

**IMPLEMENTING BROAD-BASED BLACK ECONOMIC EMPOWERMENT POLICY
IN THE PROVISIONING OF HOUSES IN THE LIMPOPO DEPARTMENT OF CO-
OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL
AFFAIRS**

by

NNGWEDZENI DAVID MULAUDZI

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SUPERVISOR: PROFESSOR KG PHAGO

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DECLARATION

I declare that IMPLEMENTING BROAD-BASED BLACK ECONOMIC EMPOWERMENT POLICY IN THE PROVISIONING OF HOUSES IN THE LIMPOPO DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS is my own work and that all the sources that I have used and quoted have been indicated and acknowledged by means of a complete reference list.

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SIGNATURE

(ND MULAUDZI)

.....

DATE

ABSTRACT

Apartheid systematically and purposefully restricted the majority of South Africans from meaningful participation in the economy of the country. The society was characterised by entrenched gender inequality, and defined by wealth disparities and general economic exclusion of certain groups of society such as blacks, women and youth, as well as people living with disabilities.

The period since 1994 has seen the South African economy undergoing restructuring. One of the major milestones in this regard was the introduction of the Broad-Based Black Economic Empowerment policy. The principal aim was to undo the legacy of dispossession and disempowerment that characterised economic development until 1994.

This study was undertaken to investigate the implementation of the Broad-Based Black Economic Empowerment Policy (B-BBEE) in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs. (CoGHSTA). It is also the aim of the study to investigate the processes and systems that ensure that the B-BBEE policy is fairly and equitably implemented. The study further aims at investigating the challenges in the implementation of the B-BBEE policy and suggests appropriate recommendations.

The research methodology followed in this study is qualitative in nature. Semi-structured questionnaires were distributed to respondents for the collection of primary data.

The main finding of the study is that, although the main aim behind the introduction of the policy is to undo the legacy of dispossession and disempowerment of the majority of South Africans, only a few politically “well connected elites” are actual beneficiaries of the empowerment deals in real terms. One of the striking findings is that officials are often not well trained on the imperatives of the policy. As such it is recommended by the study that rolling out training programmes for staff members, especially those closely working with bids in Supply Chain Management, be considered.

ACRONYMS

ANC: African National Congress

AO: Accounting Officer

B-BBEE: Broad-Based Black Economic Empowerment

BAC: Bid Adjudication Committee

BEC: Bid Evaluation Committee

CFO: Chief Financial Officer

CoGHSTA: Department of Co-operative Governance, Human Settlements and Traditional Affairs

DTI: Department of Trade and Industry

GM: General Manager

HOD: Head of Department

ISHS: Integrated and Sustainable Human Settlements

NHBRC: National Home Builders Registration Council

MEC: Member of the Executive Council

PPF: Preferential Procurement Framework

SCM: Supply Chain Management

SDA: Skills Development Act

SGM: Senior General Manager

SM: Senior Manager

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CHAPTER 1

GENERAL INTRODUCTION

1.1 INTRODUCTION

Chapter 2 of the *Constitution of the Republic of South Africa*, 1996 (hereinafter referred to as the Constitution) stipulates that everyone has the right to access to adequate housing. Section 26(2) of the Constitution further states that the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.

Further, part three of the *National Housing Act*, No 107 of 1997 outlines the responsibilities of other spheres of government, including provinces when it comes to the delivery of houses. Section 7(1) provides that every provincial government must, after consultation with the provincial organisations representing municipalities as contemplated in section 163(a) of the Constitution, do everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of the national housing policy.

In the process of delivering houses to the nation, the country's supply chain management policies should be followed in the procurement of these services. One such policy is the Black Economic Empowerment policy, or the Broad-Based Black Economic Empowerment (B-BBEE) policy. Selecting the most suitable service provider is a crucial decision for government departments. According to Van Rensburg, Venter and Strydom (2010:1), if chosen wisely, this can lead to positive results for the department of CoGHSTA.

The government introduced the B-BBEE policy to address inequalities that were brought about by long years of oppression and marginalisation of certain groups of our society, such as blacks, women, the disabled, youth and elderly. In the decades before South Africa achieved democracy in 1994, the apartheid government systematically excluded African, Indian and coloured people from meaningful participation in the country's economy. The Broad-Based Black Economic Empowerment Act defines "black people" genetically to include Africans, coloureds and Indians. The Broad-Based Black Economic Empowerment Act further defines B-BBEE as the economic empowerment of all black people, including women, workers, youth, people with

disabilities, and people living in rural areas, through several diverse but integrated socio-economic strategies (Matsimela, 2013:58).

The Limpopo government through the Department of Co-operative Governance, Human Settlements and Traditional Affairs (CoGHSTA) therefore allocates housing contracts to these groups that were historically disadvantaged, but who therefore lack experience and expertise. Vulnerable groups and people with special needs still face difficulties in accessing housing opportunities (Chenwi, 2007:1).

1.2 PROBLEM STATEMENT

The B-BBEE policy ensures that housing contracts are allocated to service providers on a preferential basis to promote economic transformation in order to enable meaningful participation of black people in the economy. In doing so, contracts end up being awarded to newly established service providers who are without requisite skills and experience to undertake their responsibilities. The provision and allocation of contracts to these emerging service providers is done in the name of addressing the past imbalances. The *City Press* newspaper of 2 February 2013 reported that the main opposition in South Africa's Parliament called for a probe into why tenders worth R900 million were awarded against the recommendations of a bid committee by the Limpopo CoGHSTA. According to Lediga (2015:70), the appointment of these service providers was contested and the tender was ultimately cancelled by the authority of the Limpopo section 100 administrator. It is now a matter of record that this tender was so flawed that it was re-advertised after the firing of the former MEC of CoGHSTA at the time, by the new Premier in July 2013. Lediga (2015: 70)

Due to the fact that these service providers are inexperienced in the field of housing construction, they lack the requisite skills and experience and resultantly their products often fall below what is expected in terms of the National Home Builders Registration Council (NHBRC) standards. This manifests itself in unfinished projects, shoddy work and failure to adhere to time frames or deadlines. Former Limpopo MEC for CoGHSTA, in his 2009/10 budget speech, highlighted the problems that existed around the provision of housing in the province, which included backlogs, the large number of incomplete houses, as well as the many contractors who reneged on their

contracts. Incorrect implementation of the B-BBEE policy can lead to the appointment of unsuitable service providers who may end up not doing a proper job. Levenstein (2011:4) notes that irregularities such as tender fraud and corruption create severe challenges in the correct implementation of the initiative. Challenges such as businesses being awarded tenders by misrepresentation of their Back Economic Empowerment (BEE) status are one of the problems faced by the industry.

1.3 RATIONALE FOR THE STUDY

The rationale for the study is that there has not been any study done by the CoGHSTA regarding the matter. Other studies have been conducted regarding the implementation of B-BBEE policies in general but no study has been undertaken relating to the provision of housing in the Human Settlement Department in Limpopo. This situation motivated the researcher to embark on a research study on the matter. O’Leary (2010:64) explains that the rationale should convince readers that the problem you want to address is worth exploring and even funding. The fact that the Department has not conducted any research in this field makes it very important for a study to be done.

1.4 SIGNIFICANCE OF THE STUDY

Punch (2006:68) says the synonyms for the word “significance” might be justification, importance, contribution or intended outcomes of the study. The significance of the study is that the entire Supply Chain Management (SCM) discourse may gain from this study as the outcomes are envisaged to enhance the appropriate implementation of procurement policies, which include the B-BBEE policy. This in the long run will also enhance the Department’s chances of receiving clean audits as compliance to policies would have improved. Public administration practitioners, scholars, as well as stakeholders such as service providers might also benefit from the study as the intended outcome is to address challenges that might be faced by the Limpopo CoGHSTA in as far as the implementation of the B-BBEE policy is concerned.

1.5 AIM OF THE STUDY

The general aim of the study is to investigate the implementation of the B-BBEE policy in the Limpopo CoGHSTA in order to improve the quality of housing delivery.

1.6 RESEARCH OBJECTIVES

The objectives of the proposed study are:

- (a) To investigate the implementation of the B-BBEE policy in Limpopo CoGHSTA.
- (b) To describe the processes and systems to ensure that the B-BBEE policy is fairly and equitably implemented.
- (c) To investigate the challenges in the implementation of the B-BBEE policy and provide appropriate recommendations.

1.7 RESEARCH QUESTIONS

According to Punch (2006:65), the point of the section on research questions is to tell the reader what questions the research is trying to answer, or what questions will initiate the inquiry in an unfolding study. This study will attempt to answer the following questions:

- (a) How is the B-BBEE policy being implemented in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs?
- (b) What are the processes and systems involved to ensure that the B-BBEE policy is fairly and equitably implemented?
- (c) What are the challenges in and recommendations for the implementation of the B-BBEE policy?

1.8 STUDY AREA

The study is located in the Department of Co-operative Governance, Human Settlements and Traditional Affairs based in Polokwane. Primarily, the study concentrates on the Human Settlements component of the Department with special attention to the Contract Management division.

1.9 ETHICAL CONSIDERATIONS

The researcher is guided by the values as listed herewith throughout the study. The principle of voluntary participation is considered. Participants take part in the study on a voluntary basis. The principle of informed consent wherein participants are not coerced into taking part is upheld. Participants are also made aware that taking part in the study will not risk putting their jobs on the line or jeopardise their chances of progression in their respective careers. The principles of honesty, integrity and respect are an integral part of the study.

1.10 OUTLINE OF THE STUDY

The thesis consists of six chapters, namely:

Chapter 1 introduces the topic of the research and gives the background of the concept of empowerment where Black Economic Empowerment originates.

Chapter 2, which is the literature review, brings in what other authors have written as it pertains to Broad-Based Black Economic Empowerment and many other considerations.

Chapter 3 complements the literature review done in the preceding chapter. The review focuses on the regulatory framework underpinning the Broad-Based Black Economic Empowerment.

Chapter 4 provides the research design and methodology used in this research. The methodology is qualitative in nature. Semi-structured interviews were conducted on selected officials. The method employed in analysing data is descriptive in that it looks at different perceptions of the respondents around the application of B-BBEE.

Chapter 5 provides data analysis and discusses the research findings.

Chapter 6 provides conclusions and recommendations based on the analysis and discussions in the study.

