deemed to have a BBBEE Status of a Level 4 contributor. Level 4 contributors have a BBBEE procurement recognition of 100 percent.

However, start-up enterprises must submit a QSE scorecard when tendering for any contract or seeking any other business with a value higher than R5 million but less than R35 million, and for contracts with a value of more than R35 million, start-up enterprises should submit the generic scorecard. (DTI 2011).

2.5 STRATEGIC IMPACT

2.5.1 The creation of a competitive advantage

The natural goal for strategic activity on the corporate level is to attain a competitive advantage relative to competitors (Peteraf 1993:179–191).

As small to medium businesses expand to tender for government projects, there is an incentive for them to be more BBBEE compliant. If existing white-owned companies move towards BBBEE status or if white people start a new

company that complies, they are then able to tender for work offered by government. This type of work will become unavailable if they continue in their present form. Even if they are not involved in government work at all, certain criteria in the codes allow for companies to use preferential procurement as part of their rating. This means that companies who are involved in government work can choose suppliers who are BBBEE compliant, leading to the BBBEE policy being filtered through to all levels of business.

The Preferential Procurement Policy Framework Act (2000) was formulated to focus more on BEE initiatives. The framework makes use of the influence of government at national, provincial and local levels by requiring government to award procurement contracts to companies that have become BEE compliant or that show promise in adopting the new policy. As stated by the Ministry of Public Enterprise, the procurement budgets of state-owned enterprises are substantial and amount to between R40 and R60 billion per year, therefore creating a large market for tendering where those adopting the new BEE policy would be at a better advantage (DTI 2003).

2.5.2 Preferential procurement

The final BBBEE Codes were released on December 20, 2005. These Codes cover the remaining aspects of empowerment from employment equity to Qualifying Small Enterprises (South African.info. Codes for better BEE).

It is important to note that the definition of “black” people remains a generic term for Africans, Coloureds and Indians who

- are South African citizens by birth or descent;
- are South African citizens by naturalisation before 27th April 1994;

- became South African citizens after 27th April 1994, and who, but for the apartheid policy that had been in place prior to that date, would have been entitled to acquire citizenship by naturalisation prior to that date. (DTI 2003)

An enterprise is defined as “a natural or a juristic person, or any form of co-operative, conducting a business, trade or profession in the Republic of South Africa” (Empoweryst 2011). When referring to companies, the enterprise is effectively referred to as defined.

All enterprises operating within South Africa are encouraged to concentrate the majority of their spend with companies that have a high BBBEE score or are new enterprises. Preferential procurement is a way of strongly encouraging all companies to develop a BBBEE profile with an ever-increasing score, and to spend money with new enterprises.

The preferential procurement scorecard measures the extent to which companies buy goods and services from BBBEE-compliant suppliers as well as black-owned entities, and it uses three key indicators for measurement. These are:

1. BBBEE procurement spend from all suppliers (measures the extent to which companies procure from companies that are BEE compliant).
2. BBBEE procurement from QSEs or from EMEs (measures the extent to which a company is supporting emerging businesses).
3. BBBEE procurement from any of the following suppliers as a percentage of total measured procurement spend: suppliers that are more than 50 percent black-owned; and suppliers that are more than 30 percent black-woman owned.

Procurement from Broad-based Black Economic Empowerment suppliers

The preferential procurement element of the Codes has its roots in the government's Green Paper on public-sector procurement reform. It was with the release of this document in 1997 that the government first recognised that as the largest buyer of goods and services in the economy it had the responsibility to leverage its purchasing power in support of its economic policy objectives of BBBEE and small enterprise development.

The Codes of Good Practice continue to promote procurement from black suppliers and small companies by encouraging companies to source their goods and services from companies that are BBBEE compliant.

The level awarded to a supplier is based on its overall measurement against the scorecard. For instance, a Level 1 contributor indicates that the supplier has scored more than 100 points on its scorecard and is therefore considered 135 percent compliant with the codes. On the other hand a BBBEE supplier whose contribution totals less than 30 points would be given the status of a non-compliant contributor.

Procurement from QSEs and EMEs

Specific targets have been set for procurement from small companies and micro enterprises, which may otherwise largely be ignored by larger companies. The purpose of this is to stimulate growth further in the economy by closing the gap between the EMEs and QSEs.

Procurement from suppliers that are 50 percent black-owned or 30 percent black-woman owned

Companies failing to source goods and services from companies that are 50 percent black-owned or 30 percent black-woman owned will forfeit five of the 20 points allocated to preferential procurement. The enhanced recognition of procurement from these companies can be seen as an incentive to ensure that preferential procurement is seen as a key driver of emerging enterprises.

Enhanced recognition

Companies that reflect that they procure goods and services from a supplier that it also supports through enterprise development contributions, may multiply the spend attributable to that supplier by a factor of 1.2; and companies that can show that they also procure goods and services from a value-adding supplier can multiply the spend attributable to that supplier by a factor of 1.25.

Total procurement spend

The Codes call for procurement spend to be calculated over one year. From this, permissible exclusions have been deducted. The Codes then enable companies to calculate the amount spent with transformed companies and state this amount as a percentage.

2.6 CONCLUSION

Through the promulgation of various Acts of Parliament between 1996 and 2005, the purpose and application of the principles of BEE have been reassessed and refined into what is known as BBBEE, a broader-based control to enable the policies of the various acts (the National Small Business Act of 1996, the Competition Act of 1998, the Employment Equity Act of 1998, the Preferential Procurement Policy Framework Act of 2000, and the BBBEE Act of 2003) to be enforced, not only from a governmental level but from a corporate level. This initiative has evolved from the affirmative action programme first set out by the ANC between 1990 and 2000, into a programme that is geared towards economic growth, and that provides incentives for compliance through a system of tendering that favours preferential procurement. This is set down by the Codes of Good Practice and creation of the BEE scorecard.

With a clear guideline to the history and background of the BBBEE initiative, the ways in which decision makers form their perceptions can be analysed.

This will be done by creating a questionnaire to obtain the information to analyse the objectives of this study. By focusing on the population, a questionnaire can be designed to collect the raw data required for this study. The breakdown of the questionnaire will be evaluated as individual questions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The previous chapter focused on the historical factors that have made BEE a necessity and refers to the specific acts relating to BEE and its development into BBBEE. It focused on the structures and methods of determining BBBEE compliance, specifically the Codes of Good Practice gazetted in 2007 and the BBBEE scorecard. In addition, the previous chapter examined the strategic impact of gaining a competitive advantage, and established the role of preferential procurement in contributing towards BBBEE compliance.

In this chapter the research methodology used is described. It covers the population used, as well as the research instruments and questionnaire design. The questionnaire is divided into four sections, each of which was designed to obtain the required information to satisfy the goals of the study.

3.2 POPULATION

The target population was construction companies in KwaZulu-Natal that are defined as QSE companies (with a turnover of between R5 and R35 million). This was determined as the group that would be able to use the BBBEE Act to best effect.

A census of the construction companies affiliated with the KwaZulu-Natal Masters Builders Association (KZNMBA) was used and all of these companies were sent questionnaires. This numbered 259 as at July 1, 2009. The KZNMBA creates this list of construction companies who register with them.

3.3 THE RESEARCH INSTRUMENT

The main objective was to assess the basic understanding that the decision makers of construction companies have of BBBEE in order to evaluate their compliance with the BBBEE initiative in terms of establishing a competitive advantage in procurement and tendering.

The data was obtained through an emailed questionnaire (Appendix 1) sent to the relevant companies using the email addresses obtained from the KZNMBA. This was regarded as the most suitable method of data collection for this study. The questionnaire was in Excel format and was required to be completed and returned by email. This format ensured ease of extracting data from the returned questionnaires.

3.4 QUESTIONNAIRE CONSTRUCTION AND DESIGN

3.4.1 The questionnaire

The questionnaire was divided into four sections:

Table 3.1 – Breakdown of research questionnaire

Section	Description
1.	General information on the company.
2.	An assessment of the company's profile.
3a.	Confidentiality clause.
3b.	A basic assessment of the company using BBBEE parameters.
4.	Establishing the nature of the decision makers' understanding of the BBBEE initiative.

These questions were designed to elicit answers that would fulfil the research objectives, which formed the basis of the questionnaire.

3.4.2 Research objectives

The research objectives were to ascertain the basic understanding that decision makers of construction companies in KwaZulu-Natal have of the BBBEE initiative. This required knowledge of their BBBEE compliance in order to determine a level of compliance for companies and to determine to what extent a competitive advantage had been gained by BBBEE-compliant companies through procurement and tendering.

It was anticipated that the questionnaire would be completed by a decision maker at each of the selected companies in the construction industry. The questions were designed to extract the greatest amount of information in the most expeditious manner. This assisted in ensuring that the maximum number of completed questionnaires was returned.

3.4.3 Data collection and analysis

The questionnaires were distributed in September 2009. Due to the population being geographically dispersed, the questionnaires were emailed. While using an email survey could have suffered the potential weaknesses of a poor response rate, a number of specific advantages were apparent in the selection of this study design. Wellman et al (2005:9) indicated that in the context of the large population, a quantitative survey is deemed to be more cost-effective and less time-consuming than qualitative data-collection methods. They go on to say it also produced relatively objective data that was suitable for this purpose.

The respondents without email access were sent questionnaires by post. A covering letter that assured respondents of confidentiality and that provided a motivation to respond was attached to the questionnaires (Appendix 2).

Each questionnaire that was posted contained a pre-paid self-addressed envelope. A month was allocated as a return period for the posted questionnaires and two weeks for the emailed ones. For all outstanding questionnaires, telephonic and email follow-ups were conducted.

A coding system for the responses and the categorisation of variety was used to make sure that data analysis was carried out efficiently. The questionnaire included both open and closed questions. In the case of closed questions, pre-coding was done, and in the case of open questions, post-coding was necessary. Although the questionnaire was pre-coded, the coding frame did not appear on the questionnaires that were mailed to the respondents.

Before the data was captured the questionnaires were cleaned and reviewed to ensure precise and systematic coding. This entailed a thorough examination of all returned questionnaires to check that they were filled in accurately and completed in full. Editing the questionnaires assisted with detecting errors and omissions in the relative documents and ensured that suitable data quality standards were achieved. The purpose of editing ensured that the data collected was accurate, consistent with other information and uniformly entered. The data review also ensured it was complete and arranged to simplify coding and tabulation (Welman and Mitchell 2002:81).

Content analysis was also used to code open-ended questions and categorisation of responses was based on thematic units. The raw data was captured onto a spreadsheet for statistical analysis. Chi square goodness of fit tests will be performed on all questions.

3.5 SECTION 1: GENERAL INFORMATION ON THE COMPANY

This was used to collect the general information on the company such as name, address and contact details. This was optional as it was not an

essential requirement for research, but this information assisted in cataloguing the returned questionnaires. Since email was chosen as the method of communication for most of the questionnaires, the email address of the returned questionnaires was also used for catalogue purposes.

As divulging the general information on the company was an optional requirement, some of the respondents did not complete this section.

3.6 SECTION 2: ASSESSMENT OF THE COMPANY PROFILE

This section focused on categorising the company into the relevant BBBEE Codes of Good Practice for the construction section, namely EME, QSE or Generic. The information in the survey was used to place the company into the correct category in order to eliminate companies that did not relate to the required criteria, being the QSE companies in the construction industry in Kwa-Zulu Natal.

3.6.1 The company's annual turnover for the previous financial year (Q2.1)

The annual turnover from the previous year's finalised annual financial statements was required. The companies were divided into three categories: below R5 million turnover per year; from R5 million to R35 million turnover per year; and over R35 million turnover per year. Using these categories the companies would be classified into the three BBBEE categories chosen, namely, EME, QSE or Generic.

3.6.2 The number of permanent staff (Q2.2)

The respondents were required to indicate the total number of permanently employed staff. Companies with fewer than 50 staff members were designated as small to medium enterprises (SMMEs).

3.6.3 Company ownership (Q2.3)

The types of ownership were sole proprietor, closed corporation, private, private limited, co-operative, trust and other. This provided additional information on the setup of the companies.

3.6.4. Company owned by a holding company (Q2.4)

The respondents were required to indicate whether the company was owned by a holding company. This was very important if the company was assessed as a QSE but was run by a Generic holding company. This was clarified further in the answer to Question 2.5 which was used either to qualify or eliminate the return.

3.6.5 Corporate policies governing the company (Q2.5)

The respondents were required to confirm whether the company was owned by a holding company in order to determine whether the company was governed by the corporate policy of this holding company or not. If the company was a QSE held by a holding company but not governed by corporate policy, it could be used in this research. In other words, if for example the holding company was classified as a Generic company but the subsidiary company was classified as a QSE and did not form part of the policy used by the Generic company, then the QSE could be used. But if the company was governed by corporate policy in the above example, and the company classed as the QSE was governed by the policies of the company classed as the Generic, then it would have to be discarded.

3.6.6. The level of Black Economic Empowerment rating (if known) that the company presently has (Q2.6)

There were various contribution levels, from one to eight, that would assess the BEE rating of the company. There was also a category that allowed the respondent to indicate if the BBBEE rating was unknown. These provided details of how many of the companies represented by the respondents had

been rated and what their level of contribution towards the BBBEE policy was. This would establish the rating in order to assess the companies, which was one of the aims of this study.

3.6.7 Rating was achieved prior to February 2009 (Q2.7)

The respondent was required to indicate if the rating was achieved prior to February 2009. Companies that had been rated after this point may have done so as a result of the present economic conditions. This information gathered may be used at a future date to reassess companies and their trends over time in relation to becoming BBBEE compliant.

3.7 SECTION 3: BASIC ASSESSMENT OF COMPANIES USING BBBEE SCORECARDS

This was only to be completed if the respondent's company was not BBBEE rated. If the BBBEE rating was known, it was used to categorise the company.

Section 3 used the basic scorecards created by the DTI (Appendix 3) for the assessment of BBBEE status. The questions therein were only for the information required by this study and could not be used to rate the company's BBBEE status officially. The answers to these questions categorised the companies according to their contribution levels.

3.7.1 Section 3 Part A: Confidentiality clause

It was made clear in the questionnaire that all information would be kept confidential and would not be disclosed to any third party.

3.7.2 Section 3 Part B: BBBEE compliance

A simple confirmation was required in order to assess the respondents where they had an unknown rating. These respondents that had unknown ratings were rated in five categories: ownership, management and control, employment equity, skills development and preferential procurement.

An assessment adapted for this study was compiled in order to rate each of the respondents whose BBBEE rating was unknown. Each of the five categories was graded out of 20 points. This weighting of categories determined a score out of 100 points. This information was used in accordance with the BBBEE scorecards to determine the company's BBBEE rating. Ratings ranged from compliance Levels 1–8, or the company was determined to be non-compliant.

This part of the questionnaire is broken down into five questions.

Ownership of economic and voting rights (Q3.1)

In order to obtain maximum points in this category, the following was required:

- At least 25% of the company had to be black-owned (extra points if 10% are black women).
- 25% of the employees are entitled to an economic interest (extra points if 10% are black women).
- 2.5% of the economic interest is vested with designated black groups (charity, upliftment programmes or areas of need).

Each of the five statements under Q3.1 was equally weighted for this study. This equated to five possible results of four points each, giving a maximum of 20 points.

Management and control (Q3.2)

In order to obtain maximum points in this category, the following were required:

- At least 50% of exercisable voting rights are held by black people.
- At least 50% of members of the board are black people (extra points if 25% are black women).

- At least 20% of senior executives are black people (extra points if 20% are black women).
- At least 40% of other executives are black people (extra points if 20% are black women).
- As a bonus, at least 40% of independent directors are black people.

Each of the eight statements under Q3.2 was individually weighted for this study, giving a maximum of 20 points.

Employment equity (Q3.3)

This category consisted of the following requirements:

- At least 4% of full-time employees are black people.
- At least 60% of employees at senior management level are black people (extra points if 30% are black women).
- 75% of employees who are professionally qualified are black (extra points if 40% are black women).
- 75% of employees who are experienced specialists are black (extra points if 40% are black women).
- 75% of black employees are middle-management level (extra points if 40% are black women).
- At least 80% of skilled technical, academically qualified workers, junior managers, supervisors and foremen are black people.

Each of the six statements under Q3.3 was weighed individually for this study, giving a maximum of 20 points.

Skills development (Q3.4)

This category is divided into 13 statements rated individually and broken down further as follows:

- At least 3% of turnover is spent on skills development of black people.

- At least 2.6% of turnover is spent on critical skills development of black people.
- At least 2.6% of turnover is spent on critical skills development of black women.
- At least 0.3% of turnover is spent on skills development of black employees with disabilities.
- At least 5% of total employees are black people on SETA-accredited learnerships (extra points if 2.5% are black women).
- At least 1% of all employees are black and formerly unemployed workers residing in rural areas.

This particular segment of this category is made up of seven statements assigned two points each, thus yielding a maximum of 14 points. The other six points were based on the results of the last six questions.

1. Does your enterprise have a comprehensive Black Economic Empowerment strategy?
2. Does your enterprise have a Skills Development Facilitator on its permanent staff?
3. Does your enterprise have a policy of non-discrimination published and widely distributed within the enterprise?
4. Does the enterprise comply with all relevant employment related legislation?
5. Has an effective human resource management plan been implemented? (Such plan must include targets against which performance is measured.)
6. Has your enterprise designed a programme to give practical effect to the policies and plans mentioned?

This design of Q3.4 is divided into two sections of 14 points and six points respectively, thus giving a maximum of 20 points.

Preferential procurement

Lastly, this category, comprising of three statements, is rated to a maximum of 20 points as follows:

- At least 70% of the total rand value spent on procurement is spent on BBBEE enterprises (including QSEs and EMEs).
- At least 15% of the total rand value spent on procurement is spent on QSEs.
- At least 5% of the total rand value spent on procurement is spent on EMEs.

All the categories (five in total) being equally rated out of 20 points represents a total out of 100. This then assigns the company a specific ranking on the BEE scorecard.

Table 3.2 – Adjusted BBBEE scorecard for QSEs in the study

BBBEE Status	Points
Level 1 Contributor	> 95 pts
Level 2 Contributor	> 85 but < 95pts
Level 3 Contributor	> 75 but < 85pts
Level 4 Contributor	> 65 but < 75pts
Level 5 Contributor	> 55 but < 65pts
Level 6 Contributor	> 45 but < 55pts
Level 7 Contributor	> 40 but < 45pts
Level 8 Contributor	> 30 but < 40pts
Non-compliant contributor	< 30 pts

Source: modified for this study BBBEE scorecard

This enabled all returns to be graded according to the company's relevant BBBEE level (levels 1-8 or a non-compliant contributor). All respondents that fell into the QSE company range, were now rated with a BBBEE rating.

3.8 SECTION 4: UNDERSTANDING OF THE BBBEE INITIATIVE BY DECISION MAKERS

The focus of this research was an assessment of the understanding of the BBBEE initiative by decision makers, as it was this understanding that reflected the extent to which BBBEE was being used as a competitive advantage in procurement, in the construction industry. The decision makers' understanding of this initiative should have a directly bearing on whether it was used effectively by the decision makers of these companies.

3.8.1 Gender (Q4.1)

Respondents' indicating their gender enabled an assessment of whether the decision makers in construction companies in KwaZulu-Natal were predominantly male or female.

3.8.2 Age bracket (Q4.2)

The ages of the respondents were grouped into the following categories: 18 to 24, 25 to 34, 35 to 44, 45 to 54 and over 54. The information provided an age demographic of the decision makers in construction companies in KwaZulu-Natal. This information identified trends based on age profile.

3.8.3 Race (Q4.3)

The respondents who were the decision makers were required to select a race group from Black, Coloured, Indian, White, Chinese or other. The information indicated the race of the decision makers in construction companies in KwaZulu-Natal and showed possible differences in perceptions of BBBEE between the race groups of South Africa.

3.8.4 Understanding of the BBBEE initiative as set out by the government (Q4.4)

The respondents were to choose only one of the following: excellent, good, average, poor, or none. The information provided the first indication of the level of understanding the decision makers had of the BBBEE initiative.

3.8.5 The objectives of BBBEE as understood by you (Q4.5)

The statements, from which the respondents were required to choose, were as follows:

- That BBBEE will create economic growth in South Africa
- That it was just another political scam to keep the masses happy
- That it was another form of affirmative action.

The research findings obtained reinforced the assessment of the decision makers' understanding using a broad-scale representation of possible answers.

3.8.6 Had these objectives as understood by you been achieved? (Q4.6)

The research findings gave insight into the respondents' feelings on the initiatives. This was critical as their understanding of this idea was the basis of the research.

3.8.7 Level of agreement (Q4.7)

The following ten statements (Q4.7.1–4.7.10) were listed for the respondent to indicate five levels of agreement. These were listed as: strongly disagree; disagree; neither disagree nor agree; agree; strongly agree.

BBBEE gives an advantage in tendering (Q4.7.1)

This indicated the extent to which the respondent agreed or disagreed with the statement that BBBEE gives an advantage in tendering.

Companies have put in place a BBBEE policy to effect change in line with government policy and not for any other gain (Q4.7.2)

The data indicated the extent to which the respondent agreed or disagreed with the statement that their company was only using the BBBEE initiative to effect a change of BBBEE status in order to tender for government work in line with legislation.

The ideas of BBBEE are misunderstood (Q4.7.3)

This indicated the extent to which the respondent agreed that the ideas of BBBEE were misunderstood.

Not enough information about BBBEE is available (Q4.7.4)

This indicated the extent to which the respondent felt that he or she had been informed about the BBBEE initiative and whether or not it was easily available.

Your company has benefited from being BBBEE compliant (Q4.7.5)

The details indicated whether the respondent felt that the company had benefited from being BBBEE compliant.

Your company will benefit economically if work is obtained from government contracts (Q4.7.6)

The data provided indicated whether companies were actually involved in government projects and whether these projects had been of benefit to the company.

Preferential procurement will create a competitive advantage in tendering by your company (Q4.7.7)

The research findings indicated the extent to which the respondent agreed that preferential procurement would be a competitive advantage in tendering in their company.

Tendering is the main source of income for your company (Q4.7.8)

The research findings indicated whether or not tendering was the main source of income for the respondent's company.

Government tenders will increase the turnover of a company (Q4.7.9)

The research findings indicated whether access to government contracts would increase the turnover of the company.

A BBBEE-compliant company will have an advantage in this present economic climate (Q4.7.10)

The information indicated whether the respondent felt that becoming BBBEE compliant would be an advantage in the present economic climate.

3.8.8 Knowledge of the BBBEE initiative (Q4.8)

Confirmation was required with additional information to be provided. This determined whether the respondents required more information and the type of information they required.

The following questions enabled an assessment of the respondents' knowledge of whether the company used its BBBEE status in the tendering process and in that case whether they had observed a marked advantage in using this status. It must be noted that this is a perceived change as no backup documents were requested to verify these results.

3.8.9 Have been awarded government tenders (Q4.9)

A conformation of whether companies were involved with government works was required, as the state was focusing on providing work to those companies who showed improvement or who were BBBEE compliant.

3.8.10 Percentage of the company work derived from government and/or parastatal work (Q4.10)

A choice of percentage levels was provided for the respondents to indicate one category only. These were: 0, 1 to 25, 26 to 50, 51 to 75, and 76 to 100. The research findings implied what percentage of company work was attributed to government projects.

3.8.11 Changes in turnover and number of employees (Q4.11)

Question 4.11 was intended to determine by using a percentage whether the quantity of government work as indicated in Q4.10 had increased or decreased the company's turnover and number of employees.

3.8.12 Status of the company over the last three years (Q4.12)

Under the categories of growth, turnover and equity, respondents were required to indicate whether there was a decrease, no change or increase by selecting from the following percentage categories: 0 to 15, 16 to 40 and above 40. This was done to assess whether there was a general trend in increases experienced by the companies.

3.8.13 Reduction in growth, turnover and/or equity in relation to the present economic climate (Q4.13)

Question 4.13 states: *If you indicated reduction in growth, turnover and/ or equity, please answer the following question. Do you feel that:*

1. *The growth decreased due to the present economic climate*
2. *The turnover decreased due to the present economic climate*
3. *The equity decreased due to the present economic climate*
4. *Other: please detail*

This question provided a better understanding of whether any reduction in, growth, turnover and/ or equity could be attributed to the present economic climate. There has been a general decline in the economic climate and this information was required to assess whether this was a factor in the company being evaluated.

3.9 RELIABILITY

A pilot study was carried out to ensure the reliability and validity of the research instrument.

The pilot study aimed at highlighting certain aspects that could be reviewed to ensure that the questionnaire was fully understood and interpreted. These aspects included the time taken to complete the study, the clarity of the questions, and whether there were any ambiguous questions. The questionnaire was also presented in a simplified manner to ensure that it was easy to understand. Grammatical errors were eliminated, and the questionnaire's design was geared towards achieving consistent results and ensured the appropriateness of the questions in terms of the research objectives.

The pilot study resulted in the fine-tuning of the questionnaire and rephrasing of certain questions.

3.10 DATA ANALYSIS AND INTERPRETATION

The analysis and interpretation of data was presented using descriptive statistics. Descriptions included frequencies, percentages, means and standard deviations. Data was distinguished and represented in a tabular format using graphical representation – bar graphs and pie charts. The data analysis will be limited to construction companies in KwaZulu-Natal earning between R5 million and R35 million per fiscal year.

3.11 CONCLUSION

The detailed research design included, the target population, the research instrument and the research process. By addressing each of the questions individually, the focus was on QSEs in the construction industry in KwaZulu-Natal who were affiliated to the KZNMBA.

The survey intended to assess the basic understanding of the decision makers of construction companies in KwaZulu-Natal. These were classified as QSEs of the BBBEE initiative in order to evaluate their compliance with this initiative in terms of establishing a competitive advantage in procurement and tendering.

The core questionnaire was based on the information required to establish the objective, but was also expanded to provide an opportunity to identify any trends produced by analysing the information received about the understanding by decision makers, in relation to age, gender and race.

The results of the analysis of the questionnaire will follow. These will consist of all the data recorded and assessed using the relevant methods discussed.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

In the previous chapter the research design was described. This covered the questionnaires, including detailed analysis of individual questions. The data was collected using this questionnaire. These research findings were then evaluated using statistical methods and the findings and analysis are presented in this chapter. The chapter will present the company profile to assist in profiling, assessment of the scorecards and assessing the understanding of the company's decision makers in terms of the BBBEE Act.

4.2 STATISTICAL ANALYSIS METHODS

Given the results for the rest of the analysis, there was quite a significant grouping. Chi square goodness of fit tests were performed on all questions to ascertain whether any one option was selected significantly more or less often than expected. (Under the null hypothesis, it is assumed that all options are equally likely to be chosen)

Chi-square tests of independence were carried out for all possible cross-tabulations of two variables to ascertain whether any significant relationship exists between the variables. (Under the null hypothesis, no relationship exists between the variables, i.e. they are independent.) Because the sample set was small, the exact test was used, thus bypassing the conditions necessary for validity. An accuracy of 0.05% was used.

The questionnaire was divided into four sections. Section 1 requested optional information regarding the personal details of the person completing the questionnaire. This section had no relevant findings pertaining to the study. Section 2 was an assessment of the company that was used to qualify

the questionnaire. Section 3 was only to be completed if the company's BBBEE status was unknown, and the information thus obtained was then used to provide the scoring of the company as a BBBEE rating. Section 4 focused on obtaining information that would provide details of the level of understanding of the BBBEE charter by decision makers.

4.3 ASSESSMENT OF COMPANY PROFILE – SECTION 2

4.3.1 Company's annual turnover for the previous financial year (Q2.1)

The latest finalised annual financial statements were used to enter an annual turnover figure. The turnover was divided into three categories:

- Companies with turnover below R5 million per year are represented as Emerging Micro Enterprises (EMEs).
- Companies with turnover from R5 million to R35 million per year are represented as Qualified Small Enterprises (QSEs).
- Companies with turnover over R35 million per year are represented as Generic.

All returns were reviewed and those that did not fall into the category QSE were not analysed. Thirty-seven companies indicated their annual turnover to be between R5 and R35 million per annum, which classified them as QSEs. These 37 companies represented the target category that the questionnaire focused on and were subsequently assessed.

4.3.2 Number of permanent staff (Q2.2)

The respondents were required to enter the total number of permanently employed staff as either below 50, or 50 and above. This allowed for the classification of companies with fewer than 50 staff members to be small to medium enterprises (SMMEs). It was found that all the companies assessed as QSEs had fewer than 50 staff members.

4.3.3 Company ownership (Q2.3)

The respondents were offered a choice of sole proprietor, closed corporation, private, proprietary limited ((Pty) Ltd), co-operative, trust and other for company ownership. This provided additional information on the setup of the companies.

It was found that most companies (70%) were closed corporations and a few (8%) were proprietary limited concerns, leaving a small number (22%) as sole proprietors.

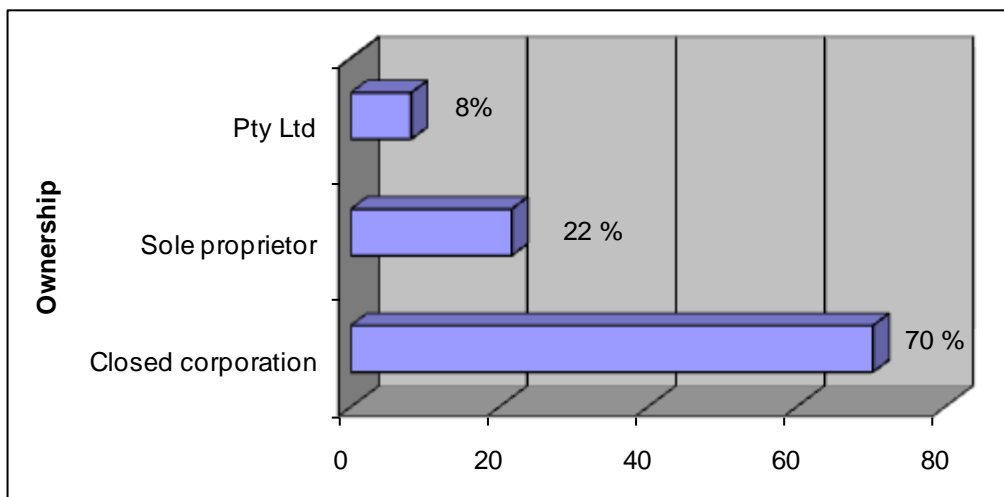


Figure 4.1 – Types of company ownership represented by respondents

4.3.4 Holding company (Q2.4)

The respondents were required to indicate whether the company was owned by a holding company. This was very important if the company was assessed as a QSE, but being run by a Generic holding company. This meant that the company had to use the Generic requirements for a BBBEE indicator, which would rank the company outside the scope of this questionnaire. This was clarified further in the answers to Q2.5, which were used either to qualify or eliminate the return. It was found that only a few (8%) of the respondents

confirmed that they were owned by a holding company but none of them were governed by the policies of the holding company.