1.11 RESEARCH LIMITATIONS

The kind of information that might be requested from the officials might prove difficult for them to divulge. The data required might be classified as confidential, which might require that a series of procedures be followed. Information on the actual provision of tenders has been avoided and only information relating to the implementation of the B-BBEE policy in the CoGHSTA department was solicited. Officials felt free to share the information on how they think B-BBEE is being implemented.

CHAPTER 2

LITERATURE REVIEW – BROAD-BASED BLACK ECONOMIC EMPOWERMENT

2.1 INTRODUCTION

An introduction and background to the study is well captured in the preceding chapter. This chapter seeks to provide a literature review regarding Broad-Based Black Economic Empowerment as a concept. The literature review is undertaken to provide an understanding of the critical areas of the discourse that has been pursued. It is important in this study to provide a brief explanation of “literature review” as a concept before embarking on the literature review of the subject matter focusing on B-BBEE.

2.2 UNDERSTANDING LITERATURE REVIEW AS A CONCEPT

Blaxter, Hughes and Tight (2010:121) describe a literature review as a systematic, explicit and reproducible method for identifying, evaluating and synthesising the existing body of completed and recorded work produced by researchers, scholars and practitioners. According to O’Leary (2010:81) a literature review is a very specific piece of argumentative writing, based largely on a critical review of relevant journal articles, that acts to create a space for one’s research.

Mouton (2011:86) confirms that it is essential for every research project to begin with a review of existing literature. When one embarks on a study, one of the first aims should be to find out what has been done in the field of study. Therefore it is important to embark on a review of the existing scholarship so as to ensure that one does not duplicate previously conducted studies but considers key gaps within the body of knowledge. It is through a thorough review of the existing literature that one can discover the most recent authoritative theories about the study.

A literature review is also conducted to ascertain the fact that the study has not been previously done. Anderson and Poole (2009:21) concur and argue that, since a thesis aims to be a contribution to knowledge, one needs to check carefully that the proposed study has not previously been undertaken. These scholars go further to highlight that although completely new and original problems are rare, a previous study should not be exactly replicated unless the

techniques used were faulty, or the findings and conclusions doubtful, or unless some new sources and information have been discovered to provide information about the problem.

One other important reason for reviewing the literature is that it helps to build an argument. To do this the literature has to be synthesised not merely summarised. Punch (2006:41) argues that a review is expected to be critical; this means routinely examining and critiquing the methods used in research studies. Once a sufficient overview of the relevant literature is achieved, summarising needs to lead to the integration and synthesising of the literature reviewed.

Ridley (2012:3) describes the literature review as the part of the thesis where there is extensive reference to related research and theory in the field of focus; it is where connections are made between the source texts that are drawn on and where one positions oneself and one's research among these sources. It is an opportunity to engage in a written dialogue with researchers in the area while at the same time showing that the relevant body of knowledge underpinning the research is engaged with, understood and responded to.

In the following section, a literature review on the concept of B-BBEE as it is implemented in the public service in general is described in the context of the preceding discussion on the literature review.

2.3 BROAD-BASED BLACK ECONOMIC EMPOWERMENT

According to Kruger (2011:6), B-BBEE means the economic empowerment of all black people including women, workers, the youth, people with disabilities, and people living in rural areas through diverse but integrated socio-economic strategies.

Systematic dispossession and disempowerment of the African majority through colonialism and apartheid policies produced extreme inequalities that resulted in deeply rooted impediments to socio-economic development in South Africa.

B-BBEE is seen as a necessary intervention to address the economic imbalances perpetuated during apartheid (Horwitz & Jain, 2011:9). When the first democratic election was held in 1994, discussion occurred about the appropriate strategies with which to pursue B-BBEE. This subsequently resulted in the active involvement by the public and private sector institutions

through multiple initiatives aimed at extended economic power to the black population. A B-BBEE commission was established to identify barriers to black participation and to propose a viable B-BBEE strategy. The commission recommended national legislation to facilitate economic empowerment, which resulted in the promulgation of *Broad-Based Black Economic Empowerment Act* No 53 of 2003.

According to the Department of Trade and Industry (DTI, 2013) the President of South Africa made a proclamation determining that the *Broad-Based Black Economic Empowerment Amendment Act, 2003* (Act No. 46 of 2013) come into effect on the date of publication of the proclamation, 24 October 2014. The South African Department of Trade and Industry (DTI, 2013:8) defines BEE as an integral and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people who manage, own and control the country's economy, as well as significant decreases in income inequalities.

The *Broad-Based Black Economic Empowerment Act* creates a legislative and bureaucratic framework for the realisation of black economic empowerment that includes codes of good practice that seek to introduce an empowerment agenda to a variety of administrative decisions, including state procurement.

The preamble of this Act outlines the objectives of this piece of legislation emanating from the exclusion of the majority of the people from the economy of the land in terms of ownership of productive assets and the possession of advanced skills. The Act aims at promoting the achievement of the constitutional right to equality, increasing broad-based and effective participation of black people in the economy and promoting a higher growth rate, increased employment and more equitable income distribution. B-BBEE generally consists of seven elements measured in terms of codes of good practice:

- (a) Ownership: measures black ownership of the enterprise.
- (b) Management: measures the management and control by black people.
- (c) Employment equity: measures black representation in the work place.
- (d) Skills development: measures undertaken on black employees to develop their competences.

(e) Preferential procurement: measures the extent to which goods and services are procured from B-BBEE compliant suppliers.

(f) Enterprise development: measures contributions to beneficiary entities for their development, sustainability, financial and operational independence.

(g) Socio-economic development: measures contributions to socio-economic development.

Several studies about B-BBEE have been conducted by a number of scholars with a focus on its different dimensions in different organs of state in South Africa. Bogopane (2013:3) notes that B-BBEE is a precondition for a truthful and meaningful transformation of the socio-economic landscape in the country in general and Ngaka Modiri Molema district in particular. The study focused on the management's capacity to enhance the functionality and performance of B-BBEE in the district. It also explored the adequacy and the inadequacy of the BEE policies, plans, strategies and procedures. While the study contributes in the enhancement of the body of knowledge pertaining to the implementation B-BBEE policies, it is confined to the district and in particular its capacity to enhance the functionality and the performance of B-BBEE. While the Bogopane study focuses on the district as a sphere of government, the current study focuses on the provincial sphere of government.

Ngwenya (2007:4) considers successes and failures of B-BBEE with specific focus on only one of the elements that make up B-BBEE, ownership. His study found that progress has been made in terms of black ownership on the JSE listed companies, as well as on the legislative front, through the introduction of a comprehensive standardised measurement framework. However, this progress is regarded as extremely slow and limited. The reason behind this pace of progress was partly because there was very little transformation within management levels. Ngwenya study concludes that, disappointingly though, the debate about what constitutes broad-based black economic empowerment continues unabated as most deals continue to fail to meet public expectations of broad-based empowerment and equitable equity participation by all BEE deal beneficiaries. While Ngwenya's study concentrates on assessing the successes and failures of B-BBEE as represented by the ownership element of the scorecard, this study focuses on the implementation of the B-BBEE policies in housing provision in the CoGHSTA Department of Co-operative Governance, Human Settlements and Traditional Affairs.

De Klerk (2008:7) undertook a study entitled “a critical analysis of Broad-Based Black Economic Empowerment in the mining sector”, which found that B-BBEE implementation was still not progressing as initially anticipated. Reasons for the slow pace of implementation included nefarious practices such as fronting, nepotism and corruption as well as the wide scale utilisation of an inappropriate funding structure for B-BBEE transactions. This researcher went further to identify a number of gaps in the implementation of B-BBEE policy. His study provides a range of suggestions for research that can further examine the B-BBEE phenomenon from different points of departure, including approaches emanating from academic disciplines such as Economics, Public Administration and Corporate Finance. De klerk (2008:8) concludes that B-BBEE has clearly been beneficial to black people as is evident from the increase in the equity ownership of firms listed in the JSE as well as the extensive progress made with regard to the legislative framework pertaining to B-BBEE. While De Klerk’s findings are of cardinal importance and contribute significantly towards the knowledge regarding the B-BBEE phenomenon, the study is, however, limited to the mining industry. This present study is focused on the Provincial Department of Co-operative Governance, Human Settlement and Traditional Affairs in Limpopo where procurement processes in the provision of housing are taking place.

Kruger (2011:13) contends that BEE was introduced by the current ANC government in a bid to overcome the economic legacy of apartheid and broaden the participation in the economy, especially by those perceived to have been previously excluded or denied access. In an empirical survey conducted among the top local South African businesses ranging from small, medium to large multinational companies, the perceptions, thoughts and anticipations of 500 individual managers on the impact of BEE on ten selected dimensions of business performance were sought. According to Kruger (2011:14), alarmingly, most of the respondents disagreed with the notion that BEE compliance would improve the performance of the companies they worked for, specifically with regard to overall and international competitiveness, service excellence and client satisfaction, quality, productivity, entrepreneurial spirit and innovation; production, performance, human development, staff morale, business ethics and transparency, sales and access to markets, and financial performance.

It is observable that the study by Kruger (2011:3) contributes to the body of knowledge pertaining to the B-BBEE phenomenon, although the study is more inclined to business than the public sector.

Ponte, Roberts and Sittert (2007) explore the historical precedents to BEE in South Africa, review the different steps taken in promoting it, and assess some of its outcomes to date. They argue that BEE can take only limited forms because of the economic policy constraints in which it has been incorporated. Their article deals with historical precedents to BEE and assessed steps taken in promoting it, while this study is more interested in the implementation of B-BBEE in housing provision in the Department of Human Settlements in Limpopo.

Magi (2010:1) discusses the viewpoints, practicalities and challenges of tourism-related BEE initiatives towards achieving community empowerment and development in KwaZulu-Natal (KZN). The paper also focuses on identifying tourism business opportunities available to the previously neglected communities and social groups. It was anticipated that the findings of the study will reflect outcomes that represent the true nature of Black Economic Empowerment opportunities in the area. Magi's (2010:11) study focused on tourism in KZN and it is explicit in identifying tourism business opportunities in the KZN area.

In an effort to provide a balanced and fair perception of the implementation of B-BBEE, Juggernuth, Rampersad and Reddy (2011:8) reflect on failures and criticisms of B-BBEE. Critics have highlighted the slow progress of B-BBEE as a concern, especially since the era of apartheid. They hold that despite the efforts by government to implement B-BBEE, change has been slow. According to the Employment Equity Report of 2008/9, black people (African, Indians and coloureds) account for 87.9% of the country's economically active population (EAP). However, only 18.1% hold management positions. Whites on the other hand account for 12.1% of EAP but occupy 61.1% of top management positions. The reason for the failure is attributed to the corporates themselves. While the study focuses on corporate responsibility for socio-economic transformation, it clarifies the need for the corporate sector to ensure consistency in the implementation of socially responsible behaviour, particularly in the area of black economic empowerment. The present study is, however, more concerned with the implementation of B-BBEE in the public sector, specifically the Department of Co-operative Governance, Human Settlements and Traditional Affairs in Limpopo.

Newman (2013:45) adds another dimension to the discourse, which he refers to as “enabling the disabled”. The article argues that, all things being equal, the workforce should reflect the employable part of the population. Employing people with disabilities is not only the right thing to do, but it is also a good thing to do. However, not everyone does what is right and good and so the government stepped in in the form of legislation, namely, B-BBEE. The legislation encourages certain sectors of the economy to employ people who have disabilities and sets targets for businesses as well as the public sector for the employment of black people with disabilities. Those that comply are rewarded with B-BBEE points. The more B-BBEE points a business has, the higher their B-BBEE rating, and the more enticing that business is as a service provider or supplier, because this in turn enables the procurer to secure more B-BBEE points.

Horwitz and Jain (2011:12), in their assessment of the B-BBEE developments in South Africa, argue that given the historical race-based inequalities in the labour market, the primary focus of B-BBEE has therefore been on race and to a lesser extent on gender affirmation. White women are included in the category of designated groups and while also incurring gender discrimination their relative position in relation to black women remains relatively privileged. Race continues to reflect historical divisions including cutting across the gender issues.

Ultimately, however, it is submitted that the implementation of B-BBEE is a strategic firm level decision made considering access to business opportunities, resource capacity, growth potential market forces and survival necessities. Horwitz and Jain (2011:9) argue that B-BBEE codes are implemented by “carrot and stick” mechanisms facilitated by accredited B-BBEE rating agencies. Allied and important facets of B-BBEE are B-BBEE transformation charters, which are sector specific regulatory instruments voluntarily developed by stakeholders in a specific industry together with government departments. Horwitz and Jain (2011:7) focus on the assessment of B-BBEE developments in South Africa as a whole. The present study, however, specifically focuses on the implementation of B-BBEE in housing provision in the Limpopo CoGHSTA.

The implementation of B-BBEE is fraught with challenges that include fronting and the criticism that it benefiting elites rather than the disadvantaged. Fronting refers to situations where companies create the impression that they are complying with B-BBEE priorities in order to benefit from government contracts. Juggernuth, Rampersad and Reddy (2010:11) posit that today

companies are perfecting the ploy of appointing weak and conforming black people and more especially, women, as candidates from designated groups. Genuine organisational diversity is a common creation of dynamic organisational culture and behavioural change. Transformation, if honestly implemented, could impact and change lives of the people for the better.

There are also numerous criticisms that only the elite few have benefitted from B-BBEE. The young, emerging blacks, now classified as black diamonds, are prime candidates to benefit from the processes of B-BBEE in South Africa. Moyo (2009:2) argues that the promotion of small and medium-sized enterprises is a key element in the government's strategy to address the imbalances of the past and to create employment and generation income. It is estimated that there are 2.5 million small and medium-sized enterprises in South Africa and that these enterprises contribute between 52% and 57% to the country's Gross Domestic Product (Moyo, 2009:4). The primary objective of the study was to investigate the impact of B-BBEE on white-owned small and medium-sized businesses on the management of these issues. The focus of the present study is the implementation of B-BBEE in housing provision in the Limpopo CoGHSTA.

There are common perceptions about B-BBEE such that it is nothing more than a tool for the already affluent to access further wealth and has limited potential to address the economic exclusion of the most marginalised. Graham and Patel (2012:193) point out that an analysis was conducted of data on black economic empowerment deals between 2004 and 2009. The findings demonstrate that although the elite continue to benefit from deals, B-BBEE beneficiaries, particularly employees and women, are also beginning to benefit to some extent. This suggests that empowerment policies have some potential to promote both private and public sector involvement in addressing the state's social transformation agenda. It is also realised that the BEE transactions show that the BEE landscape is far more complex than commonly thought. Further research is necessary to understand the real impacts of BEE on the ground. It is for this reason that this study is undertaken. In this study the researcher seeks to understand how B-BBEE is implemented in the allocation of housing opportunities in the Department of CoGHSTA in Limpopo.

Mbemurukira (2009:3) confirms the perceptions that B-BBEE is nothing more than a tool for the already affluent to access more wealth. The practice of BEE in Namibia has become controversial among the presently disadvantaged Namibians with regard to implementation.

Criticisms on the implementation of BEE are based on the assumption that BEE has resulted in the self-enrichment of a small black elite as opposed to empowering the poor. Breaking the cycle of underdevelopment and marginalisation requires a commitment towards B-BBEE and broad-based ownership. The ultimate objectives of B-BBEE are to achieve significant decreases in poverty, income inequality and unemployment. While the primary objective of Mbemurukira (2009:4) was to analyse the implementation of B-BBEE within two companies in Namibia, the primary objective of this study is to analyse the implementation of B-BBEE in housing provisioning in CoGHSTA in Limpopo.

Pauw and Mncube (2002:1) contend that South Africa is officially classified as an upper middle-income country. Certainly as measured by its per capita income, the average South African citizen appears to be fairly well-off compared to international standards for developing countries. However, the country is also characterised by extreme degrees of inequality in the distribution of income, assets and opportunities. Past discriminatory policies have left a large proportion of the population outside the economic mainstream and relatively poor compared to an elite minority. Since the transition to democracy in 1994, various policies of redistribution, mainly through labour and capital markets, have been put in place. These include the B-BBEE policy. However, even with these policies in place, it appears that overall inequality has increased further, albeit not necessarily along racial lines.

Fatoki and Oni (2014:232) in their investigation into the beneficiaries of BEE policy in the Polokwane area of Limpopo. found that the highest beneficiaries of BEE according to race were black people with 100%, according to gender were women with 59%, and according to income were the rich people with 96%. Furthermore, the highest beneficiaries according to age group were the youth of 18-35 years with 49%, and according to education were those with secondary/matric qualification with 35%. The results suggest that BEE benefited blacks but the highest beneficiaries were the more affluent black people. Fatoki and Oni (2014:235) eventually suggest that the South African government must review the implementation of the BEE policy to allow for a B-BBEE that will close the gap between the rich and the poor. While the study contributes immensely in respect of the beneficiaries of BEE, it does not address the implementation of the policy in the province. The present study is essentially interested in the implementation of B-BBEE in housing provision in Limpopo CoGHSTA.

Edigheji (2007:16) reasons that through the B-BBEE policy, which is a maximalist approach to BEE, the state is gradually transforming the private sector to becoming more inclusive. BEE policies are enabling the developmental state to lock the business elite into its developmental goals. In a sense, the state is using participation of societal actors in the formulation of BEE policies such as the economic sector charters, to enhance its capacity to effect redress (promoting greater participation of black people in the economy). These charters include the mining sector charter, the financial sector charter and the ICT sector charter. Each sector charter contains targets for black ownership and sets deadlines for their attainment.

Freund (2007:2) points out that recent South African policy making at the highest level has used the language of the developmental state. It has been used as a means of understanding and defining the purpose of the ANC government. The researcher interrogates the concept of the developmental state by using the formation of an elite transcending the public/private sector divide and considering the concept of an embedded elite. The writer argues that while creating an elite may involve enriching a small number of black ANC supporters, it is probably a necessity given the propensities of what remains of the established “embedded elites” of the past. It is questionable, however, whether this new elite has a sense of direction in pursuit of an industrialising economic model or a broad social model to carry through envisioned changes. The intention of the policy makers, when coming up with the maximalist approach to BEE, which is B-BBEE, was to expand the horizons of empowerment to reach the broader masses on the periphery of the South African economic landscape. Much to the contrary of the intentions of the policy makers, B-BBEE initiatives always find themselves in the unfortunate situation of creating “black elites”. While under the direction of the ANC, the South African social structure is shifting in important ways and different sectors of the black population clearly benefit, the majority are not actively involved in the process of transformation that would offer the possibility of radical improvements.

Southall (2003:4) adds to this criticism of B-BBEE by arguing that the phenomenon has become one of the most high profile strategies of the African National Congress government. Yet BEE has also become highly controversial, critics arguing variously that it serves as a block to foreign investment, encourages a re-racialisation of the political economy, and promotes the growth of a small but remarkably wealthy politically connected “empowerment” elite. There is considerable

substance to such an analysis. However, these critics miss the point that BEE policies constitute a logical unfolding of strategy that is dictated by the ANC's own history, the nature of the democratic settlement of 1994, and the structure of the white-dominated economy. The writer argues in the final analysis that while there is a strong case for arguing that BEE is a political necessity, the ANC needs to do more to combine its empowerment strategies with delivery of "a better life for all".

There is of course a strong perception that B-BBEE deals in the main favour a small but seriously politically-connected elite. Sapa reported in *The Times* newspaper of 03 March 2010 that a forensic investigation should be launched into allegations that government tenders in Limpopo were set aside for former Premier Cassel Mathale's loyalists such as Julius Malema. At that stage there was an impression that all tenders from the Limpopo government departments were channeled to a few members who were a clique in the ruling party.

The Pan Africanist Youth Congress called for the Hawks, the Public Protector and the Auditor-General's office to launch a forensic investigation into allegations of unfair awarding of tenders in Limpopo's government departments and municipalities. *The Times* of 03 March 2010 reported. Payco as saying "we have noticed a widespread trend that all Mathale's loyalists are having booming business ventures through government tenders while full-time small business people are finding it impossible to get tenders from government departments and municipalities". This statement followed reports that the then ANC Youth League leader benefited from government tenders of up to R140 million in Limpopo, allegedly because he was Mathale's close ally. The former ANCYL president was charged with fraud and appeared in court, and the charges have since been dropped. But the report strengthens the allegations by the critics who strongly believe that BEE deals favour the few politically-connected elite. The present study, however, is not interested in the challenges to the B-BBEE, but the implementation of B-BBEE policies in the Department of Co-operative Governance Human Settlements and Traditional Affairs in Limpopo.