4.3.5 Governed by corporate policy (Q2.5)

The respondent was required to determine if the company was governed by corporate policy. This would further clarify if the company was to be categorised as a QSE or Generic company. The distinction would be that if the company was a QSE held by a holding company but not governed by corporate policy, it could be used in this research, as the company would still be categorised as a QSE. To elaborate further, if the holding company was classified as a Generic company, but the subsidiary company was classified as a QSE and did not form part of the policy used by the Generic company, then the company would remain classified as a QSE and could be used in the study. If the above example was repeated, but the company classified as a QSE was governed by the corporate policies of the holding company, then the classification would change to that of a Generic company and the company could therefore not be used in this research.

All respondents answered no, allowing all the returns to be used in this study. Indicating they were not governed by corporate policies.

It was interesting to note that the companies that were owned by a holding company were Pty (Ltd) concerns, and none were governed by corporate policies, thereby making them arms-length independent companies.

4.3.6 The present level of BEE rating (if known) (Q2.6)

There were various contributor levels of BBBEE rating the respondents could choose from: they could select contributor levels one to eight, a non-compliant option or indicate that the present rating was unknown. This provided an indication of how many companies had been rated and what their level of contribution towards the BBBEE policy was.

Twenty-seven percent of the respondents did not know their BBBEE status. They were assessed using Section 3 of the questionnaire, and they were all found to be Level 8 (10% contributors) on the BBBEE compliance table. It was possible to classify all the respondents as follows:

Table 4.1 – BBBEE rating of respondent's company

BBBEE rating (Q2.6)	
	Percent
Level 4	24.3
Level 6	27.0
Level 7	13.5
Level 8	35.1
Total	100.0

More than three quarters (76%) of the companies to which the respondents belonged were Level 6 and above, indicating little to no commitment to the BBBEE initiative.

4.4 ASSESSMENT OF COMPANY SCORECARDS – SECTION 3

Companies that did not know their BBBEE status were assessed using a set of questions and a scorecard adapted for this study. The BBBEE status was not government approved but would be sufficient for the analysis of this study. Of the respondents who represented the criteria set for this study, twenty-seven percent did not know their BBBEE status. Using section 3b of the questionnaire these companies were assessed and found to be all Level 8 (10% contributors) on the BBBEE compliance table. Having analysed and qualified the companies using these assessments, it was possible to examine the information of the respondents of the qualified companies. This was detailed in Section 4 of the questionnaire.

4.5 UNDERSTANDING OF THE BBBEE INITIATIVE BY DECISION MAKERS – SECTION 4

4.5.1 Indicate gender (Q4.1)

The gender of the respondents was required. This information was used to assess whether the decision makers in construction companies in KwaZulu-Natal were predominantly male or female. 76% of the respondents were male and 24% female.

4.5.2 Age bracket (Q4.2)

All respondents were older than 35 and younger than 54. Most of the respondents (51.4%) were between 45 and 54, and the remainder (48.6%) between 35 and 44. This provided a clear indication that the decision makers of the companies were in the middle age groups.

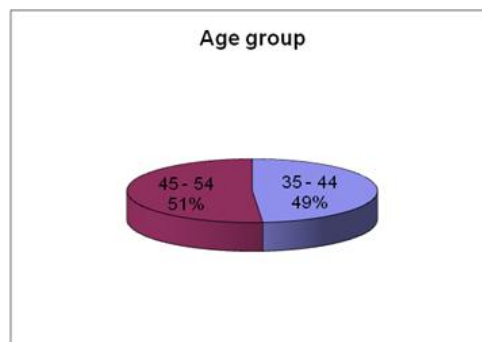


Figure 4.2 – Breakdown of respondents according to age group

4.5.3 Race (Q4.3)

The respondents were required to select Black, Coloured, Indian, White, Chinese or other. This indicated the race of the respondents in construction companies in KwaZulu-Natal and was used to show possible differences of understanding between the race groups of South Africa. The majority of respondents were White (41%).

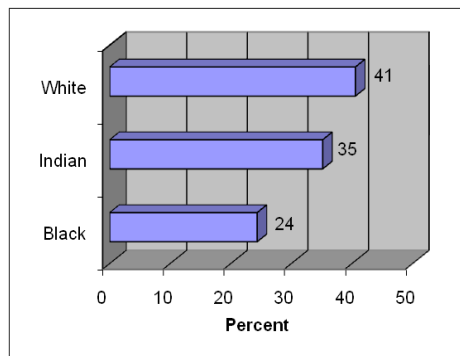


Figure 4.3 – Breakdown of respondents according to race

4.5.4 Understanding of the BBBEE initiative as set out by the government (Q4.4)

Decision makers were required to choose one of the following categories: excellent, good, average, poor and none. The responses provided the first indication on the understanding the decision makers had of the BBBEE policy. Most (68%) respondents felt that they had a good understanding and although there were some (16%) who noted their understanding as average or poor, there were none who rated it as excellent, and none who had no understanding at all.

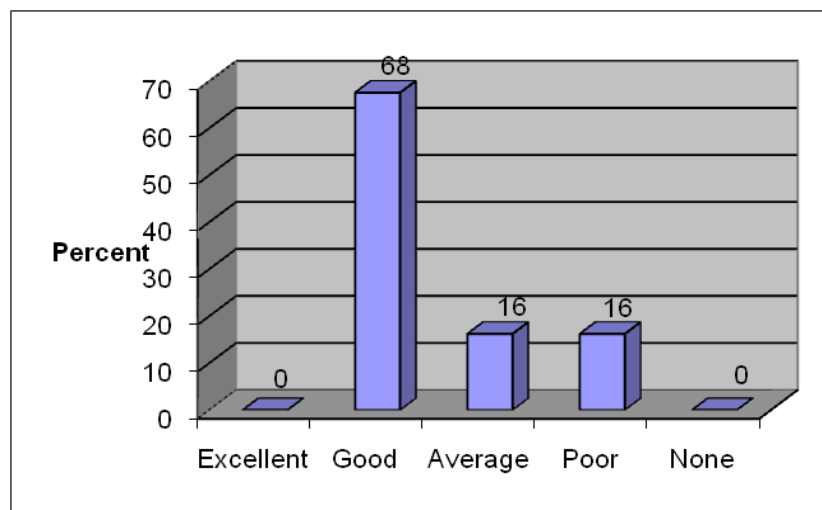


Figure 4.4 – Breakdown of respondents according to their level of understanding of BBBEE

4.5.5 The following idea best describes the objectives of BBBEE (Q4.5)

The respondents were required to choose only one from the following options:

- It will create economic growth in South Africa.
- It is just another political scam to keep the masses happy.
- It is another form of affirmative action.

A large number (68%) answered that BBBEE created economic growth; only a small number (3%) believed it was a political scam to keep the masses happy; and the remainder (30%) thought of it as a form of affirmative action. This was a reflection of their understanding of the BBBEE initiative.

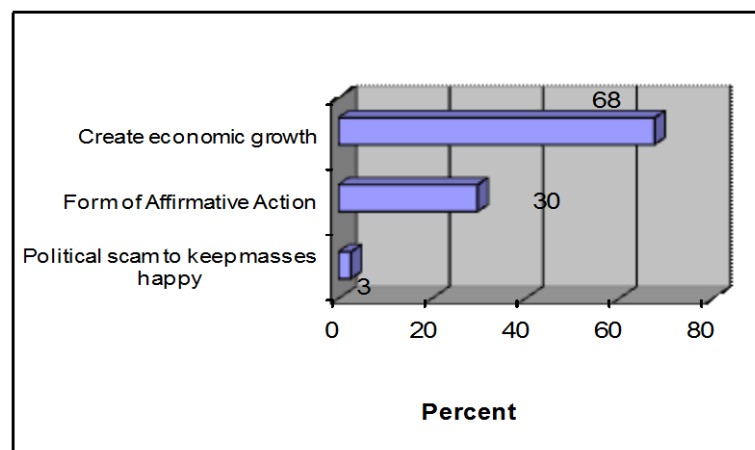


Figure 4.5 – Respondents' perceptions of the objectives of BBBEE

4.5.6 The objective have been achieved (Q4.6)

The information gave insight into the decision makers' understanding of the policies. This was critical as their understanding of the BBBEE policy was one of the objectives of the study. Most (73%) of the respondents answered no.

4.5.7 Agreement with the following statements (Q4.7)

Ten statements were listed for the decision makers to indicate levels of agreement. Respondents had the option to strongly disagree, disagree, neither disagree nor agree, agree and strongly agree.

BBBEE gives an advantage in tendering (Q4.7.1)

The majority of the respondents (86.7%) agreed that BBBEE provided an advantage in tendering.

Table 4.2 – Respondents' opinions on whether BBBEE provides an advantage in tendering

BBBEE compliance gives an advantage in tendering (Q4.7.1)	
	Percent
Neither disagree nor agree	13.5
Agree	62.2
Strongly agree	24.3
Total	100.0

Your company has put in place a BBBEE policy to effect change in line with government policy (Q4.7.2)

The majority (75.7%) of respondents agreed that a BBBEE policy had been put into place within their company to effect change in line with government legislation.

Table 4.3 – Policy in place

Policy in place (Q4.7.2)	
	Percent
Neither disagree nor agree	24.3
Agree	75.7
Total	100.0

The ideas of BBBEE are misunderstood (Q4.7.3)

The majority (68%) of respondents felt that BBBEE was misunderstood.

There is not enough information about BBBEE available (Q4.7.4)

In this case a large number (60%) of respondents agreed that there was insufficient information available from government departments regarding BBBEE.

Your company has benefited from being BBBEE compliant (Q4.7.5)

In Q4.7.5 the perception of whether the companies had benefited from the BBBEE initiative was tested. Just over a third of the respondents (35.1%) preferred not to respond to this question whereas almost half (46%) agreed that their company had benefited from being BBBEE compliant.

Table 4.4 – Company has benefited from being BBBEE compliant

Company has benefited from being BBBEE compliant (Q4.7.5)	
	Percent
Strongly disagree	19
Neither disagree nor agree	35
Agree	22
Strongly agree	24
Total	100.0

Your company will benefit economically if work is obtained from government contracts (Q4.7.6)

A large number (70%) of respondents felt that their companies would benefit economically if work was obtained via government contracts. Only 16% reflected that they would not benefit.

Table 4.5 – Your company will benefit economically if work is obtained from government contracts

Your company will benefit economically if work is obtained from government contracts (Q4.7.6)	
	Percent
Strongly disagree	16.2
Neither disagree nor agree	13.5
Agree	70.3
Total	100.0

Preferential procurement will be a competitive advantage in tendering in your company (Q4.7.7)

The respondents were divided almost equally on this aspect with 54% agreeing that preferential procurement would provide a competitive advantage in tendering within their company.

Tendering is the main source of income for your company (Q4.7.8)

All the respondents agreed with this statement. They were aware that tendering was the main source of income for their company.

Access to government tenders will increase the turnover of a company (Q4.7.9)

Most of the respondents (70.2%) agreed that if they had access to government tenders it would result in an increase in turnover. Only a small number (16.2%) disagreed.

Table 4.6 – Access to government tenders will increase turnover

Access to government tenders will increase turnover (Q4.7.9)	
	Percent
Disagree	16.2
Neither disagree nor agree	13.5
Agree	45.9
Strongly agree	24.3
Total	100.0

Becoming a BBBEE-compliant company will be an advantage in this present economic climate (Q4.7.10)

Almost a third of the respondents (29.7%) preferred not to provide an answer to this question whereas most (70.2%) agreed that becoming BBBEE compliant would be an advantage in the present economic climate.

Table 4.7 – BBBEE compliance is advantageous

BBBEE compliance is advantageous (Q4.7.10)	
	Percent
Neither disagree nor agree	29.7
Agree	29.7
Strongly agree	40.5
Total	100.0

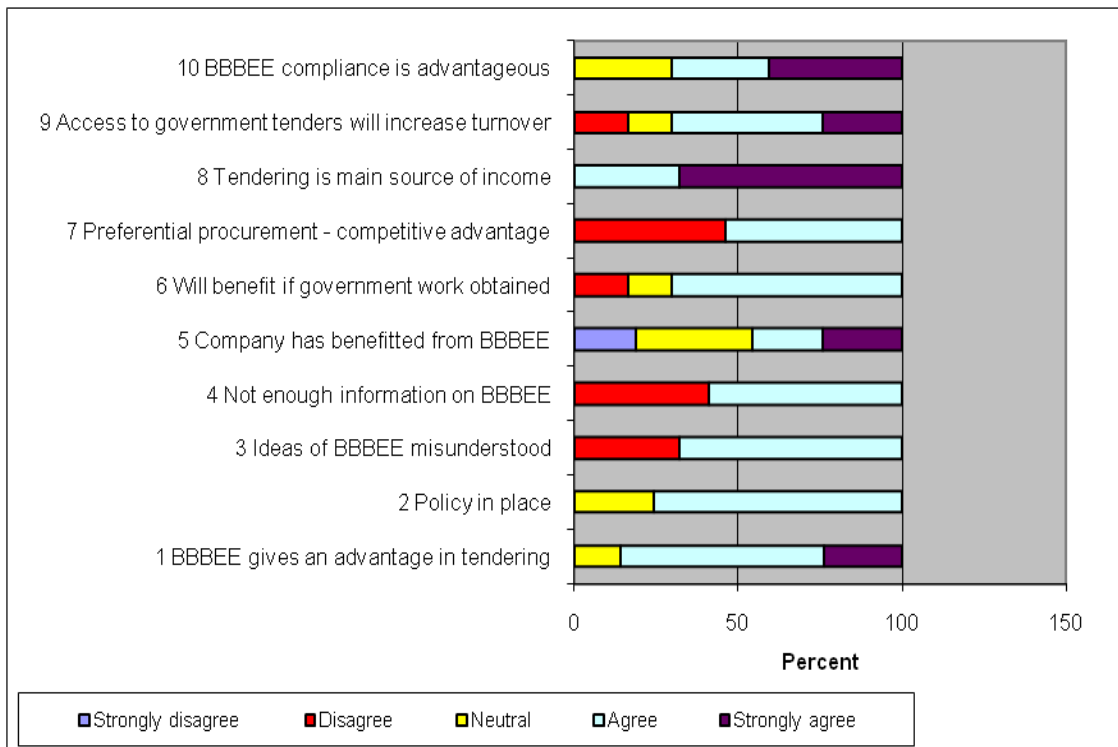


Figure 4.6 – Summary of questions 4.7.1–4.7.10

4.5.8 Knowing more about the BBBEE initiative (Q4.8)

A yes or no answer was required. Most of the respondents (76%) felt that they knew enough about the BBBEE initiative.