Tangri and Southall (2008) postulate that since 1994, the African National Congress government has pursued several important goals at the same time, sometimes emphasising equity and redistribution of wealth, and sometimes advocating rapid economic growth and corporate investment. These goals have been difficult to reconcile with each other. They have led the

government to fluctuate in its black economic empowerment policies, shifting between a moderate and radical redistribution of assets. Generally, however, the government has been cautious in implementing BEE, provoking a controversy around it, partly because it has benefited mainly politically-connected individuals rather than the mass of the previously disadvantaged, and partly because South Africa's corporate sector continues to be dominated, managed and owned by the minority whites. ANC leaders have feared the consequences on economic growth and investment if white business is obliged to relinquish large ownership levels to black investors. The government has co-operated with corporate capital and set empowerment targets acceptable to local industry and foreign companies. Labour and black business have been peripheral to the empowerment process. Black business has expressed criticism at the slow pace of reducing white domination of the corporate world, while labour has criticised BEE deals for enriching a small number of senior ANC figures. But reconciling populist goals with capitalist-led economic growth remains problematic for the ANC government.

Much of the confusion about the implementation of B-BBEE is a product of the nature of South Africa's bargained transition. Given the emphasis laid by the ANC on racial and national reconciliation, early ideas about BEE floated by the government tended to be imprecise and relatively non-threatening to white interests (Southall, 2003:2). However, for reasons which range from early setbacks to black empowerment to a more Africanist orientation adopted under the presidency of Thabo Mbeki since 1999, the government's approach to BEE had become increasingly focused and assertive and hence more readily identifiable as a developmental project. Southall (2003:2) opines that this analysis will argue that the aim of this more coherent and targeted approach to BEE is the creation of a prosperous and prosperity-making black capitalist class capable of working in close harmony with a "developmental state". Yet even as this project becomes more explicit, so it must also be obscured, not least because of the ambivalence with which it is being greeted by the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU). It is in this context that the SACP, argued that the 1994 democratic breakthrough should have been used as a bridgehead to embark immediately on a radical transformation agenda. At that point, South African monopoly capital, the major strategic antagonist against the advance, deepening and defense of an ongoing national democratic revolution in the country, was relatively off-balance.

Ambe and Badenhorst-Weiss (2012:253) argue that current BEE provisions have, however, in many instances failed to ensure a broad-based approach, instead imposing significant costs on the economy without supporting employment creation and growth. The present BEE model remains excessively focused on transactions that involve existing assets and which benefit a relatively small number of individuals, an assertion alluded to by many writers in the preceding discussions. The following shortcomings emerged in the implementation of BEE: first, ownership and senior management issues receive disproportionate emphasis. The unintended consequences of this trend include “fronting”, speculation and tender abuse. Secondly, the regulations do not adequately incentivise employment creation, support for small enterprises and local procurement. The B-BBEE regulations aggravate this situation by privileging ownership over local production. Finally the B-BBEE regulations penalise public entities as suppliers.

The practice of job reservation has resulted in an over-representation of white males in key decision-making positions and in the more skilled categories of occupation in the public and private sectors. B-BBEE policies by government are aimed at correcting the past imbalances through preferences for groups that were disadvantaged in the past. Incentive for business to implement such programmes is provided by the statutory need to submit equity plans and reports with the Department of Labour, as well as preferential treatment to companies that wish to do business with government, or where many large businesses have sourcing policies that examine the equity and black empowerment status of their suppliers (Juggernath & Rampersad, 2012). There is a huge outcry today for mines in and around Limpopo to employ local people. In mining areas such as Phalaborwa and Burgersfort, residents have been protesting over jobs and alleged failure to develop communities (*Sowetan*: 24/08/2015). Practices such as job reservation resulted in local people not getting jobs in the mines. The government has promulgated specific corporate social responsibility (CSR) legislation since 1994 to address such challenges and is directed at the economic empowerment of historically disadvantaged black people. The *Broad-Based Black Economic Empowerment Act 53 of 2003* is one example of such legislation, and it not only aims to correct racial imbalances, but it also strives to promote social responsibility and the empowerment of communities. Part of the corporate social responsibilities of the mines in question is to employ local people and develop those communities.

According to Smallwood, Ncunzana and Emuze (2011), a key aspect of transformation is the economic empowerment of the mainly historically disadvantaged groups in the country through procurement. The study focuses on the assessment of the extent of compliance with Act no 5 of 2000 , the *Preferential Policy Framework Act (PPPFA)*. While preferential procurement can go a long way in addressing issues of transformation and while their study dealt with the extent of compliance to PPPFA in the Amathole region of the Eastern Cape, the present study is more concerned with the application of the B-BBEE in the Limpopo Department of CoGHSTA.

However, Emuze and Adlam (2013) agree that the institution of B-BBEE has had an impact on the economy in South Africa. They argue that due to its extensive reliance on government procurement, B-BBEE has had a substantial influence on the construction industry in terms of transformation imperatives. Although much has been achieved in the transformation of the sector, its empowerment initiatives are generally deemed to be less effective. This argument can be attributed to the impediments encountered by industry stakeholders when implementing B-BBEE. The central subject examined in this study pertains to the B-BBEE implementation challenges in the South African construction industry. However, this study is more interested in the implementation of B-BBEE policies in the public sector in general and in the provision of low cost houses in particular.

Initially, South African companies used the narrow-based black economic empowerment (BEE) criteria or the draft phase 1 of the codes and, as a result of non-alignment of the *Preferential Procurement Policy Framework Act* several private and government organisations still use the narrow-based approach. Fauconnier and Mathur-Helm (2008) contend that the introduction of B-BBEE was a nation-building strategy aimed at empowering all blacks listed as Africans, coloureds and Indians. The paper explores some of the key challenges and opportunities in the implementation of the B-BBEE deal of Kumba Resources, which subsequently led to the formation of Exxaro Limited, a large black-owned mining conglomerate in South Africa. Like many other studies done on B-BBEE, the study is focused on the South African mining industry, while the present study is more inclined towards B-BBEE in the South African public service and CoGHSTA in particular.

2.4 CONCLUSION

Existing literature about B-BBEE in both the private and public sector has been explored. Different scholars pursued diverse areas related to B-BBEE and such areas were explored. What was also important was a scholarly description of the concept of a literature review for the express purpose of shedding light on the phenomenon. The concept was described in full before actual engagement with the available information on the B-BBEE policy. After a comprehensive review of the relevant literature, it is still of cardinal importance to pursue a study on the implementation of the B-BBEE policies in housing allocation in the Department of Co-operative Governance, Human Settlements and Traditional Affairs in the Limpopo Provincial Government. The regulatory and legislative framework that underpins B-BBEE will be dealt with in the ensuing chapter.

CHAPTER 3

REGULATORY FRAMEWORK THAT UNDERPINS BROAD-BASED BLACK ECONOMIC EMPOWERMENT

3.1 INTRODUCTION

It has been made clear from the literature review in the preceding chapter (Chapter 2), that the Broad-Based Black Economic Empowerment phenomenon derives its mandate from several pieces of legislation. B-BBEE is underpinned by a specific regulatory framework to ensure compliance from service providers who conduct business with government. This means that the implementation of B-BBEE is guided by a legislative framework, which will be discussed in detail in this chapter. The chapter is also an attempt to elucidate the role players involved in the B-BBEE deals. A thorough discussion ensues on the various steps to be followed when implementing the Broad-Based Black Economic Empowerment policy (B-BBEE) in the public service in general and in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs in particular.

A discussion on transversal financial policies, treasury instructions and other practice codes is encapsulated in this chapter in order to heighten the understanding of the environment in which B-BBEE is located. The departmental supply chain management policies and other related procurement policies are analysed in order to create a clear understanding of B-BBEE implementation in the Department.

3.2 REGULATORY AND LEGISLATIVE FRAMEWORK

De Klerk (2008) acknowledges the need to look at the regulatory framework by conceding to the fact that B-BBEE has evolved out of BEE through an evolutionary process consisting of different stages. Pieces of legislation underpinning B-BBEE include the *Constitution of the Republic of South Africa* of 1996, the *Public Finance Management Act* 1999 (Act 1 of 1999), the *Broad-Based Black Economic Empowerment Act* No 108 of 2003, the *Preferential Procurement Act* No

5 of 2000, the *Skills Development Act* No 97 of 1998, and the *Employment Equity Act* No 55 of 1998.

3.2.1 Constitution of the Republic of South Africa, 1996

Section 217(1) of the *Constitution of the Republic of South Africa, 1996* states that when an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. The emphasis made by this constitutional provision is to observe principles of fairness, equity, transparency, competitiveness and cost-effectiveness by all state entities in discharging their constitutional responsibilities. The Constitution further cautions in section 217(2) that the provisions in subsection (1) do not preclude the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for categories of preference in the allocation of contracts. Institutions referred to above can also implement a procurement policy to protect or advance persons or categories of persons disadvantaged by unfair discrimination. This constitutional provision led to the formulation of policies such as the *Preferential Procurement Framework Act, 5 of 2000* and the *Broad-Based Black Economic Empowerment Act, 53 of 2003*, which will be discussed extensively below.

3.2.2 Public Finance Management Act, No 1 of 1999

The *Public Finance Management Act, No 1 of 1999* gives effect to Section 217 of the Constitution, which provides that procurement should be done in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. Furthermore in Chapter 5, Section 38(111) deals with the responsibilities of accounting officers in that the accounting officer of a department, trading entity or constitutional institution must ensure that the department, trading entity or constitutional institution has and maintains an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective. In Chapter 9, Section 76(4)(c) deals with general Treasury matters and provides for the Treasury to determine the framework for an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective.

3.2.3 Broad-Based Black Economic Empowerment Act, 53 of 2003

The *Broad-Based Black Economic Empowerment Act* 53 of 2003 was promulgated to establish a legislative framework for the promotion of black economic empowerment; to empower the minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council and to provide for matters connected therewith. The objectives of this Act are to facilitate broad-based black economic empowerment by:

- promoting economic transformation in order to enable meaningful participation of black people in the economy and achieving a substantial change in the racial composition of ownership and management structures and in skilled occupations of existing and new enterprises
- facilitating B-BBEE by increasing the extent to which communities, workers, co-operatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training
- increasing the extent to which black women own and manage existing and new enterprises, increasing their access to economic activities, infrastructure and skills training
- promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity
- empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills
- promoting access to finance for black economic empowerment. The Act further considers a provision for the establishment of the Black Economic Empowerment Advisory Council, which is discussed under role players. Chapter 9 of the *Broad-Based Black Economic Empowerment Act* provides for the determination of codes of good practice, which is discussed hereunder in section 3.2.4.

3.2.4 Codes of Good Practice issued under Section 9 of the B-BBEE Act, 53 of 2003

According to the Section 3.2.3 above, the Minister on behalf of the Department of Trade and Industry is required to issue a general notice no 1019 in terms of section 9(1) of the *Broad-Based Black Economic Empowerment Act, 2003* (Act No 53 of 2003) to provide for codes of good practice.

These codes of good practice on B-BBEE include further interpretation and definition of different categories of black empowerment entities. They may also include the qualification criteria for preferential purposes for procurement and other economic activities. They also include indicators to measure B-BBEE. They further talk about the weighting to be attached to the B-BBEE indicators referred to above. Lastly, they provide guidelines for stakeholders in the relevant sectors of the economy to draw up transformation charters for their sector. The objectives of this statement on codes of good practice are to:

- specify the interpretative principles of B-BBEE
- specify the application of the codes and the basis for measurement under codes
- indicate the qualifying thresholds for measured entity to qualify as exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE)
- specify the method of measuring start-up enterprises
- specify the elements of B-BBEE measurable under the generic scorecard and qualifying small enterprises
- specify the basis for determining compliance by entities with codes

Provide for the transitional period before the compulsory use of generic and qualifying small enterprise scorecard starts.

The above-mentioned objectives remain relevant and compulsory for implementation in cases where government entities are engaged in procurement processes. The Limpopo COGHSTA is therefore required to ensure strict compliance.

3.2.5 Preferential Procurement Policy Framework Act 5 of 2000

This policy provides for any organ of state to determine its preferential procurement policy and implement it within the following framework:

- (a) A preference point system must be followed.
- (b) (i) For contracts with a rand value above a prescribed amount a maximum of 10 points may be allocated for specific goals. These goals may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability, provided that the lowest acceptable tender scores 90 points for price.

(ii) For contracts with a rand value equal to or below a prescribed amount a maximum of 20 points may be allocated for specific goals as contemplated above in (i) provided that the lowest acceptable tender scores 80 points for price.
- (c) Any other acceptable tenders that are higher in price must score fewer points, on a *pro rata* basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with a prescribed formula.
- (d) Specific goals may include goals alluded to in (b).
- (e) Any specific goal for which a point may be awarded must be clearly specified in the invitation to submit to a tender.
- (f) The contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in (b) justify the award to another tenderer.
- (g) Any contract awarded on account of false information furnished by the tenderer in order to secure preference in terms of this Act may be cancelled at the sole discretion of the organ of state without prejudice to any other remedies the organ of state may have.
- (h) Any goals contemplated in subsection(e) must be measurable, quantifiable and monitored for compliance.

The framework provides for the preference point system that must be followed by all organs of state in processing their procurement activities. The Limpopo CoGHSTA is as such required to ensure compliance to the provisions of the framework.

3.2.6 Supply chain management: the framework

The guidelines for accounting officers/authorities were developed in order to promote uniformity in SCM practices nationwide. These guidelines further aim at achieving the ideals of good governance and addressing deficiencies in supply chain management. Fundamental institutional reforms need to be implemented. These reforms need to promote efficient and effective procurement and provisioning systems and practices that enable government to deliver the required quality and quantity of services to communities.

According to Provincial Treasury instructions on supply chain management, the framework for supply chain management was approved by the Minister of Finance on 18 November 2003. Among its major objectives are to give effect to the provisions of the Constitution, and to give effect to the PFMA and the MFMA and transform the procurement and provisioning functions in government into an integrated SCM function. The framework endorses the provisions of section 38 of the PFMA, thereby giving accounting officers an obligation, mandate and responsibility to develop and implement an effective and efficient SCM system for the acquisition of goods and services and the disposal and letting of state assets, including the disposal of goods no longer required.

3.2.6.1 Institutional arrangements: SCM unit

An SCM unit must be established in each department and it must perform the following functions, among others:

- a) Demand acquisition, logistics and disposal management of goods and services for and on behalf of the department.
- b) Render administrative support to the departmental bid committees in the performance of their duties.
- c) Check bids specifications, monitor award of bids and administer and manage contracts.

- d) Act as secretariat to the bid committee, meaning that the unit will be responsible for the preparation and presentation of cases to the bid.
- e) Maintain SCM delegations.
- f) Perform all monitoring activities, inclusive of achievements in terms of preferential procurement, and report them to the accounting officer and Provincial Treasury as required.

3.2.6.2 Powers of the SCM unit

Although the SCM unit must implement its DSCM system and will have the responsibilities outlined above, its precise role in this context will depend on the specific DSCM system in force within the department and the decision-making delegations awarded by the relevant accounting officer.

Every accounting officer should, in terms of section 44 and 51 of the PFMA, delegate officials within his/her SCM unit to deal with SCM processes. It is recommended that bid evaluation/adjudication committees be delegated to adjudicate and award bids, or make recommendations to the accounting officer regarding the award of any bid. The principle should be vested such that no individual official should be in a position to take a decision in isolation regarding the award of a bid.

3.2.6.3 Bid/tender committees

The accounting officer of a department must appoint a bid committee or bid committees. CoGHSTA's SCM system provides for bid evaluation and the bid adjudication committees. This depends on the size and complexity of the department. The panels of these committees must be demographically representative in terms of race, gender and expertise. Members of the committee must include experts in the field of procurement, contract management, financial management and economic analysis, including BEE. However, in the absence of such skills, accounting officers may invite experts from outside the department, subject to the requirements of the accounting officer system and any framework issued in the Provincial Treasury in this regard.

The preceding paragraph discusses the requirements pertaining to the establishment of bid committees in all government departments, as well as state owned entities, as they implement

procurement imperatives in their respective areas. Limpopo CoGHSTA is therefore also required to ensure compliance to the requirements.

3.3 CONCLUSION

It is clear from the preceding discussion that the B-BBEE policy derives its mandates from different pieces of legislation, including the Constitution of the country. These legal prescripts that underpin the implementation of the B-BBEE policy have been discussed. The discussion also covered the environment in which B-BBEE is implemented. B-BBEE is applied in the procurement and provisioning of goods and services within government in general and the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs in particular. This is implemented within the context of the SCM system of the Department. The SCM system of the Department provides, through the accounting officer, for the establishment of the bid evaluation and bid adjudication committees, which play a central role in the implementation of the B-BBEE policy.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Research design is more concerned with the “how” of the study the researcher is conducting. This is about selecting a type of study that best answers the research question as formulated in Chapter 1 of this research. This chapter seeks to deal with issues of the research design and methodologies. It is important for researchers to present their design and methodological issues to ensure the validity and credibility of research findings. Munzhedzi (2011:55) observes that there are three questions that need to be asked when conducting research, namely, the reason for conducting research (the why), the focus of the study and the unit of analysis of the research (the what), and the methods employed to undertake research (the how). The “why” and the “what” questions in this regard were addressed in Chapter 1 when dealing with the rationale and purpose of the study. This chapter therefore provides an answer to the last question which is the “how”. The chapter elucidates how the study was undertaken. This understanding is strengthened by Mouton (2011:55), who confirms that a research design is a plan or blueprint of how one intends conducting the study.

The chapter starts with a discussion on research design and methodology. On the one hand, research design provides the overall structure for the procedures the researcher follows, the data the researcher collects and the data analysis the researcher conducts. Research methodology, on the other hand, is concerned with methods, techniques and procedures that are employed in the process of implementing the research design. A discussion around two types of research methods, namely, qualitative and quantitative research methods, is undertaken. Data collection methods are also discussed at length in this chapter. A distinction is also made between primary and secondary data. Data collection methods used in this study are semi-structured questionnaires, documentary analysis and observation. These methods are discussed in this chapter. The selection of a sampling method is also discussed in this chapter. Lastly the chapter deals with the data analysis method employed in this study.

4.2 RESEARCH DESIGN AND METHODOLOGY

Research design addresses the planning of scientific enquiry. It is about designing a strategy for finding out something. There are so many ways of doing this, depending on the nature of the study, but Babbie and Mouton (2003:73) contend that there are two major aspects about research design. Firstly, the object of the research must be clearly specified. Secondly, the best way to do it must be determined. The how part of it is as discussed in the introduction above. Research design refers to scientific approaches used in searching for facts and answers to questions in order to arrive at a valid and reliable conclusion. This is aptly captured by Babbie and Mouton (2003:647) who provide a description of research design as a plan or structured framework of how the research process is to be conducted in order to solve a research problem. Research design focuses on the end-product. What kind of study is being planned? Munzhedzi (2011:56) concurs by providing an analogy: research can be likened to a voyage of discovery that seeks to find an explanation for unexplained phenomenon and to clarify doubtful facts. How that voyage is embarked on explains the research design.

According to Mouton (2012:49), the research design addresses a key question, namely, what type of study will be undertaken in order to provide acceptable answers to the research problem or question? Leedy and Ormrod (2013:74) argue that research design provides the overall structure for the procedures the researcher follows, the data the researcher collects, and the data analysis the researcher conducts. In other words, a research design is considered planning. The researcher conducted interviews with respondents using a semi-structured questionnaire. Interviews were conducted with a total of eleven (11) officials. These were face-to-face interviews where the officials' responses were recorded on a recording device. The responses form the basis of an analysis. Against this background it can be seen that this study is descriptive in nature.

Research methodology is concerned with methods, techniques and procedures that are employed in the process of implementing the research design or research plan. According to Babbie and Mouton (2003:49), scientists use a wide range of methods and techniques in empirical research. Methods used vary according to the tasks they perform: from methods and techniques of sampling, to data collection methods to methods of data analysis. But the selection of methods, and their application, are always dependent on the aims and objectives of the study, the nature of the phenomenon being investigated and the underlying theory or expectations of the investigator.