If the answer to Question 4.8 was yes, additional information was required. The information received from the additional questions 4.8.1–4.8.6 determined if the decision makers were looking for more information and the type of information required.

Table 4.8 – Knowing more about the BBBEE initiative

Knowing more about the BBBEE initiative	Yes	No
Information on BEE Act (Q 4.8.1)	16%	84%
Training in the use of scorecards (Q 4.8.2)	24%	76%
Information on advantages in tendering (Q 4.8.3)	24%	76%
General literature on BEE (Q 4.8.4)	0%	100%
Helpline (Q 4.8.5)	8%	92%
Other (Q 4.8.6)	0%	100%

The final set of questions provided the information to assess the companies' usage of their BBBEE status in the tendering process and if they had seen a marked advantage in using this status. This was a perceived change as no backup documents were requested to verify these results.

4.5.9 Been awarded government tenders (Q4.9)

More than half (60%) of the respondents participated in government tenders.

Table 4.9 – Been awarded government tenders

Been awarded government tenders (Q4.9)	
	Percent
Yes	60
No	40
Total	100.0

4.5.10 Indicate the percentage of the company work derived from government and/or parastatal work (Q4.10)

Respondents were required to select one of four percentage ranges to indicate the percentage of their work awarded from government. The responses were evenly distributed with the majority of respondents (29.7%) indicating that they receive 1–25% of their work from parastatals. 24% of respondents indicated that they receive none of their work from government, while the same percentage indicated that they receive most of their work (76–100%) from government. 22% of respondents indicated a figure of 26–50% for the amount of work their company receives from government.

Table 4.10 – Percentage of work derived from government/parastatal

Percentage of work derived from government/parastatal (Q4.10)	
	Percent
None	24
1 – 25%	30
26 – 50%	22
76 – 100%	24
Total	100.0

4.5.11 In the past three years your company has increased or decreased turnover and increased or decreased the number of employees (Q4.11)

This question followed on from Q4.10, which aimed to establish the percentage of government work the companies were involved in, and then to deduce from that percentage whether it had increased or decreased turnover and employee numbers. The majority provided a positive result in that turnover and employees had increased and not decreased.

Table 4.11 – Company has increased or decreased turnover and increased or decreased the number of employees

Company has increased or decreased turnover and increased or decreased the number of employees	Yes	No
Increased turnover (Q4.11.1)	100%	0%
Decreased turnover (Q4.11.2)	0%	100%
Increased employees (Q4.11.3)	3%	97%
Decreased employees (Q4.11.4)	0%	100%

4.5.12 Indicate the state of the company over the last three years (Q4.12)

The categories provided were Growth, Turnover and Equity, within which respondents had to indicate whether the category had decreased, remained level or increased by the percentage ranges of 0–15%, 16–40% or above 40%.

Table 4.12 –State of the company over the last three years

State of the company over the last three years	Remained level	Increased by percentage		
		0–15%	16–40%	41% +
Growth (Q4.12.1)	2.7%	13.5%	75.7%	8.10%
Turnover (Q4.12.2)	2.7%	13.5%	83.8%	0%
Equity (Q4.12.3)	83.8%	16.2%	0%	0%

None of the respondents indicated any decrease in the growth, turnover or equity of their companies. The majority of respondents experienced a significant increase in growth (75.7%) and turnover (83.8%), with equity (83.8%) remaining level.

4.4 CONCLUSION

Using descriptive statistical methods. Descriptions included frequencies, percentages, means and standard deviations to arrange the raw data into usable information. The findings of the quantitative questionnaire were compiled and presented in this chapter. In the following chapter this information is analysed in order to fulfil the research objectives: to assess the basic understanding that decision makers of construction companies in KwaZulu-Natal have of the BBBEE initiative in order to evaluate their compliance with this initiative in terms of establishing a competitive advantage in procurement and tendering.

CHAPTER FIVE

ANALYSIS AND DISCUSSION OF FINDINGS

5.1 INTRODUCTION

In order to investigate the basic understanding that decision makers of construction companies in KwaZulu-Natal have of the BBBEE initiative, a questionnaire was distributed. The research findings were presented in the previous chapter. These results provided data to assess an understanding of the knowledge that the decision makers had by company and this could then be cross-tabulated by their profile.

In this chapter the findings are analysed in light of the research objectives.

The objectives of the study can be linked to specific questions as follows:

Objectives	Questions
Assess the basic understanding that the decision makers of construction companies in KwaZulu-Natal have of the BBBEE initiative.	Q4.4, Q4.5, Q4.6, Q4.7.3 and Q4.7.4.
Evaluate their company's compliance with this initiative in terms of establishing a competitive advantage in procurement and tendering.	Q4.7.5 and Q4.7.6.
Investigate to what extent a perceived competitive advantage has been gained by BBBEE-compliant companies through procurement and tendering.	Q4.7.1, Q4.7.2, Q4.7.7, Q4.7.8, Q4.7.9, Q4.7.10, Q4.9, Q4.10, Q4.11.1, Q4.11.2, Q4.11.3, Q4.12.1, Q4.12.2, and Q4.12.3.

The findings in relation to each objective will form part of a more detailed analysis involving cross-tabulation of the questions, in light of the research aims, with the decision makers' profiles, namely, gender, age, race and their company's BBBEE rating.

5.2 THE BASIC UNDERSTANDING OF THE BBBEE INITIATIVE

5.2.1 General

Most decision makers (68%) felt that they had a good understanding of the BBBEE initiative (Q4.4). The remainder of the decision makers were divided equally between having an average (16%) or poor (16%) understanding of the BBBEE initiative. In confirmation, the majority of respondents stated (68%) that the ideas of BBBEE were not misunderstood (Q4.7.3). This reflects that the decision makers believe that they understand the BBBEE initiative.

The majority (68%) perceived the objectives of BBBEE to be a way of creating economic growth (Q4.5). There were a few (3%), however, who still related the BBBEE initiative to a political scam and the rest (30%) a form of affirmative action. This showed that the BBBEE initiative was still seen in a negative light by some. In relation to these perceived objectives of the BBBEE initiative, most (73%) stated that the objectives they identified were not being achieved (Q4.6), while some (27%) stated that they thought that these were being achieved.

Although the majority (60%) of respondents stated that information on BBBEE is available, a large number (40%) stated that there is insufficient information on BBBEE.

5.2.2 Cross-tabulation of findings: demographics and company's BBBEE rating

The questions that have a bearing on the respondents' basic understanding of the BBBEE initiative (Q4.4, Q4.5, Q4.6, Q4.7.3 and Q4.7.4) were cross-tabulated with gender, age, race and the BBBEE rating of the respondent's company.

Rate understanding of BBBEE (Q4.4 vs Q4.1, Q4.2, Q4.3 and Q2.6)

In the gender category all females indicated that they had a good understanding of BBBEE. The majority of males (57%) indicated the same, and there was an even split in the average and poor understanding categories (22%).

In the age groups, almost half (46%) of those that perceived their understanding to be good were from the younger groups, namely, below 45 years of age, and those 45 and above indicated their understanding as average or poor (31%).

There was also a clear division of understanding according to race, where all (100%) Black and Indian respondents indicated a good understanding and most White respondents (80%) indicated an average or poor understanding.

A large number (65%) of respondents from companies with a higher BBBEE rating (those scoring from Level 4 to Level 7 on the BBBEE scorecard) indicated a good understanding of the BBBEE initiative. Almost all (92%) of the respondents from companies rated as Level 8, which is considered a very low level of compliance, indicated an average or poor understanding of the BBBEE initiative.

Objectives of the BBBEE initiative (Q4.5 vs Q4.1, Q4.2, Q4.3 and Q2.6)

The respondents showed a strong tendency to assess the objectives of the BBBEE initiative either very positively or very negatively. All females indicated that the objective was to create economic growth, while males (57%) were divided between the economic growth factor and the form of affirmative action option (40%).

The majority (94%) of the 35 to 44-year-old age group indicated that the objective of the BBBEE initiative was to create economic growth, while those

45 years and above (58%) tended towards seeing it as another form of affirmative action.

All Black and Indian respondents were unanimous in their positive opinion that economic growth was occurring, while White respondents were decidedly more negative, seeing BBBEE primarily as a form of affirmative action (73%).

Respondents from companies with higher ratings (Levels 4 to 7 on the BEE compliance table) all agreed that economic growth was a focus of the BBBEE initiative, while respondents from those with a lower rating (Level 8) were divided between seeing BBBEE as a form of economic growth (33.3%), as a political scam to keep the masses happy (33.3%) and as a form of affirmative action (33.3%).

Ideas of BBBEE are misunderstood (Q4.7.3 vs Q4.1, Q4.2, Q4.3 and Q2.6)

In evaluating the statement that the BBBEE initiative is misunderstood, all females agreed, as well as most (94%) of the respondents from the younger age group (94%). The males were divided on this point (43% vs 57%), as were the older age group (58% vs 42%).

The Black and Indian respondents were in agreement that the BBBEE initiative was misunderstood, while the White respondents mostly disagreed with this view (80%).

All of the respondents from companies with higher BEE ratings (Levels 4 to 7 on the BEE compliance table) stated that BBBEE is misunderstood, while most (91%) of the respondents from companies with a rating of Level 8 on the BEE compliance table did not believe that BBBEE is misunderstood.

Not enough information on BBBEE (Q4.7.4 vs Q4.1, Q4.2, Q4.3 and Q2.6)

Female respondents, Black respondents and respondents from companies rated as Level 4 on the BEE compliance table (100% BEE compliant) all agreed that there was sufficient information on BBBEE, indicating a positive assessment of the BBBEE initiative.

Respondents from those companies with a Level 8 rating on the BEE compliance table were divided in their response (46% disagreed and 54% agreed). This division also occurred within the 35-44 years age group (50% disagreed and 50% agreed), within the 45-54 years age group (31% disagreed and 69% agreed), as well as within the White race group (21% disagreed and 79% agreed).

The majority of males (79%), all Indian respondents and all companies rated Level 6 and Level 7 on the BEE compliance table, a rating on the lower end of the BEE compliance table, stated that there was insufficient information on BBBEE.

5.2.3 Summary of cross-tabulation of findings

It was found that most (84%) of the decision makers believe that they understood the intentions and policies of BBBEE initiative. This was verified by all in the female gender category and more than half (79%) of the male respondents. The younger age group, where almost all (94%) perceived their understanding as good. There was, however, a clear division of understanding where all Black and Indian respondents indicated a good understanding but most White respondents (80%) indicated an average or poor understanding. This division occurred again in the company rating levels where those rated as Level 8 (10% BBBEE compliant), which is considered a very low level of compliance, indicated an average or poor understanding of the BBBEE initiative and those on Levels 4 (100% BBBEE compliant) to 7 (60% BBBEE compliant) had more understanding.

The majority of respondents (68%) perceived the objectives of BBBEE to be a way of creating economic growth and only a few (3%) still equated the BBBEE initiative with a political scam. It is then interesting to note that most (73%) stated that the objectives they identified were not being achieved. Here again, all females were in agreement.

The majority (94%) of the 35 to 44-year-old age group agreed with the objective, while those 45 years and above (58%) tended towards seeing it as another form of affirmative action.

Black and Indian respondents were unanimous in their positive opinion that the objective of BBBEE is to create economic growth, while White respondents were decidedly more negative (73%).

Respondents from companies with higher ratings (Levels 4 to 7 on the BEE compliance table) all agreed that economic growth was a focus of the BBBEE initiative, while respondents from those with a lower rating (Level 8) were divided equally between seeing BBBEE as a form of economic growth, as a political scam to keep the masses happy and as a form of affirmative action.

In evaluating the statement that the BBBEE initiative is misunderstood, all females agreed, as well as most (94%) of the respondents from the younger age group (94%). The Black and Indian respondents unanimously agreed that the BBBEE initiative was misunderstood, while a majority of the White respondents disagreed (80%).

Female respondents, Black respondents and respondents from companies rated as Level 4 on the BEE compliance table (100% BBBEE compliant) all agreed that there was sufficient information on BBBEE, indicating a positive assessment of the BBBEE initiative. A significant number of respondents (40%) stated that there is insufficient information on BBBEE.

The majority of males (79%), all Indian respondents and all companies rated Level 6 (50% BBBEE compliant) and Level 7 (60% BBBEE compliant), a rating on the lower end of the BEE compliance table, stated that there was insufficient information on BBBEE.

5.2.4 Recommendations

The responses that related to the respondents' understanding of the BBBEE initiative varied greatly. All Black and Indian respondents agreed that they had a good understanding of the BBBEE initiative and that its objective is to create economic growth. However, this is not felt by the majority (73%) of White respondents, who felt that BBBEE would not create a stronger economy and that it was simply a form of affirmative action.

Neither of these assessments reflects the intentions of the BBBEE initiative. To grow the economy in a sustainable way by enriching the previously disadvantaged and righting the wrongs of the past. The misunderstanding of this policy is clearly widespread. It seems as if South Africans of all race groups, White, Black and Indian, misunderstand or misinterpret the purpose and goals of the BBBEE initiative. It could be argued that White respondents do not wish to give up their companies and they therefore see the BBBEE policy as a form of affirmative action, while Black and Indian respondents want bigger shares in the companies and preferential treatment.

As has been discussed, this is not the policy of the BBBEE initiative. The intention is to create wealth and economic growth with the help of all key players in the marketplace. If the policy is not seen in this way, then there has been a grave misunderstanding.

Misconceptions of the BBBEE initiative on the part of the respondents can be addressed by a more practical involvement on the part of government, by

focusing on training and proper implementation of the Act through, for example, workshops. (Balshaw et al 2005:25)

5.3. BBEE COMPLIANCE (Q4.7.5 and Q4.7.6)

5.3.1 General

In investigating the level of BBEE compliance of the companies within which the respondents worked, the companies' level of compliance was measured against the BBEE scorecard. This information was based on the respondents' knowledge of their company's BBEE status (Q2.6). If the company's status was unknown, there was an optional section in the questionnaire to complete, from which a level of compliance could be assigned to those companies (Section 3b).

The ten respondents who did not know their company's BBEE status were all found to be from companies that were Level 8 contributors (10% BBEE compliant) (Figure 2.3, section 2.4.4) It could be argued that the low level of BBEE compliance on the part of those companies could be seen as a natural correlation with the respondents' (who are decision makers) lack of awareness of their company's BBEE status.

More than three quarters (76%) of all of the respondents' companies were rated as Level 6 and above (Q2.6), indicating little to no commitment to the BBEE initiative. Even though the respondents had indicated a reasonable awareness (Q4.4) of the policies, it seems the perceptions of the decision makers are affecting the level of the company's commitment to BBEE.