The term methodological paradigm is used to include both the actual methods and techniques that social researchers use, as well as the underlying principles and assumptions regarding their use.

Munzhedzi (2011:56) asserts that the quality of research is measured by the validity and reliability of results. When collecting data, various instruments or tools are used, for example, in natural and health sciences this can be microscopes and other sophisticated apparatus. However, social sciences studies refers to questionnaires, observation schedules, interview schedules and psychometric tests.

Validity refers to the measure that accurately reflects the concept it is intended to measure. It is the degree to which a study measures what it purports to measure. Reliability refers to that quality of a measurement method that suggests that the same data would have been collected each time in repeated observations of the same phenomenon. Munzhedzi (2011:56) describes reliability as an estimate of the accuracy and internal consistency of a measuring instrument. In this study, the researcher strove to achieve maximum validity and reliability by ensuring that views and arguments advanced by respondents are accurate in that the chosen respondents consisted of operational/junior staff, junior management, middle management, senior managers and executive management up to the Head of Department. Evidence obtained from the data collected was sufficient to make relevant conclusions from the study.

The research design has two main functions. The first relates to the identification of and/or development of procedures and logical arrangements required to undertake a study, and the second emphasises the importance of quality in these procedures to ensure their validity, objectivity and accuracy. Research design is further defined as a procedural plan that is adopted by the researcher to answer questions validly, objectively, accurately and economically. It is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure. Through a research design, researchers decide for themselves and communicate to others their decisions regarding what study design they propose to use, how they are going to collect information from the respondents, how they are going to select the respondents, how the information researchers are going to collect is to be analysed and how researchers are going to communicate their research findings. In addition, researchers need to detail in the research design the rationale and

justification for each decision that shapes the answers to the “how” of the research journey. Researchers also need to assure themselves and others that the path they have proposed yields valid and reliable results. Validity and reliability are often obtained by researchers when they engage in multiple data collection techniques. This is demonstrated by Munzhedzi (2011:59) in his study, which used a semi-structured questionnaire, documentary analysis and observations. This study has also utilised multiple methods of data collection as in a semi-structured questionnaire, documentary analysis and observations. Multiple data collection methods were used to bolster the validity and reliability of the results.

It is important for the researcher to always try and minimise and, where possible, eliminate potential errors. Throughout the research process, which includes the data collection phase, the researcher attempted to minimise errors and bias by ensuring that he did not influence the views of the respondents. Munzhedzi (2011:57) argues that using multiple research methods is not only possible and desirable, but presents the best way of improving the quality of research.

The ensuing discussion centered around two types of research methods, the qualitative and quantitative research methods. Most researchers admit that quantitative and qualitative research methods are compatible and their application is determined by the kind of research problem at hand. Qualitative and quantitative research methods may even be combined in one research study, argue Babbie and Mouton (2003:49).

4.2 1 Quantitative approach

Talking about the quantitative paradigm in social science, there is always a number of related themes in mind such as an emphasis on the quantification of constructs. The quantitative researcher believes that the best or the only way of measuring the properties of phenomena is through quantitative measurement, where numbers are assigned to the perceived qualities of things. Historians, according to Babbie and Mouton (2003:49), have shown how quantitative studies, surveys and statistical analysis were used as early as the nineteenth century. Others would point to the obvious progress made in statistical theory around the turn of the century. Quantitative research considers numbers, symbols, measurements and statistics in outlining key variables for the collection, analysis and interpretation of data. In other words, useful data about human behaviour comes out as numbers. Direct observation of behaviour, such as a census or survey, all produce numerical data (Bernard, 2013:394).

4.2.2 Qualitative approach

The qualitative research paradigm is the generic research approach in social research according to which research takes its departure point as the insider perspective on social action. Qualitative researchers attempt always to study human action from an insider's perspective. Babbie and Mouton (2003:646) argue that the goal of research is defined as describing and understanding rather than the explaining and predicting human behaviour. Qualitative evaluation approaches involve the use of predominantly qualitative research methods to describe and evaluate the performance of programmes in their natural setting, focusing on the process of implementation rather than on the quantifiable outcomes. This is the reason this study focuses on the implementation of B-BBEE policy in the allocation of housing opportunities in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs. It is interested in the description of the performance of a programme rather than the quantifiable outcomes such as the number of houses allocated each year. The emphasis is on methods of observation and analysis that stay close to the research subject.

Munzhedzi (2011:58) opines that, unlike a quantitative research approach, qualitative research relies on reasons behind certain behaviours and experiences of participants. It is in this context that this study attempts to investigate the “why” and “how” of the implementation of B-BBEE in housing opportunities allocation in the Limpopo CoGHSTA. The quantitative paradigm of social inquiry is more interested in the investigation of the “what”, “where” and “when” aspects of the investigation.

Qualitative research is often referred to as “naturalistic” because of its appropriateness to the study of those attitudes and behaviours best understood within their natural setting, as opposed to the artificial settings of experiments and surveys.

4.3 DATA COLLECTION METHODS

It is now clear from the preceding discussion that the approach this study has undertaken is qualitative in nature. It is against this backdrop that the methods employed in the collection of data take a qualitative paradigm.

The English word “fact” comes from the Latin word *facere* meaning “to make” – what the situation makes or manifests to the observer. Data are the manifestations of truth rather than the truth itself. In that sense data are merely representative, intermediate, elusive surrogates of truth. Data reflect truth as the mirror reflects sunlight.

It is therefore important to distinguish between two kinds of data, namely, primary data and secondary data. Munzhedzi (2011:59) opines that secondary data refers to the data that is available in published literature while primary data refers to data obtained from the original source. The researcher was convinced that due to the nature of the topic, secondary data needed to be supplemented by the collection of primary data. Collected primary data in this study includes Treasury instructions, demand and acquisition manuals or frameworks, provincial policy on bid committee and other documents. This approach is referred to as documentary analysis, which is discussed below as an instrument for data collection. The collection of relevant data in a research process is aimed at answering the research question, whether the implementation of B-BBEE yields the desired outcomes as enshrined in the departmental strategic objectives. The data collection methods used in this study include the distribution of a semi-structured questionnaire, documentary analysis and observation. The methods of data collection are discussed in detail in the ensuing section.

4.3.1 Semi-structured questionnaire

Eleven semi-structured questionnaires were prepared and sent to respondents. All respondents completed the questionnaires and sent them back to the researcher. This represents a 100% response rate to the semi-structured questionnaire.

A questionnaire is a written list of questions, the answers to which are recorded by respondents. In a questionnaire respondents read questions, interpret what is expected and then write down the answers. The difference between the interview schedule and a questionnaire is that in the former it is the interviewer who asks the questions and records the respondent’s replies on an interview

schedule, and in the latter, replies are recorded by the respondents themselves (Kumar, 2012:145).

A similar observation is provided by Munzhedzi (2011:60) who considers a questionnaire to be a set of written questions or statements to which the research subjects are to respond in order to obtain data that is relevant to the research problem. In the case of a questionnaire, as there is no one to explain the meaning of questions to respondents, it is important that the questions are clear and easy to understand. Also the layout of the questionnaire should be such that it is easy to read and pleasant to the eye, and the sequence of questions should be easy to follow. Kumar (2012:145) adds that a questionnaire should be developed in an interactive style, meaning that respondents should feel as if someone is talking to them.

A semi-structured questionnaire contains a list of mainly open-ended questions, and provides a greater depth than is possible with a structured questionnaire. A semi-structured questionnaire has been used for the purposes of this study. The questionnaire was distributed to all eleven employees from the Department who make up the sample of the study.

The sample is comprised of operational staff right up to the Head of the Department. The semi-structured questionnaire was utilised to solicit views, experiences and perceptions on staff members on all three research questions generated in Chapter 1.

The semi-structured questionnaire has several advantages, which were taken into cognisance by the researcher and some of them are: it is less expensive. As the researcher does not interview respondents, the researcher saves time, human and financial resources. The use of a questionnaire is therefore comparatively convenient and inexpensive. Kumar (2012:148) points out that the use of a semi-structured questionnaire offers greater anonymity as there is no face-to-face interaction between the respondents and interviewer.

The rationale behind the usage of semi-structured questions is that the respondent is provided with ample time and freedom to express himself in a manner he deems fit. It is unlike in an interview where the interviewer will be waiting for a response. The questionnaire allows the respondent to reflect and where necessary consult relevant sources. In a structured questionnaire, where normally questions will require an answer of yes or no, the respondents cannot express themselves properly. The respondent cannot motivate his answer or provide a proper perspective

of what they believe in. One of the advantages of using a semi-structured questionnaire is that respondents are not restricted to a particular way of answering and in that way they may provide more information.

The researcher did not want to restrict the views of respondents' experiences and views in relation to the implementation of Broad-Based Black Economic Empowerment policy in CoGHSTA. The questions in the semi-structured questionnaires were developed to direct discussions by raising relevant issues that respondents experience or deal with daily.

The issue under investigation should also be seen to be sensitive in that, if not handled with care, it may jeopardise chances of collecting relevant and useful data. This is partly because there were employees who at some stage were either suspended or dismissed because of issues related to procurement. It is in this context that anonymity is of critical importance and needed to be guaranteed beforehand. Kumar (2012:148) posits that in some situations where sensitive questions are asked anonymity helps to increase the likelihood of obtaining accurate information.

Although a questionnaire has several advantages, it is important to acknowledge that there are inherent disadvantages that go with the application of this method. Among others, there is a problem of a low response rate, where respondents fail to return questionnaires. If the researcher plans to use a questionnaire, the researcher must keep in mind that because not everyone will return their questionnaire, and so the researcher's sample size will in effect be reduced (Kumar, 2012:149). As the researcher alluded to earlier, there is no opportunity to clarify issues.

4.3.2 Documentary analysis

For the purpose of this study, documentary analysis was also used as a way of collecting primary data. Relevant documents in CoGHSTA, which were found to be helpful for the study and for the researcher to answer the research questions posed in Chapter 1, were perused. These documents included the Strategic Plan, Annual Performance plan, Treasury Instructions, especially on bid matters, Tender Bulletins, Policies in Supply Chain Management as well as the B-BBEE Act 53 of 2003 itself, just to name a few. These documents contain data about processes that need to be followed when issues of procurement are dealt with.