The perception of whether the companies had benefited from being BBEE-compliant (Q4.7.5) was tested. It was found that a large number (35%) did not commit to an opinion on whether compliance added value to their company. This could be due to lack of knowledge of the possible benefits,

but this contradicts the level of reasonable awareness of BBBEE previously indicated (Q4.4). The activity of the decision maker may be key to a company using the policy to the advantage of the company. Almost half of the respondents (46%) felt that their companies had benefited from BBBEE compliance. Some (24%) of the respondents strongly agreed, while a similar number (22%) of respondents agreed that their companies benefited from the BBBEE initiative. Only a small number (19%) of respondents strongly disagreed that their companies had benefited. It was found that those who felt that their companies had not benefited from the BBBEE compliance (Q4.7.5) were those who had not actively participated in the process.

When answering the question (Q4.7.6) of whether their company would benefit from obtaining government work, most (70%) respondents agreed that a particular level of compliance would determine the frequency with which government work became available to them.

5.3.2 Cross-tabulation of findings: demographics and company's BBBEE rating

The questions that have a bearing on the respondents' evaluation of their company's compliance with the BBBEE initiative (Q4.7.5 and Q4.7.6) were cross-tabulated with gender, age, race and the BBBEE rating of the respondent's company.

Company has benefited from being BBBEE compliant (Q4.7.5 vs Q4.1, Q4.2, Q4.3 and Q2.6)

All the female respondents agreed that their company had benefited from being BBBEE compliant. Almost half of the males (46%) remained neutral, indicating that they saw no significant advantage to being BBBEE compliant but did not conclude that it was a disadvantage either. Those who agreed (29%) outnumbered those who strongly disagreed (25%).

Almost half of the younger age group (35-44 years old) were in strong agreement, while a significant number (45%) remained neutral.

The responses showed significant divisions according to the race of the respondents. All the Black respondents strongly agreed that their companies had benefited from BBBEE compliance. The Indian respondents were either non-committal (39%) or indicated that they agreed with the statement (61%), while the White respondents were either non-committal (53%) or indicated (47%) strong disagreement with the statement.

The companies rated Level 4 to 7 according to the BBBEE compliance table were in agreement that BBBEE had either benefited (71%) their company or stayed neutral (29%), whereas those companies rated at Level 8 either disagreed (54%) that any benefits had occurred or remained neutral (46%).

Company will benefit economically if work is obtained from government contracts (Q4.7.6 vs Q4.1, Q4.2, Q4.3 and Q2.6)

All female respondents and the majority (60%) of male respondents stated that their company would benefit economically if work was obtained from government contracts.

All of the respondents in the 35-44 years age category indicated that they agreed that government work would be of benefit to their company. Respondents in the 45-54 years age category were divided between disagreeing (31%), remaining neutral (27%) and agreeing (42%).

From the race groups, most of the Whites (39%) saw no benefit and only 27% agreed that it would be beneficial. The rest (34%) reflected that in this regard they would remain neutral. The Black and Indian respondents agreed (100%) that government work would be of benefit to their company.

All the companies with a BBBEE rating of 7 and above agreed that they would benefit if government work were obtained. Companies with a rating level of 8 were split on this statement, with 46% in disagreement, 40% neutral and only (14%) in agreement.

5.3.3 Summary of cross-tabulation of findings

All the female respondents agreed that their company had benefited from being BBBEE compliant. However, some males (46%) remained neutral, indicating that they saw no significant advantage to being BBBEE compliant but nevertheless did not conclude that it was a disadvantage either. It was found that all female respondents and a large number (60%) of male respondents felt that their company would benefit economically if work was obtained from government contracts.

All of the respondents in the 35-44 years age category and all Black and Indian respondents indicated that they agreed that government work would be of benefit to their company, as did the companies rated Level 4–7 in the BBBEE compliance table.

5.3.4 Recommendations

The perception of whether the companies had benefited from being BBBEE compliant was tested. Almost half of the respondents (46%) agreed, and some (24%) strongly agreed that their companies had benefited from BBBEE compliance. Only a small number (19%) of respondents strongly disagreed that their companies had benefited.

There is again clear evidence that the true meaning of the BBBEE initiative has been misunderstood. This can be rectified with proper training and more visible participation by the government.

5.4 BBBEE COMPLIANCE AND ESTABLISHING A PERCEPTION OF COMPETITIVE ADVANTAGE THROUGH PROCUREMENT AND TENDERING (Q4.7.1, Q4.7.2, Q4.7.7–Q4.7.10, Q4.9, Q4.10, Q4.11.1–4, Q4.12.1–3)

5.4.1 General

In investigating to what extent a perception of competitive advantage had been gained by BBBEE-compliant companies through procurement and tendering, the following was found when assessing the results.

The majority (87%) of respondents indicated that BBBEE compliance was an advantage to tendering (Q4.7.1). However, a minority (13%) of the respondents remained neutral, and none of them disagreed with this point.

The majority (76%) of respondents also indicated that a policy that was geared towards obtaining government work was in place in their company (Q4.7.2). Nevertheless, a quarter (24%) of respondents were non-committal.

Less than half (46%) of the respondents indicated that preferential procurement would enable their company to gain a competitive advantage in terms of tendering, while a large number (54%) disagreed (Q4.7.7).

Most (68%) of the respondents indicated that their company relied on tendering as their main source of income (Q4.7.8). Also a large portion (70%) of respondents stated that access to government tenders would increase the turnover of their company (Q 4.7.9). However, there was no decision made by a few (14%) of the respondents and the remainder (16%) disagreed.

Although the majority (71%) of respondents indicated that BBBEE compliance would be an advantage to their company in the present economic climate (Q4.7.10), the rest (29%) adopted a neutral stance.

Most (97%) of the respondents indicated that they were employing more staff (Q4.11.3), with a minority (3%) indicating that they were not. All of the companies indicated that they were not decreasing their staff complement (Q4.11.4).

The state of the respondents' companies over the last three years was assessed in terms of growth, turnover and equity (Q4.12). The majority responded positively in all categories.

5.4.2 Cross-tabulation of findings: demographics and company's BBBEE rating

The questions that have a bearing on the respondents' evaluation of their company's compliance with the BBBEE initiative in terms of establishing a competitive advantage in procurement and tendering (Q4.7.1-2, Q4.7.7-10, Q4.9, Q4.10, Q4.11.1-4, Q4.12.1-3) were cross-tabulated with demographics and the BBBEE rating of the respondent's company.

BBBEE compliance gives an advantage in tendering (Q4.7.1 vs Q4.1, Q4.2, Q4.3 and Q2.6)

The majority (86%) of respondents indicated that BBBEE compliance was an advantage in tendering. All of the female and most (82%) of the male respondents agreed. The remainder (18%) were non-committal. This would appear to indicate that female respondents exhibited a greater degree of conviction on this question.

Most (73%) of the older age group (45–54 years) indicated agreement and only a quarter (27%) remained neutral in relation to the statement that BBBEE compliance creates a competitive advantage for tendering (Q4.7.1), whereas all respondents in the younger age group (35–44 years) agreed.

All of the Black and Indian respondents and a majority (66%) of White respondents agreed that BBBEE gives an advantage in tendering (Q4.7.1). However, a significant number (34%) of the White respondents adopted a neutral position.

The BBBEE compliance rating of the companies within which the respondents worked showed a strong correlation with their assessment of whether BBBEE compliance creates an advantage in tendering. All respondents from companies with a Level 4 (100% BBBEE compliant), Level 6 (60% BBBEE compliant), and Level 7 (50% BBBEE compliant) rating, indicated agreement. The majority (61%) of respondents from companies with Level 8 (10% BBBEE compliant) compliance ratings indicated agreement with the statement, but a significant number (39%) of respondents were neutral.

Your company has put in place a BBBEE policy to effect change in line with the government (Q4.7.2 vs Q4.1, Q4.2, Q4.3 and Q2.6)

All of the female respondents indicated that they were aware that their company had a BBBEE policy in place. The majority of males (67%) also indicated that their company had a BBBEE policy in place, while a significant number (33%) remained neutral, indicating possible uncertainty.

All of the respondents from the older age group (45-54 years) were aware of a policy in place in their company regarding the BBBEE initiative. This was not the case in the younger age group (35–44 years), who indicated an even split between being aware of a BBBEE policy (50%) and remaining neutral (50%) or uncertain.

It so happens that all Black respondents indicated that they were aware that their company had a BBBEE policy in place. A majority of Indian (61%) and White (73%) respondents confirmed that their company had a BBBEE policy

in place. However, a significant percentage of respondents from both groups (39% for Indian and 27% for White) were neutral or uncertain.

All respondents from companies with a Level 4 (100% BBBEE compliant) rating confirmed that their company had a BBBEE policy in place. The majority of respondents (82%) from companies with a Level 6 (60% BBBEE compliant) rating also confirmed this, with the remainder (18%) being neutral or uncertain. All of the respondents from companies with a Level 7 (50% BBBEE compliant) rating indicated that they were neutral or uncertain about the BBBEE policy of their company. However, the vast majority (86%) of respondents from companies with a Level 8 (10% BBBEE compliant) rating confirmed that they were aware that their company had a BBBEE compliance policy in place, with only a small number (14%) indicating that they were neutral or uncertain.

Preferential procurement will provide a competitive advantage in tendering in your company (Q4.7.7 vs Q4.1, Q4.2, Q4.3 and Q2.6)

The responses to this question elicited clear opinions, with none of the respondents selecting a neutral response.

There was a marked difference of opinion according to the gender of the respondent. All of the male respondents agreed that preferential procurement would provide a competitive advantage to their company in terms of tendering, with the completely opposite opinion from all female respondents, who disagreed.

The majority (67%) of respondents from the younger age group (35-44 years) disagreed that preferential procurement would provide a competitive advantage, with the remainder (33%) indicating agreement. However, more than half (58%) of the respondents from the older age group (45-54 years) indicated agreement, with the rest (42%) differing.

The full complement of Black respondents, as well as the majority (60%) of Indian respondents disagreed that preferential procurement would provide a competitive advantage. However, most (80%) of the White respondents agreed.

The opinions of the respondents tended to correlate with their company's BBBEE compliance rating. All respondents from companies with a Level 4 (100% BBBEE compliant) and Level 6 (60% BBBEE compliant) compliance rating indicated disagreement. In contrast, all of the respondents from companies with a Level 7 (50% BBBEE compliant) compliance rating indicated agreement, as well as the majority (91%) of respondents from companies with a Level 8 (10% BBBEE compliant) compliance rating.

Tendering is the main source of income for your company (Q4.7.8 vs Q4.1, Q4.2, Q4.3 and Q2.6)

All respondents agreed that tendering is the main source of income for their company.

The level of agreement with this, however, varied slightly according to the gender of the respondents. Females were all in strong agreement that tender projects were the main source of income. The male respondents were significantly divided, with more than half (57%) strongly agreeing.

The majority of respondents in both the 35-44 years and 45-54 years age categories felt strongly about this statement (79% and 58%, respectively). This was shared by all the Black respondents, some (37%) of the Indian respondents and a majority (75%) of the White respondents. The majority (63%) of Indian respondents agreed.

Although all respondents had expressed agreement that tendering is the main source of income, there were slight variations of agreement between the compliance levels rating of the companies.

Access to government tenders will increase turnover (Q4.7.9 vs Q4.1, Q4.2, Q4.3 and Q2.6)

All of female respondents strongly agreed that access to government tenders would increase turnover. The majority (61%) of male respondents indicated that they agreed with this statement, with 18% remaining neutral and 21% strongly opposed.

Although all the respondents from the younger age category (35-44 years) agreed, half (50%) of them felt strongly that government tenders will increase turnover. However, respondents from the older age category (45-54 years) indicated a more negative trend, with only some (42%) agreeing with the statement, while almost a third (29%) remained neutral and a third (31%) disagreed strongly.

A significant difference in opinion according to the race of the respondents was noted concerning the question of whether access to government contracts resulted in increased turnover. All Black and Indian respondents agreed that this was so. However, just over a quarter (27%) of the White respondents agreed, with a significant number (38%) strongly disagreeing.

The respondents' opinions tended to correlate with the BBBEE compliance rating of their company. All of the respondents from companies that were Level 4 (100% BBBEE compliant) agreed strongly, while all of the respondents from companies that were Level 6 (60% BBBEE compliant) and Level 7 (50% BBBEE compliant) agreed. However, only 14% of respondents from companies that were Level 8 (10% BBBEE compliant) were in agreement, with 40% remaining neutral and 46% indicating strong disagreement.

Becoming a BBBEE-compliant company will be an advantage in this present economic climate (Q4.7.10 vs Q4.1, Q4.2, Q4.3 and Q2.6)

All of the female respondents strongly agreed that companies that become BBBEE compliant would experience an advantage in the present economic climate. However, male respondents were divided, with 20% in strong agreement, 40% in agreement and 40% remaining neutral.

The age categories differed slightly in their level of agreement. The majority (85%) of respondents from the younger age category (35-44 years) strongly agreed, with only a few (15%) agreeing. Of the older age category (45-54 years) only some (42%) of respondents agreed, but the majority (58%) remained neutral.

All the Black and Indian respondents agreed that becoming a BBBEE-compliant company would result in a competitive advantage in the present economy. A majority (72%) of the White respondents remained neutral, with only 28% agreeing.

Once again the BBBEE level of compliance was a factor. It was found that respondents from companies that were Level 4 (100% BBBEE compliant) and Level 7 (50% BBBEE compliant) strongly agreed, while all of the respondents from companies that were Level 6 (60% BBBEE compliant) agreed. The vast majority (86%) of respondents from companies that were Level 8 (10% BBBEE compliant) remained neutral.

Has your company been awarded government tenders? (Q4.9 vs Q4.1, Q4.2, Q4.3 and Q2.6)

All of the female respondents indicated that their companies had been awarded government tenders. The majority (54%) of male respondents indicated that the companies in which they worked had not been awarded government tenders, with almost half (46%) indicating that the companies in which they worked had received government tenders. Companies with a

majority (79%) of respondents from the younger age category (35-44 years) had been awarded government tenders; however, the companies of most (58%) of the respondents from the older age category (45-54 years) had not been awarded government tenders.

Again, the responses to this question varied sharply according to the race of the respondents, with all of the Black and Indian respondents indicating that the companies in which they worked had been awarded government tenders, and all of the White respondents indicating that the companies in which they worked had not. All of the respondents from companies that were rated as Level 4 (100% BBBEE compliant) and Level 7 (50% BBBEE compliant) had been awarded government tenders. The majority (81%) of respondents from companies that were rated as Level 6 (60% BBBEE compliant) had also been awarded government tenders, whereas all of the respondents from companies rated as Level 8 (10% BBBEE compliant) had not been awarded government tenders.

Table 5.1 – Been awarded government tenders

VS		YES	NO
Q 4.1 Gender	Male	46 %	54 %
	Female	100 %	-
Q 4.2 Age	35 - 44	78 %	22 %
	45 - 54	42 %	58 %
Q 4.3 Race	Black	100 %	-
	Indian	100 %	-
	White	-	100 %
Q 2.6 BBBEE Rating	Level 4	100 %	-
	Level 6	81 %	19 %
	Level 7	100 %	-
	Level 8	-	100 %

Indicate the percentage of the company work derived from government and/or parastatal work (Q4.10 vs Q4.1, Q4.2, Q4.3 and Q2.6)

Table 5.2 – percentage of the company work derived from government and/or parastatal work

VS		None	1% - 25%	26% - 50%	76% - 100%
Q 4.1 Gender	Male	32 %	39 %	29 %	-
	Female	-	-	-	100 %
Q 4.2 Age	35 - 44	22 %	29 %	-	49 %
	45 - 54	27 %	31 %	42 %	-
Q 4.3 Race	Black	-	-	-	100 %
	Indian	-	39 %	61 %	-
	White	60 %	40 %	-	-
Q 2.6 BBBEE Rating	Level 4	-	-	-	100 %
	Level 6	19 %	-	81 %	-
	Level 7	-	100 %	-	-
	Level 8	54 %	46 %	-	-

All of the female, Black and Level 4 (100% BBBEE compliant) respondents indicated that most (76-100%) of the work engaged with by the companies in which they worked was derived from government and/or parastatal work.

The White respondents and those from Level 8 (10% BBBEE compliant) companies reported a lower level of such work.

Indicate the state of the company over the last three years (Q4.12 vs Q4.1, Q4.2, Q4.3 and Q2.6)

Table 5.3 – state of the company over the last three years

		Q 4.12.1 Growth				Q 4.12.2 Turnover			Q 4.12.3 Equity	
VS		Stayed level	0% - 15%	16% - 40%	+41 %	Stayed level	0% - 15%	16% - 40%	Stayed level	0% - 15%
Q 4.1 Gender	Male	4%	18%	67%	11%	4%	18%	78%	78%	22%
	Female	-	-	100%	-	-	-	100%	100%	-
Q 4.2 Age	35 - 44	6%	-	78%	16%	6%	-	94%	67%	33%
	45 - 54	-	27%	73%	-	-	27%	73%	100%	-
Q 4.3 Race	Black	-	-	100%	-	-	-	100%	100%	-
	Indian	-	-	100%	-	-	-	100%	61%	39%
	White	7%	34%	39%	20%	7%	34%	59%	93%	7%
Q 2.6 BBBEE Rating	Level 4	-	-	100%	-	-	-	100%	100%	-
	Level 6	-	-	81%	19%	-	-	100%	100%	-
	Level 7	-	-	100%	-	-	-	100%	-	100%
	Level 8	7%	40%	46%	7%	6%	40%	54%	92%	8%

Although the majority of respondents across all categories indicated that their companies had experienced a positive rate of growth over the previous three years., it can be seen that the female, Black and Indian respondents, and those respondents from companies with higher levels of BBBEE compliance (Levels 4, 6 and 7), all reported that their companies had achieved a higher level of growth and turnover. This growth and turnover was substantially lower for Level 8 (10% BBBEE compliant) companies.

Most of the respondents agreed that the equity of the company had stayed level over the past three years.

5.4.3 Summary of cross-tabulation of findings

The majority (86%) of respondents indicated that BBBEE compliance was an advantage in tendering. This include all the female respondents, who spoke with conviction, all Black and Indian respondents, as well as all respondents from companies with a Level 4 (100% BBBEE compliant), Level 6 (60% BBBEE compliant), and Level 7 (50% BBBEE compliant) rating. It is, however, disconcerting that some (27%) of the respondents from the older age group (45–54 years), a third (34%) of White respondents and a large number (39%) of respondents from Level 8 (10% BBBEE compliant) companies preferred not to answer this question and remained neutral.

The majority of respondents indicated that a BBBEE policy was in place in their company. This is evident in that all of the respondents who were female, Black, from Level 4 (100% BBBEE compliant) and Level 7 (50% BBBEE compliant) companies, and who were from the older age group (45–54 years), agreed. The rest agreed to a lesser extent, with only a few disagreeing.

Less than half (46%) of the respondents indicated that preferential procurement would enable their company to gain a competitive advantage in terms of tendering. All the age group were divided in agreement with a substantial number in both in disagreement. The full complement of Black respondents and the majority (60%) of Indian respondents disagreed with the statement, whereas most White respondents agreed. It is interesting to note that although the males were divided on this, all females disagreed.

The majority of the respondents indicated that their company relied on tendering as their main source of income.

Again, the trend continued with a large number (70%) of the respondents stating that access to government tenders would increase the turnover of

their company. This was confirmed by all female respondents and a majority (61%) of male respondents.

The majority (71%) of respondents indicated that BBBEE compliance would be an advantage to their company in the present economic climate. A similar pattern emerged where all female respondents agreed. However, a large percentage (40%) of male respondents remained neutral. The age categories differed slightly in their level of agreement. 85% of respondents in the younger age category (35–44 years) and 42% of those from the older age category (45–54 years) agreed. A large majority (86%) of respondents from companies that were Level 8 (10% BBBEE compliant) remained neutral on whether BBBEE compliance would be an advantage.

All of the female, Black and Indian respondents indicated that their companies had been awarded government tenders. However, the majority (54%) of male respondents and all the White respondents indicated that the companies in which they worked had not been awarded government tenders.

All the respondents from companies with a higher BBBEE rating (Level 4, Level 6 and Level 7) stated that their companies had been awarded government tenders, whereas all of the respondents from companies rated as Level 8 (10% BBBEE compliant) stated that their companies had not been awarded government tenders.

All of the female, Black and Level 4 (100% BBBEE compliant) respondents indicated that most (76-100%) of the work engaged with by the which they worked was derived from government and/or parastatal work. The Level 8 (10% BBBEE compliant) respondents reported a lower level of such work.

Most of the respondents stated that the growth and turnover of their company had increased, and that the equity of the company had stayed level over the previous three years

5.4.4 Recommendations

The understanding of the BBBEE initiative as a competitive advantage through procurement and tendering has been evaluated. It is clear that the BBBEE compliance rating of the companies within which the respondents worked showed a strong correlation with their assessment of whether BBBEE compliance creates an advantage in tendering, and of the advantages they are receiving through government work.

The responses indicated a marked difference according to the gender of the respondents. Males were divided on the issue of competitive advantage being achieved by procurement and tendering, whereas all female respondents agreed. The perceptions of the respondents again reinforces how the ideas of BBBEE are being misunderstood. There is no clear understanding of its role as an advantage to procurement and tendering.

This again has highlighted the need for better training in companies on the aims and intentions of the BBBEE initiative.

5.5 CONCLUSION

Analysis of the results indicated that respondents generally had a positive perception of the BBBEE policy. However, they did indicate areas of concern as far as fully understanding the process. Response to certain questions reflected these concerns. For example, although there was sufficient information available concerning the BBBEE policy, there was a perception that this policy was another affirmative action process. The results reflected that BBBEE does not have a drastic impact on many companies as evidenced by the neutral responses in relation to benefits and government work being obtained. As more companies implement the policy it is presumed that the benefits will be seen as all companies in South Africa work towards improving their BBBEE status. (Balshaw et al 2005:33)

When the results incorporated the demographics of the decision makers, clear divisions were made apparent. Cross-tabulation highlighted the understanding of the decision makers based on gender, race, age and BEE rating. Each of the categories was discussed in detail in this chapter.

Chapter 6 will revisit the objectives of this research project, highlight the findings of each objective and make recommendations based on the findings of the current chapter. Areas of future research will also be discussed. Chapter 6 will focus on the understanding the BBBEE initiative, and look at ways in which the government can address the perceptions of decision makers.

CHAPTER SIX

CONCLUSION

6.1 INTRODUCTION

Each of the questions have been assessed and cross- tabulated with demographics and company's BBBEE rating. This was divided into the supporting objectives and analysed in detail, and the findings and recommendation stated for each of the sub objectives..

This chapter will revisit the objectives of this research, highlight the findings of each objective and make recommendations. Areas of future research will also be discussed. This concluding chapter will focus on the importance of understanding the BBBEE initiative, and will examine ways in which the government can address the perceptions of decision makers.

On examining and analysing the few points that were prominent, in relation to each of the supporting objectives that substantiated the main objective of this study, certain issues became apparent. These will now be examined in more detail, and possible solutions proposed.

6.2 REVISITING THE OBJECTIVES

The study set out to assess the basic understanding that the decision makers of construction companies in KwaZulu-Natal, classified as Qualifying Small Enterprises (QSEs), have of the BBBEE initiative in terms of issues of compliance and whether their companies could enjoy a competitive advantage through procurement and tendering.

This objective was divided into three supporting objectives:

- To investigate the basic understanding that the decision makers of construction companies in KwaZulu-Natal have of the BBBEE initiative.
- To investigate BBBEE compliance in order to determine a level of BBBEE rating for companies.
- To investigate the perceived competitive advantage gained by BBBEE-compliant companies through procurement and tendering.

All these supporting objectives have been met in this study.

In relation to investigating the basic understanding that the decision makers of construction companies in KwaZulu-Natal have of the BBBEE initiative, it was found that although most indicated a basic understanding, when their views of the BBBEE initiative and its role in procurement and tendering were tested, it was found that their understanding was flawed. As indicated by Lionel October in his address to the DTI workshop on 17 August 2007, “there was confusion and a lack of a correct understanding of BBBEE” across whole sections of the economy (OECD 2008:55).

This research relating to the investigating of BBBEE compliance in order to determine a level of BBBEE rating for companies revealed that the respondents who knew their company's BBBEE rating scored higher than those who did not know their rating. This indicated a buy in by some companies actively pursuing BBBEE initiative as a competitive advantage. This was reinforced by Jack (2007:45) in his discussion on the leverage system of the codes of good practice, where the trickledown effect of the BBBEE initiative, required companies who wish to increase their score to purchase from suppliers with high BBBEE ratings.

In investigating the perceived competitive advantage gained by BBBEE-compliant companies through procurement and tendering, it was confirmed that companies that had a better BBBEE rating were receiving most of their work from government tenders and that BBBEE had a positive impact on the procurement and tendering process.

6.3 RESEARCH FINDINGS

- It was found that although there was a generally positive understanding of the basic ideas of the BBBEE initiative, not all of the respondents understood the potential for using BBBEE to gain a competitive advantage.
- In Section 5.2.3, it was clearly evident that Black and Indian respondents were unanimous in their positive opinion that economic growth was occurring. The Black and Indian respondents also unanimously agreed that the BBBEE initiative was misunderstood, while the majority of the White respondents disagreed (80%).
- Female respondents, Black respondents and respondents from companies rated as Level 4 on the BEE compliance table (100% BEE compliant) all agreed that there was sufficient information on BBBEE.
- All the female respondents agreed that their company had benefited from being BBBEE compliant
- All of the respondents in the 35-44 years age category and all Black and Indian respondents agreed that obtaining contacts from government sources would be of benefit to their company.

- In Section 5.4.3 it was found that preferential procurement would enable their company to gain a competitive advantage in terms of tendering. All the male respondents agreed that this was true. However, an opposite view from the female respondents was seen. This again reinforced that there is a misunderstanding of the initiative. All Black respondents and the majority of Indian respondents (60%) disagreed with the statement, whereas most Whites agreed.

6.4 RECOMMENDATIONS

The misunderstanding of the BBBEE initiative has not been one-sided. This study has shown a clear indication that the intentions of BBBEE were not made clear. It appeared that although many respondents believed that they understood the intentions of the BBBEE initiative, they did not truly understand it. This could be rectified by:

- Communicating the ideas of BBBEE by means of a more practical involvement by the government, such as by facilitating workshops.
- Focusing on training in the understanding and use of the BBBEE Act.
- Reinforcing proper implementation of the BBBEE Act by both local and national government.
- Training and more visible participation by the government in terms of interaction with all relevant stakeholders.
- Managing of broad-based management training to assist small to medium companies with middle management.

6.5 SCOPE FOR FURTHER RESEARCH

The results of this study have stimulated ideas that should provide a basis for additional research. These recommendations are based on the findings of this study.

- A more in-depth study of the levels of skills and knowledge in the companies, specifically in the small to medium sized companies.

- Development programmes aimed at increasing the extent of knowledge by decision makers.
- A study into the possibility of a financing organisation that not only funds the purchase of shares, but also focuses on management training.

6.6 LIMITATIONS OF THE RESEARCH

It is prudent to note that although this research was limited to construction companies in KwaZulu-Natal, the information gathered should be a relevant indicator of the general consensus of all construction companies in South Africa in the QSE range.

6.7 CONCLUSION

Since the new democratic government came into power in 1994, a legislative framework for the transformation of the South African economy has been adopted and several new laws have been introduced as specific measures to overcome the distortions caused by apartheid. Amongst many initiatives, the economic reality of empowerment was structured in a scorecard-style guideline when the Codes of Good Practice on Black Economic Empowerment was published on 9 February 2007 as Notice 112 of 2007.

The BBBEE initiative has been embraced by some companies but not all. The level of understanding of this initiative has also been highlighted as a concern, as almost all respondents showed a misconception of the BBBEE initiative.

If this BBBEE initiative is adopted by all parties then sustainable growth in the South African economy can be realised. This is the reality of the BBBEE initiative that needs to be addressed by government, both with training and support.

The results presented and then analysed have achieved the objective of this study, which was to assess the basic understanding that the decision makers of construction companies in KwaZulu-Natal, classified as Qualifying Small Enterprises (QSEs), have of the BBBEE initiative in terms of compliance and of the perception of competitive advantage gained through procurement and tendering

REFERENCES

- Black Economic Empowerment Commission. (online) Available from: <http://www.kznhealth.gov.za/TED/commission.pdf> (Accessed: 5 November 2011).
- Balshaw, et al Cracking Broad-Based Black Economic Empowerment: Codes and Scorecard unpacked (2005) Human and Rousseau, Cape Town.
- DTI. 2003. *South Africa's Economic Transformation – A Strategy for Broad-Based Black Economic Empowerment*. (online) Available from: http://www.dti.gov.za/economic_empowerment/bee-strategy.pdf (Accessed: 5 November 2011).
- DTI. 2003-2004. A Strategy for BBBEE. (online) Available from: http://www.thedti.gov.za/economic_empowerment/bee-strategy.pdf (Accessed: 5 November 2011).
- DTI. 2005. The Codes of Good Practice on Broad-Based Black Economic Empowerment – Phase One: A Guide to Interpreting the First Phase of the Codes. Government Gazette 29617. 2007. (online) Available from: http://www.thedti.gov.za/economic_empowerment/codes_good_practise.jsp (Accessed: 5 November 2011).
- DTI. 2007a. Codes of good practice BBBEE. (online) Available from: http://www.dti.gov.za/economic_empowerment/docs/generic_codes_2.pdf (Accessed: 5 November 2011).
- DTI. 2007b. Background to, intention and application of the Codes of Good Practice. (online) Available from: http://www.thedti.gov.za/economic_empowerment/docs/Inside.pdf (Accessed: 5 November 2011).

DTI. 2011. the dti BBEE web site. (online) Available from:
<http://bee.thedti.gov.za/09.htm> (Accessed: 5 November 2011).

Empowerdex. 2009. *An Empowerdex Guide*. (online) Available from:
<http://www.empowerdex.co.za/Portals/5/docs/EmpowerdexGuide/Introduction.pdf> (Accessed: 5 November 2011).