4.3.3 Observations

In using observation methods, the researcher, who is present, considers participants in action, for example, during field trips or actual observation while activities are taking place. Observation is a purposeful, systematic and selective way of watching and listening to an interaction or phenomenon as it takes place. There are many situations in which observation is the most appropriate method of data collection. For the purposes of this study observation is appropriate when the researcher wants to learn about the interaction in a group, For example, the meeting of a Bid Evaluation Committee, or to ascertain the functions performed by an official in an SCM unit who deals with procurement. It is also appropriate in situations where full and/or accurate information cannot be elicited by questioning, because respondents either are not co-operative or are unaware of the answers because it is difficult for them to detach themselves from the interaction. Munzhedzi (2011:63) postulates that observation entails the systematic noting and recording of events, behaviour and objects in a social setting chosen for the study. The researcher, as manager in the research and policy co-ordination unit in CoGHSTA finds himself at a vantage point to make informed observations. The position of the researcher makes it easy to observe behaviours and to ascertain functions performed by officials in the Department during meeting discussions of BEC, SCM processes and procedure sessions of the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs.

4.4 SELECTION OF SAMPLE METHOD AND RESEARCH AREAS

For the purposes of this study, purposive sampling has been utilised to select individuals who responded to semi-structured questionnaires to obtain appropriate and relevant data. This is a non-probability sampling method, which is used in most social science inquiries.

The total population of the study is drawn from the Office of the HOD with 10 officials, 20 officials from CFOs office, 40 officials from Supply Chain Management and 40 officials from Integrated and Sustainable Human Settlements which comes to a total of 110. The sample used in the study is 11 officials which is exactly the 10% measure acceptable for a sample. 11 officials out of 110 represented 10% and the sample chosen meets the minimum requirements of 10%. The sample utilised in this study comprises of 11 departmental staff members involved with the

procurement process of the Limpopo Department of Co-operative Governance, Human Settlement and Traditional Affairs. These respondents were chosen from junior staff members at operational level up to the Head of the Department. This choice targets respondents from the following offices: Head of Department (HOD), Chief Financial Officer (CFO), General Manager, Supply Chain Management, Senior Manager Logistics and/or Manager; demand and acquisition, Chairperson Bid Evaluation Committee, Chairperson Bid Adjudication Committee, Senior General Manager Human Settlements, Senior Manager Housing Contract Management, and two officials from Supply Chain Management. This is a purposive or judgmental sample because it is a sample selected on the basis of the researcher's knowledge of the population, its elements and the nature of the research aims. The researcher, during the study, also served as Manager for Policy Co-ordination in the same Department and has vast knowledge of the operations and configurations of the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs. Babbie and Mouton (2003:288) point out that sampling in the interpretive paradigm is often purposeful and directed at certain inclusive criteria, rather than random. In fact, sampling in studies where qualitative methods are used is almost always by means of purposeful sampling. It is for this reason that the researcher chose purposive sampling as a relevant method with which to select respondents.

Munzhedzi (2011: 65) points out that purposive sampling is a non-probability sampling method in which the units to be observed are selected on the basis of the researcher's judgement about which respondents are most useful.

It has been alluded to earlier that the researcher is employed in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs. The researcher is aware of the procurement processes in the Department as well as of the officials who are involved. Junior officials in SCM receive and capture applications from different bidders for a specific tender. Bid evaluation and bid adjudication committees are constituted and chairpersons appointed by the HOD. After consideration by both the bid evaluation and bid adjudication committees, the HOD approves the appointment.

4.5 DATA ANALYSIS

Mouton (2011:108) argues that data analysis involves breaking up the data into manageable themes, patterns, trends and relationships. The aim of analysis is to understand the various constitutive elements of one's data through an inspection of the relationships between concepts, constructs or attributes and to see whether there are any patterns or trends that can be identified or isolated. Bernard (2013:393) describes qualitative data analysis as a situation where the researcher focuses on and names themes in texts. The researcher tells the story as he or she see it, of how the themes are related to one another and how characteristics of the speaker or speakers account for the existence of certain themes and the absence of others. The methodology used in analysing data in this study is purely descriptive in that it looks at different perceptions of the respondents around the application of B-BBEE. In this study, analysis includes data collected through a distributed semi-structured questionnaire, the analysis of departmental documents including Treasury instructions, other internal departmental policies, as well as Departmental Annual Reports. A semi-structured questionnaire, which is attached as Annexure 1, was distributed to 11 officials of CoGHSTA. Observations of moods and discussions were made while attending some of the meetings, social interactions, informal discussions, and departmental training sessions. The collected data is carefully analysed, and the findings of the analysis are presented in the next chapter.

4.6 CONCLUSION

The preceding discussion elaborated at length on the research design and methodology employed in this study. The discussion also focused on the distinction between qualitative and quantitative research paradigms and ultimately on the researcher's preferred method. The researcher chose the qualitative method of data collection in order to study the behaviours and have greater understanding of the respondents' perception of the research problem as defined in Chapter 1. The chapter also provided a detailed description of the data collection methods used in the study, which include a semi-structured questionnaire and documentary analysis. The selection of a research sample, which is a non-probability method, purposive sampling, was discussed in the chapter. The way the data analysis was carried out is also discussed. The research findings, together with the interpretations, are provided in the next chapter.

CHAPTER 5

DATA ANALYSIS AND RESEARCH FINDINGS

5.1 INTRODUCTION

The preceding chapter outlines the research design and methodology of the study. This includes the methods used in collecting data. This chapter intends to present the findings and provide an analysis of the data collected. An exposition of various methods used, and these include a semi-structured questionnaire, documentary analysis and observation in collecting data, is made in Chapter 4. The analysis is based on the data collected through the methods listed above. This chapter provides a detailed discussion of the responses to the questions in the semi-structured questionnaire. It is the intention of this chapter to also provide possible solutions to the research questions encapsulated in Chapter 1.

5.2 FINDINGS FROM THE QUESTIONNAIRE AND ANALYSIS

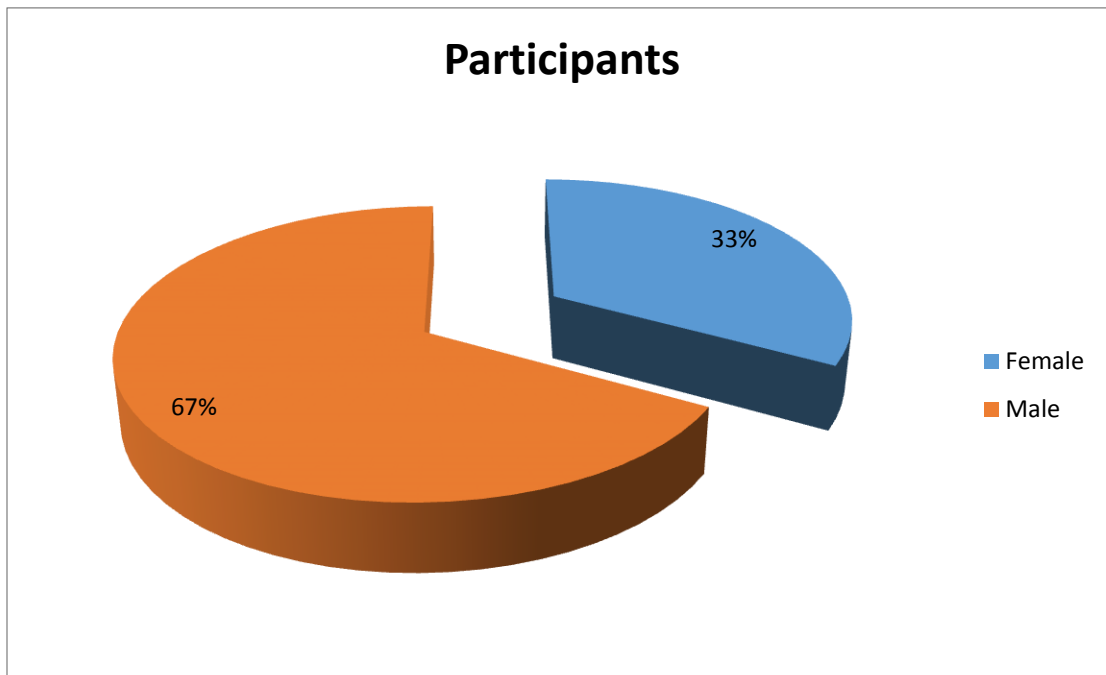
The respondents were exposed to twenty-one questions of which the first four were based on the need to understand their personal particulars. As stated in Chapter 4, the focus of the study is on 11 officials responsible for procurement in the Department. The officials are in one way or another involved in procurement and provisioning in the Department, in other words they play different roles in the supply chain management value-chain. They are the Head of Department (HOD) the Chief Financial Officer (CFO), Senior General Manager (SGM) (Human Settlements), General Manager (GM) (SCM), Senior Manager (SM) (Human Settlements), Senior Manager (SM) (logistics), Senior Manager (SM), Housing Contract Management, Chairperson (bid evaluation committee), Chairperson (bid adjudication committee), Officer from Human Settlements, and two other officers from the SCM branch. This makes up a total of 11 employees of the Department. These are members of the executive management, senior management, middle management, as well as officers of the lower echelons of the organisation. All 11 copies of the semi-structured questionnaire were completed and sent back to the researcher. This means

that there was a 100% response rate to the questionnaire. The responses to the questions in the questionnaire are analysed below.

The study aimed first of all to investigate the gender of the respondents. Although this is not a full representation of how the Department fares in terms of gender parity, according to the findings, the majority (67%) of the respondents were male while the rest (33%) were female. This implies that though there is gender distribution in occupation of jobs in both the strategic planning unit and the finance office, most of the opportunities in both units are occupied by males.

Figure 5.1 below gives a summary on the study findings on the gender of the respondents. From the findings, most (67%) of the respondents were male and (33%) female. This also implies that most of the employees in the senior management echelons of management are males, which is a far cry from what the Employment Equity targets suggest.