Empoweryst. 2011. BEE Terminology. (online). Available from:
<http://empoweryst.co.za/index.php?id=38> (Accessed: 5 November 2011).

Freedom Charter 1955. (online) Available from:
<http://scnc.ukzn.ac.za/doc/HIST/freedomchart/freedomch.html> (Accessed: 5 November 2011).

Jack, V. 2007. *Broad-Based BEE: The complete guide*. Northcliff:
Frontrunner Publishing (Pty) Ltd.

Manuel, T. 2008. *Budget Speech 2008*. (online) Available from:
<http://www.info.gov.za/speeches/2008/08022016151001.htm> (Accessed: 5 November 2011).

Mbeki, T. 2008. State of the Nation Address by President Thabo Mbeki.
(online) Available from: <http://www.anc.org.za/show.php?id=4213> (Accessed: 5 November 2011).

Mbola, B. 2008. *Chinese South Africans qualify for BEE*. (online) Available
from: <http://www.southafrica.info/business/trends/empowerment/beechnese-180608.htm> (Accessed: 5 November 2011).

OECD (Organisation for Economic Co-operation and Development
Economics). 2008. *South Africa Economic Assessment*. (online) Available

from:

<http://books.google.co.za/books?id=xhG1Mw9SF5YC&pg=PA52&lpg=PA52&dq>

(Accessed: 5 November 2011).

Peteraf, M.A. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal* 14:179–191.

Republic of South Africa. 2007. *Codes of good practice (Notice 29617 of 2007)*. Government Gazette number 29617: 9 February (online). Available from: http://www.thedti.gov.za/economic_empowerment/docs/generic_code_p1.pdf (Accessed: 5 November 2011).

Robbins, S. P., Odendaal, A., and Roodt, G. (eds) 2004. *Organisational Behaviour: Global and Southern African Perspectives*. Cape Town: Pearson.

Standard Bank. 2006. BBEE at a glance. *Small Capital* 5 July 2006.

Available from:

<http://www.mwebbusiness.co.za/manager/clientfiles/sme/SmCap5.pdf>

(Accessed: 5 November 2011).

South African.info. Gateway to the Nation. *Black economic empowerment*.

[online] Available from:

www.southafrica.info/business/trends/empowerment/bee.htm (Accessed: 5

November 2011).

South African.info. Gateway to the Nation. *Codes for better BEE*. [online]

Available from:

<http://www.southafrica.info/business/trends/empowerment/BEE-codes.htm>

(Accessed: 5 November 2011).

Sanchez, D. 2006. Socio-economic transformation in South Africa: black

economic empowerment and small, medium and micro enterprises. *DIIS Working Papers* 31. Copenhagen, Denmark: Danish Institute for International Studies. (online) Available from:

<http://www.diis.dk/graphics/Publications/WP2006/WP%202006-31.final.pdf>

(Accessed: 5 November 2011).

Welman, J.C. and Kruger, S.J. (2002). *Research Methods Handbook*. New York: Oxford University Press.

Wellman, C., Kruger, F., and Mitchell, B. 2005. *Research Methodology*. Cape Town: Oxford University Press.

ACTS

Bantu Education Act 47 of 1953. (online) Available from:

<http://www.aluka.org/action/showMetadata?doi=10.5555/AL.SFF.DOCUMENT.leg19531009.028.020.047&> (Accessed: 5 November 2011).

Broad-based Black Economic Empowerment Act 53 of 2003. (online).

Available from:

http://www.acts.co.za/broad_based_black_economic_empowerment_act_2003.htm (Accessed: 5 November 2011).

Competition Act 89 of 1998. (online) Available from:

http://www.saflii.org/za/legis/num_act/ca1998149.pdf (Accessed: 5 November 2011).

Employment Equity Act 55 of 1998. (online) Available from:

<http://www.labour.gov.za/downloads/legislation/acts/employment-equity/Act%20Summary%20-%20Employment%20Equity.doc> (Accessed: 5 November 2011).

Empowerment Act of February 2007. *Gazetted empowerment act*. (online)

Available from:

http://www.thedti.gov.za/economic_empowerment/docs/generic_code_p1.pdf (Accessed: 5 November 2011).

National Small Business Act 102 of 1996. (online) Available from:

<http://www.info.gov.za/view/DownloadFileAction?id=70848> (Accessed: 5 November 2011).

Preferential Procurement Policy Framework Act 5 of 2000. (online) Available

from: http://www.saflii.org/za/legis/num_act/pppfa2000450.pdf (Accessed: 5 November 2011).

APPENDIX 1: QUESTIONNAIRE

Broad-based Black Economic Empowerment (BBBEE) as a competitive advantage in procurement in the construction industry

Thank you for taking the time to complete this questionnaire. Your input is of great value and will be used to gauge the understanding of the BBBEE initiative by the decision makers of construction companies in order to evaluate their implementation and use of BBBEE in terms of establishing a competitive advantage in tendering and procurement.

Your anonymity is of the utmost importance and therefore all responses in this questionnaire will remain completely confidential.

Please email the completed questionnaire to daxgoose@hotmail.com or fax it to (031) 569 4096.

Contact details

Tel (home): (031) 464 9596
 Tel (cell) : 082 859 4671
 E-mail : daxgoose@hotmail.com

Section 1 - General Information (This section is optional)

This section requires you to provide general information about your company. Please fill out the following in detail and as accurately as possible.

Company name:	
Company address:	
Phone no:	

Fax no:	
Email address:	
Your designation:	

Section 2 – Assessment of Company

The BBBEE Act and its subsequent Codes of Good Practices will be used, from information provided in this section, to categorize your company. In terms of the definition as set out in the Act, and in terms of the construction industry scorecard, we will use the turnover and number of employees to classify your company as an Emerging Micro Enterprise (EME), Qualified Small Enterprise (QSE) or generic.

1. Please indicate the company's annual turnover for the last financial year.

(Mark with a X one answer only)

Below R5 million turnover per year	
From R5 million to R35 million turnover per year	
Above R35 million turnover per year	

2. Please indicate the number of permanent staff.

(Mark with a X one answer only)

Below 50 salaried staff	
50 and above salaried staff	

3. Indicate company ownership

(Mark with a X one answer only)

Sole proprietor	
Closed corporation	
Private	
Pty Ltd	
Co Operative	
Trust	
Other: please detail:	

4. Is the company owned by a holding company?

(Mark with a X one answer only)

Yes	
No	

5. If yes to question 4, does corporate policy govern your company?

(Mark with a X one answer only)

Yes	
No	

6. Indicate the level of BEE rating (if known) that the company presently has?

(Mark with a X one answer only)

Contribution Level	Compliance	Mark with Tick
Level 1 Contributor	135%	
Level 2 Contributor	125%	
Level 3 Contributor	110%	
Level 4 Contributor	100%	
Level 5 Contributor	80%	
Level 6 Contributor	60%	
Level 7 Contributor	50%	
Level 8 Contributor	10%	
Non-compliant contributor	0%	
Do Not Know	N/P	

7. Indicate if this rating was achieved prior to 28 February 2009.

(Mark with a X one answer only)

Yes	
No	

If BEE rating is not known then please complete the following Section 3 to place the company in the scale as indicated above. (Please note that this is not a professional assessment for use in the industry, but merely an indicator for this study. All information will be used only in the study.)

ONLY COMPLETE SECTION 3 IF BBBEE STATUS IS UNKNOWN (Section 2 Question 6)

Section 3 – Basic assessment of company using BBBEE score cards. (For purpose of this study only).

Part A: General Information

1. The information provided in this questionnaire will be treated as confidential and will not be disclosed to any third party
2. The information will be used only for the purpose of assessing your company in terms of our Black Economic Empowerment Policy

Part B: BBBEE Compliance questionnaire.

Indicate whether or not the following statements apply to your company by selecting either yes or no.

(Mark with a X one answer only)

1. Ownership

Statements:	Yes	No
1.1 At least 25% of exercisable voting rights are held by black people.		
1.2 At least 10% of exercisable voting rights are held by black women.		
1.3 Black people are entitled to at least 25% of economic interest.		
1.4 Black woman are entitled to at least 10% of economic interest.		
1.5 Black designated groups are entitled to at least 2.5% of economic interest.		

2. Management and Control

Statements:	Yes	No
2.1 At least 50% Of exercisable voting rights are held by black people.		

2.2 At least 50% of the members of the Board are black people.		
2.3 At least 25% of the members of the Board are black woman.		
2.4 At least 20% of Senior Executives are black people.		
2.5 At least 20% of Senior Executives are black Women.		
2.6 At least 40% of other Executives are black people.		
2.7 At least 20% of other Executives are black woman.		
2.8 At least 40% of independent directors (Bonus) are Black people.		

3. Employment Equity

Statements:	Yes	No
3.1 At least 4% of full-time employees are Black people.		
3.2 At least 60% of employees at Senior Management level are Black people.		
3.3 At least 30% of employees at Senior Management level are Black woman.		
3.4 At Least 75% of employees who are Professionally Qualified, Experienced Specialists and Mid-management level are Black people.		
3.5 At Least 40% of employees who are Professionally Qualified, Experienced Specialists and Mid-management level are Black woman.		
3.6 At least 80% of Skilled Technical, Academically Qualified Workers, Junior Management, Supervisors and Foreman level employees are Black people.		

4. Skills Development

Statements:	Yes	No
4.1 At least 3% of turnover is spent on skills development of black people (over and above the skills development levy).		
4.2 At least 2.6% of turnover is spent on critical skills and/or core skills development of black people.		

4.3 At least 2.6% of turnover is spent on critical skills and/or core skills development of black woman.		
4.4 At least 0.3% of turnover is spent on skills development of black employees with disabilities.		
4.5 At least 5% of total employees are black employees on SETA-accredited learnerships.		
4.6 At least 2.5% of total employees are black woman employees on SETA-accredited learnerships.		
4.7 At least 1% of total employees are black formerly unemployed people and/or black people formerly residing in rural areas on Learnerships.		
4.8 Does your enterprise have a comprehensive Black Economic Empowerment strategy?		
4.9 Does your enterprise have a Skills Development Facilitator on its permanent staff?		
4.10 Does your enterprise have a policy on non-discrimination widely published within the Enterprise?		
4.11 Does the Enterprise comply with all relevant employment related legislation?		
4.12 Is an effective human resource management plan being implemented? (Such plan must include targets against which performance is measurable)		
4.13 Has your Enterprise designed a programme to give practical effect to the policies and programmes mentioned?		

5. Preferential Procurement

Statements:	Yes	No
5.1 At least 70% of the total rand value spent on procurement is spent on BBBEE enterprises (including qualifying small and exempted micro enterprises).		
5.2 At least 15% of the total rand value spent on procurement is spent on qualifying small enterprises.		
5.3 At least 5% of the total rand value spent on procurement is spent on exempted micro enterprises		

Section 4 – Understanding of the BBBEE Charter by Decision Makers

Decision making can be regarded as an outcome of mental processes leading to the selection of a course of action among several alternatives. Every decision-making

process produces a final choice. The output can be an action or an opinion.

If you are a decision maker then please complete the following:

1. Indicate gender

(Mark with a X one answer only)

Male	
Female	

2. Indicate age bracket.

(Mark with a X one answer only)

18 – 24	
25 – 34	
35 – 44	
45 – 54	
over 54	

3. Please indicate race.

(Mark with a X one answer only)

Black	
Colored	
Indian	
White	
Chinese	
Other	

4. Rate your understanding of the Broad-based Black Economic Empowerment

initiative as set out by the government?

(Mark with a X one answer only)

Excellent	Good	Average	Poor	None

5. Which of the following ideas best describes the objectives of Broad-based BlackEconomic Empowerment as understood by you.

(Mark with a X one answer only)

It will create economic growth in South Africa.	
It is just another political scam to keep the masses happy.	
It is another form of Affirmative Action.	

6. Do you feel that this objective as understood by you has been achieved?

(Mark with a X one answer only)

Yes	
No	

7. Please indicate your agreement with the following statements.

Statements:	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
7.1 BBBEE gives an advantage in tendering.					
7.2 Your company has put in place a BBBEE policy to effect change in line with the government.					
7.3 The ideas of BBBEE are misunderstood.					
7.4 There is not enough information about BBBEE available.					
7.5 Your company has benefited from being BBBEE compliant.					
7.6 Your company will benefit economically if work is obtained from government contracts.					

7.7 Preferential procurement will be a competitive advantage in tendering in your company.					
7.8 Tendering is the main source of income for your company.					
7.9 Access to government tenders will increase the turnover of a company.					
7.10 Becoming a BBBEE compliant company will be an advantage in this present economic climate.					

8. Would you like to know more about the BBBEE initiative?

(Mark with a X one answer only)

Yes	
No	

If yes, indicate which of the following (more than one if necessary) would be helpfully to gain more knowledge about BBBEE.

	Yes	No
8.1 Information on the BBBEE Act.		
8.2 Training in the use of the scorecards.		
8.3 Information on the advantages in tendering.		
8.4 More general literature on BBBEE made available.		
8.5 Help line.		
8.6 Other. – Please detail:		

9. Have you been awarded government tenders?

(Mark with a X one answer only)

Yes	
No	

10. Indicated the percentage of the company work derived from government and or parastatal work.

(Mark with a X one answer only)

None	1% - 25%	26% - 50%	51% - 75%	76% - 100%

11. In the last three years your company has :

(Mark with a X one answer for each question)

	Yes	No
11.1 Increased Turnover		
11.2 Decreased Turnover		
11.3 Increased number of employees		
11.4 Decreased number of employees		

12. Indicate the state of the company over the last three years.

(Mark with a X one answer for each question)

	Decreased	Stayed Level	Increased By		
			0% - 15%	16% - 40%	Above 40%
12.1 Growth					
12.2 Turnover					
12.3 Equity					

If you indicated reduction in growth, turnover and/or equity, please answer the question (Q13).

13. Do you feel that:

(Mark with a X one answer for each question)

	Yes	No	N/A
13.1 The growth decreased due to present economic climate.			
13.2 The turnover decreased due to present economic climate.			
13.3 The equity decreased due to present economic climate.			
13.4 Other. – Please detail:			

Thank you for taking the time to answer this questionnaire.

APPENDIX 2: COVERING LETTER

Dear Sir/Madam

I am currently undertaking academic research in fulfilment of the requirements for the Masters Degree in Business Administration at the Faculty of Management Sciences, Durban University of Technology, Durban, South Africa. This research aims to investigate the perceptions of decision makers on whether implementing Broad-based Black Economic Empowerment (BBBEE) policies offers companies a competitive advantage for tendering and procurement in South Africa.

Survey questionnaires are an imperative part of academic research and the questionnaire in hand aims to assess the decision makers' understanding of this process. The proposed questionnaire is directed to a randomly selected number of construction firms. Your firm has been selected for the survey from the KwaZulu-Natal Masters Builders and Allied Industries Association's list of contractors. I would be very grateful if you could answer the questionnaire to the best of your knowledge. Your reliable responses will contribute effectively towards the successful completion of my research and the body of knowledge of BBBEE.

As I appreciate your busy schedule, I have ensured that the questionnaire has been made as quick and easy to complete as possible. In the hope that you wish to facilitate the successful completion of this academic research, I would like to assure you that your responses will be kept anonymous and confidential, and will be used purely and strictly for this academic study and

not for any other purposes.

Should you have any queries or you would like to discuss any question, please feel free to contact me using the contact details provided in the questionnaire.

Yours sincerely

Dax Goose

APPENDIX 3: BBBEE SCORE CARD

BBBEE Scorecard – Table of point allocation

Ownership	20 points	The issue of transfer of ownership has often been in the headlines, possibly because the restructuring of corporate ownership has until recently been the sole focus of corporate BBBEE efforts.
Management control	10 points	The codes highlight the need for the hands-on involvement of black people at the most senior level, giving them the right to drive not only the direction of a company, but also the implementation of strategic and operational decisions.
Employment equity	15 points	The employment equity element of the codes is strategically aligned to the Employment Equity Act of 1998. If a company has proactively sought alignment with the Employment Equity Act, it is likely to score points in terms of this statement of the codes
Skills development	15 points	Having acknowledged that the skills shortage is a major constraint to economic growth, the government anticipates that renewed attention on skills development could deliver greater efficiency, increased productivity and higher levels of competitiveness.
Preferential procurement	20 points	Preferential procurement has long been considered one of the most potent mechanisms to drive BEE. It has the potential to be one of the most effective and efficient ways of 'spreading' BEE compliance because of its multiplier effect.
Enterprise development	15 points	Government has singled out Small, Medium and Micro Enterprises (SMEs) as vital in the fight against poverty and unemployment
Socio-economic development	5 points	Socio-economic development or corporate social investment (CSI) is one of the most established routes used by companies to 'give back' to the society within which they operate.

Sourced: DTI generic scorecard breakdown

BBBEE Scorecard – Table of levels

BEE Status	Qualification	Recognition Level
Level one contributor	> 100 pts	135 %
Level two contributor	> 85 but < 100 pts	125 %
Level three contributor	> 75 but < 85 pts	110 %
Level four contributor	> 65 but < 75 pts	100 %
Level five contributor	> 55 but < 65 pts	80 %
Level six contributor	> 45 but < 55 pts	60 %
Level seven contributor	> 40 but < 45 pts	50 %
Level eight contributor	> 30 but < 40 pts	10 %
Non-compliant contributor	< 30 pts	0 %

Sourced: DTI generic scorecard

APPENDIX 4: CROSS – TABULATION PERCENTAGES

Cross-tabulation of Gender, Age , Race and BBBEE Rating relative to Sample

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.4 Understanding of BBBEE	100%		100%		100%			100%			
Good	43%	24%	46%	22%	24%	35%	8%	24%	27%	14%	3%
Average	16%	0%	0%	16%	0%	0%	16%	0%	0%	0%	16%
Poor	16%	0%	3%	14%	0%	0%	16%	0%	0%	0%	16%
4.5 Objectives of BBBEE	100%		100%		100%			100%			
create economic growth	43%	24%	46%	22%	24%	35%	8%	24%	27%	14%	11%
Political scam to keep masses happy	3%	0%	3%	0%	0%	0%	3%	0%	0%	0%	11%
Form of Affirmative action	30%	0%	0%	30%	0%	0%	30%	0%	0%	0%	11%
4.7.3 Ideas of BBBEE Misunderstood	100%		100%		100%			100%			
Disagree	32%	0%	3%	30%	0%	0%	32%	0%	0%	0%	32%
Agree	43%	24%	46%	22%	24%	35%	8%	24%	27%	14%	3%
4.7.4 Not enough information on BBBEE	100%		100%		100%			100%			
Disagree	16%	24%	24%	16%	24%	0%	16%	24%	0%	0%	16%
Agree	59%	0%	24%	35%	0%	35%	24%	0%	27%	14%	19%

Cross-tabulation of Gender, Age , Race and BBBEE Rating Relative to each section

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.4 Understanding of BBBEE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Good	58%	100%	94%	42%	100%	100%	20%	100%	100%	100%	8%
Average	21%	0%	0%	31%	0%	0%	40%	0%	0%	0%	46%
Poor	21%	0%	6%	27%	0%	0%	40%	0%	0%	0%	46%
4.5 Objectives of BBBEE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
create economic growth	58%	100%	94%	42%	100%	100%	20%	100%	100%	100%	33%
Political scam to keep masses happy	4%	0%	6%	0%	0%	0%	7%	0%	0%	0%	33%
Form of Affirmative action	39%	0%	0%	58%	0%	0%	73%	0%	0%	0%	33%
4.7.3 Ideas of BBBEE Misunderstood	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Disagree	43%	0%	6%	58%	0%	0%	80%	0%	0%	0%	92%
Agree	57%	100%	94%	42%	100%	100%	20%	100%	100%	100%	8%
4.7.4 Not enough information on BBBEE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Disagree	21%	100%	49%	31%	100%	0%	40%	100%	0%	0%	46%
Agree	79%	0%	49%	67%	0%	100%	60%	0%	100%	100%	54%

Cross tabulation of Gender, Age , Race and BBBEE Rating Relative to sample

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.7.5 Company has benefitted from BBBEE	100%		100%		100%			100%			
Strongly disagree	19%	0%	3%	16%	0%	0%	19%	0%	0%	0%	19%
Neither disagree nor agree	35%	0%	22%	14%	0%	14%	22%	0%	5%	14%	16%
Agree	22%	0%	0%	22%	0%	22%	0%	0%	22%	0%	0%
Strongly agree	0%	24%	24%	0%	24%	0%	0%	24%	0%	0%	0%
4.7.6 Will benefit if government work obtained	100%		100%		100%			100%			
Disagree	16%	0%	0%	16%	0%	0%	16%	0%	0%	0%	16%
Neither disagree nor agree	14%	0%	0%	14%	0%	0%	14%	0%	0%	0%	14%
Agree	46%	24%	49%	22%	24%	35%	11%	24%	27%	14%	5%
4.7.10 BBBEE compliance is advantageous	100%		100%		100%			100%			
Neither disagree nor agree	30%	0%	0%	30%	0%	0%	30%	0%	0%	0%	30%
Agree	30%	0%	8%	22%	0%	22%	8%	0%	27%	0%	3%
Strongly agree	16%	24%	41%	0%	24%	14%	3%	24%	0%	14%	3%

Cross tabulation of Gender, Age , Race and BBBEE Rating Relative to each section

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.7.5 Company has benefitted from BBBEE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Strongly disagree	25%	0%	6%	31%	0%	0%	46%	0%	0%	0%	54%
Neither disagree nor agree	46%	0%	45%	27%	0%	39%	54%	0%	19%	100%	46%
Agree	29%	0%	0%	42%	0%	61%	0%	0%	81%	0%	0%
Strongly agree	0%	100%	49%	0%	100%	0%	0%	100%	0%	0%	0%
4.7.6 Will benefit if government work obtained	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Disagree	21%	0%	0%	31%	0%	0%	39%	0%	0%	0%	46%
Neither disagree nor agree	19%	0%	0%	27%	0%	0%	34%	0%	0%	0%	40%
Agree	60%	100%	100%	42%	100%	100%	27%	100%	100%	100%	14%
4.7.10 BBBEE compliance is advantageous	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Neither disagree nor agree	39%	0%	0%	58%	0%	0%	73%	0%	0%	0%	86%
Agree	39%	0%	16%	42%	0%	61%	20%	0%	100%	0%	7%
Strongly agree	22%	100%	84%	0%	100%	39%	7%	100%	0%	100%	7%

Cross tabulation of Gender, Age , Race and BBBEE Rating Relative to sample

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.7.1 BBBEE give an advantage in tendering	100%		100%		100%			100%			
Neither disagree nor agree	14%	0%	0%	14%	0%	0%	14%	0%	0%	0%	14%
Agree	62%	0%	24%	38%	0%	35%	27%	0%	27%	14%	22%
Strongly agree	0%	24%	24%	0%	24%	0%	0%	24%	0%	0%	0%
4.7.2 policy in place government work obtained	100%		100%		100%			100%			
Neither disagree nor agree	24%	0%	24%	0%	0%	14%	11%	0%	5%	14%	5%
Agree	51%	24%	24%	51%	24%	22%	30%	24%	22%	0%	30%
4.7.7 Preferential procurement - competitive advantage	100%		100%		100%			100%			
Agree	46%	0%	16%	30%	0%	14%	32%	0%	0%	14%	32%
Disagree	0%	24%	32%	22%	24%	22%	8%	24%	27%	0%	3%
4.7.8 Tendering is main source of income	100%		100%		100%			100%			
Agree	32%	0%	11%	22%	0%	22%	11%	0%	27%	0%	5%
Strongly agree	43%	24%	38%	30%	24%	14%	30%	24%	0%	14%	30%
4.7.9 Access to government tenders will increase turnover	100%		100%		100%			100%			
Strongly disagree	16%	0%	0%	16%	0%	0%	16%	0%	0%	0%	16%
Neither disagree nor agree	14%	0%	0%	14%	0%	0%	14%	0%	0%	0%	14%
Agree	46%	0%	24%	22%	0%	35%	11%	0%	27%	14%	5%
Strongly agree	0%	24%	24%	0%	24%	0%	0%	24%	0%	0%	0%
4.7.10 BBBEE compliance is advantageous	100%		100%		100%			100%			
Neither disagree nor agree	30%	0%	0%	30%	0%	0%	30%	0%	0%	0%	30%
Agree	30%	0%	8%	22%	0%	22%	8%	0%	27%	0%	3%
Strongly agree	16%	24%	41%	0%	24%	14%	3%	24%	0%	14%	3%
4.9 Been awarded government tenders	100%		100%		100%			100%			
Yes	35%	24%	38%	22%	24%	35%	0%	24%	22%	14%	0%
No	41%	0%	11%	30%	0%	0%	41%	0%	5%	0%	35%

Cross tabulation of Gender, Age , Race and BBBEE Rating Relative to sample

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.10 % of work derived from government/parastatal	100%		100%		100%			100%			
None	24%	0%	11%	14%	0%	0%	24%	0%	5%	0%	19%
1 - 25 %	30%	0%	14%	16%	0%	14%	16%	0%	0%	14%	16%
26 - 50%	22%	0%	0%	22%	0%	22%	0%	0%	22%	0%	0%
76 - 100%	0%	24%	24%	0%	24%	0%	0%	24%	0%	0%	0%
4.12.1 Growth	100%		100%		100%			100%			
Stayed level	3%	0%	3%	0%	0%	0%	3%	0%	0%	0%	3%
Increased by 0 - 15%	14%	0%	0%	14%	0%	0%	14%	0%	0%	0%	14%
Increased by 16 - 40%	51%	24%	38%	38%	24%	35%	16%	24%	22%	14%	16%
Increased by 41+%	8%	0%	8%	0%	0%	0%	8%	0%	5%	0%	3%
4.12.2 Turnover	100%		100%		100%			100%			
Stayed level	3%	0%	3%	0%	0%	0%	3%	0%	0%	0%	3%
Increased by 0 - 15%	14%	0%	0%	14%	0%	0%	14%	0%	0%	0%	14%
Increased by 16 - 40%	59%	24%	46%	38%	24%	35%	24%	24%	27%	14%	19%
4.12.3 Equity	100%		100%		100%			100%			
Stayed level	59%	24%	32%	51%	24%	22%	38%	24%	27%	0%	32%
Increased by 0 - 15%	16%	0%	16%	0%	0%	14%	3%	0%	0%	14%	3%

Cross tabulation of Gender, Age , Race and BBBEE Rating Relative to each section

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.7.1 BBBEE give an advantage in tendering	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Neither disagree nor agree	18%	0%	0%	27%	0%	0%	34%	0%	0%	0%	39%
Agree	82%	0%	50%	73%	0%	100%	66%	0%	100%	100%	61%
Strongly agree	0%	100%	50%	0%	100%	0%	0%	100%	0%	0%	0%
4.7.2 policy in place government work obtained	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Neither disagree nor agree	33%	0%	50%	0%	0%	39%	27%	0%	19%	100%	14%
Agree	67%	100%	50%	100%	100%	61%	73%	100%	81%	0%	86%
4.7.7 Preferential procurement - competitive advantage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Agree	100%	0%	33%	58%	0%	39%	78%	0%	0%	100%	91%
Disagree	0%	100%	67%	42%	100%	61%	22%	100%	100%	0%	9%
4.7.8 Tendering is main source of income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Agree	43%	0%	21%	42%	0%	61%	27%	0%	100%	0%	14%
Strongly agree	57%	100%	79%	58%	100%	39%	73%	100%	0%	100%	86%
4.7.9 Access to government tenders will increase turnover	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Strongly disagree	21%	0%	0%	31%	0%	0%	39%	0%	0%	0%	46%
Neither disagree nor agree	19%	0%	0%	27%	0%	0%	34%	0%	0%	0%	40%
Agree	60%	0%	50%	42%	0%	100%	27%	0%	100%	100%	14%
Strongly agree	0%	100%	50%	0%	100%	0%	0%	100%	0%	0%	0%
4.7.10 BBBEE compliance is advantageous	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Neither disagree nor agree	40%	0%	0%	58%	0%	0%	73%	0%	0%	0%	84%
Agree	40%	0%	16%	42%	0%	61%	20%	0%	100%	0%	8%
Strongly agree	20%	100%	84%	0%	100%	39%	7%	100%	0%	100%	8%
4.9 Been awarded government tenders	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Yes	46%	100%	78%	42%	100%	100%	0%	100%	81%	100%	0%
No	54%	0%	22%	58%	0%	0%	100%	0%	19%	0%	100%

Cross tabulation of Gender, Age , Race and BBBEE Rating Relative to each section

	Gender		Age		Race			BBBEE Rating			
	Male	Female	35 - 44	45 - 54	Black	Indian	White	Level 4	Level 6	Level 7	Level 8
4.10 % of work derived from government/parastatal	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
None	32%	0%	22%	27%	0%	0%	60%	0%	19%	0%	54%
1 - 25 %	39%	0%	29%	31%	0%	39%	40%	0%	0%	100%	46%
26 - 50%	29%	0%	0%	42%	0%	61%	0%	0%	81%	0%	0%
76 - 100%	0%	100%	49%	0%	100%	0%	0%	100%	0%	0%	0%
4.12.1 Growth	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Stayed level	4%	0%	6%	0%	0%	0%	7%	0%	0%	0%	7%
Increased by 0 - 15%	18%	0%	0%	27%	0%	0%	34%	0%	0%	0%	40%
Increased by 16 - 40%	67%	100%	78%	73%	100%	100%	39%	100%	81%	100%	46%
Increased by 41+%	11%	0%	16%	0%	0%	0%	20%	0%	19%	0%	7%
4.12.2 Turnover	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Stayed level	4%	0%	6%	0%	0%	0%	7%	0%	0%	0%	6%
Increased by 0 - 15%	18%	0%	0%	27%	0%	0%	34%	0%	0%	0%	40%
Increased by 16 - 40%	78%	100%	94%	73%	100%	100%	59%	100%	100%	100%	54%
4.12.3 Equity	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Stayed level	78%	100%	67%	100%	100%	61%	93%	100%	100%	0%	92%
Increased by 0 - 15%	22%	0%	33%	0%	0%	39%	7%	0%	0%	100%	8%