Figure 5.1: Biographical information of the respondents



Source: Questionnaire

Table 5.1 summarises the study finding on the age bracket of the participants. From the findings, most (60%) of the respondents were within the age bracket of 40-49 years, 20% were aged between 30 and 49 and 50 and 59 years, and 0% were between 20 and 29 and 60 years and over. This implies that most of the

employees in the senior echelon of management in the unit were middle-aged and they can responsibly adjust to the strategies adopted within the Limpopo Department of CoGHSTA, with the aim of carrying out and improving the Department's implementation plan.

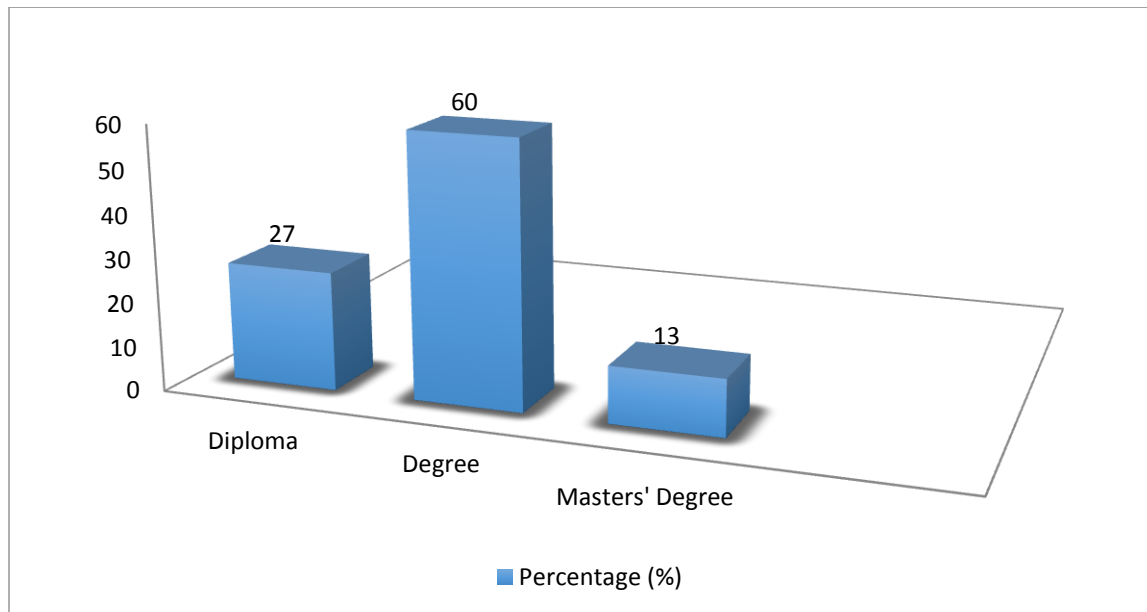
Table 5.1: Age brackets of the participants

Age bracket	Frequency	Percentage (%)
20-29	0	0
30-39	3	27
40-49	5	46
50-59	3	27
60+	0	0
Total	11	100

Source: Field study 2015

The researcher requested the participants to indicate the highest level of academic qualification they held. Figure 5.2 shows the findings of the result: the majority (60%) of the participants had acquired a university degree as their highest academic qualification, 13% held a masters' degree while 27% had a diploma. This indicates that most of the employees in the two units, being strategic planning and the finance units, possess the required educational qualifications. This means that the respondents are able to offer credible responses and are capable of implementing strategic issues which the Limpopo Department of CoGHSTA formulates, disseminating the plans reliably to their subordinates without disintegrating the information.

Figure 5.2: Educational level of the participants



Source: Field study 2015

5.2.1 Respondents' definition of Broad-Based Black Economic Empowerment

Respondents were asked to define Broad-Based Black Economic Empowerment as applied in CoGHSTA. One respondent defined B-BBEE as the empowerment of the previously marginalised races that are grouped as blacks in the transformation terrain of our country. Another respondent referred to B-BBEE as the promotion of economic transformation in order to enable meaningful participation of black people in the economy and thereby increasing the extent to which blacks, women, the youth and people with disabilities participate in the economic mainstream of the country.

Another employee, who is a member of the executive committee of the Department defined the concept B-BBEE as a concerted effort to ensure that the emerging contractors access business opportunities because of the previous marginalisation in the high commands of the economy.

An employee at the lower echelons of the Department opines that the B-BBEE policy aims to address the racial discrimination in the business environment, especially with regard to the awarding of tenders to companies owned by disadvantaged individuals.

The definitions provided by employees occupying both the top and lower echelons of the institutional ladder show that there is a clear understanding of the meaning of the Broad-Based Black Economic Empowerment concept as applied in the Department. All respondents were able to demonstrate that the aim of the policy is to redress the economic imbalances of the past.

One manager defined the concept as a government policy that seeks to redress the economic injustices of the past by putting previously disadvantaged people in a position to participate in the wealth of the country by owning sustainable stakes in companies particularly within areas in which they reside. At least employees across the spectrum are clearly demonstrating a common understanding of the concept at the level of the definition. All respondents in defining the concept B-BBEE were able to demonstrate that the critical component of the policy is to empower the previously disadvantaged groups as defined by the policy.

5.2.2 Employees' understanding of Broad-Based Black Economic Empowerment

The employees were also asked a question to describe whether they regard their level of understanding of the concept of B-BBEE as adequate. Of all the respondents, only seven considered their understanding adequate. This constitutes 63.63% of the total number of respondents. Most of the respondents who considered their level of understanding as adequate come from the higher echelons of the organisational structure, namely senior managers, general managers, senior general managers, the CFO and the HOD. For example, one respondent from this category said his understanding of the concept of B-BBEE is adequate because government recognises the fact that the South African economy is skewed as a result of the apartheid history and without a proactive involvement of the state, the *status quo* would remain, hence the need to implement the B-BBEE Act 53 of 2003. This, however, should translate into becoming a culture that should be embraced by all stakeholders to avoid incidences of fronting, which are difficult to contain.

The other senior manager stated that his knowledge of B-BBEE is adequate because he has acquainted himself with the policies in place and to the best of his judgement the policy has the

potential, if properly implemented, to address the inequality that was precipitated by the past unjust policies.

The other respondents, who are four in number and constitute 36.36% of the total number of respondents, replied that their knowledge of the concept of B-BBEE is inadequate. These are mainly the respondents who were at the lower levels of the institution. This is how one of them responded: “No, people think that the B-BBEE policy only affects black people even if they do not meet the criteria”. The other one argued, “I do not think so but I somehow understand what the policy aims to achieve and the direction it pushes towards economic transformation to the advantage of people”.

The fact that the level of understanding of the Act at the higher echelons of the Department is adequate does not necessarily translate into the fact that the Act is properly implemented in the Limpopo Department of CoGHSTA. If the lower officers’ understanding of the policy is not adequate, it goes without saying that serious challenges in respect of the application of the policy are going to be encountered. The role of officials at the upper levels of the Department is limited to monitoring the entire process of demand and supply and might present its own challenges when it comes to really scrutinising each and every transaction properly.

5.2.3 Understanding of B-BBEE policy by those who are supposed to implement it

One of the questions posed to respondents was intended to understand whether they consider those who are required to implement the policy possess the requisite skills. Only three from fourteen officials in senior management, which is 27.2% of the total number, confirmed that the understanding of the B-BBEE policy by those who are supposed to implement it is adequate. However, one senior manager said that he would not know whether all of them do understand.

One manager who responded indicated that he believed that their implementation of the policy is done properly according to the policy guidelines. It is, however, difficult to ascertain their understanding as they are limited by these prescripts. One respondent argued that their understanding is adequate as at all times preferences for B-BBEE contracts are made to favour the designated groups (referring to blacks, women and people with disabilities). Another respondent highlighted the fact that people who are appointed to the committees are people with

relevant experience in the field. In other words this could also confirm that they have adequate understanding of the B-BBEE policy.

However, the number that responded in the affirmative is far fewer than the number who doubted the understanding of those who are supposed to implement the policy. Eight employees (8) who constitute 72.7% of the total number of respondents doubted the understanding of those who are supposed to implement the policy. One respondent commented that the B-BBEE policy was not clearly addressed at the beginning of implementation. It is only recently that some clarity is obtained from Treasury instructions that are often given. Another respondent mentioned that there is no adequate understanding and as such more training should be provided to officials through accredited service providers.

In responding to the above matter on employee doubts, 72.7% stated that there is no adequate understanding of the policy by those who are supposed to implement it. This clearly shows that the understanding by those who are supposed to implement it is doubtful. The intentions of the policy maker may not be realised if there is a gap in terms of the understanding of the policy by those who are supposed to implement it. For the policy to be implemented as intended, there should be common understanding of the provisions of the policy. Common understanding can be derived from regular training of staff members on matters related to the B-BBEE policy and other relevant prescripts. One respondent posited that, judging from the appointment of service providers in the past few years, he believes officials understand their work sufficiently.

5.2.4 General understanding of B-BBEE policy by employees at all levels

Employees were asked about their views on the understanding of the policy on B-BBEE at all levels. Only two respondents replied that there is an understanding of the B-BBEE policy at all levels of the Department. Two people represent 18.2% of the total number of respondents. The majority of the respondents categorically stated that the level of understanding of the B-BBEE policy is abysmally low at the lower level of employees. This state of understanding can be attributed to the fact that most of these employees are not directly exposed to functions at supply chain management. As one manager responded, “not certainly, but there is a reasonable understanding of B-BBEE in the Supply Chain Management Unit”.

Eighty-one point eight percent (81.8%) of respondents remarked that the level of understanding of the B-BBEE policy at all levels of staff is relatively poor. They attribute this to the fact that the B-BBEE policy is not applicable to their day-to-day activities. One respondent argued that most of the things are limited to senior management and there is no platform for other employees to learn about it or its implementation. However, it is imperative that the Department engage the national Department of Trade and Industry in terms of facilitating this process of training and workshops. One respondent opined that there is no understanding, especially among those employees who are not involved in the procurement processes of the Department. Another respondent said many people's understanding seems to him to be very shallow.

The sentiments expressed on all sides seem to be very reasonable. Officials who are attached to the Supply Chain Management unit of the Department, depending on their seniority, will demonstrate a reasonable understanding of the concept of B-BBEE. From time to time they are exposed to Treasury instructions, which conveniently augment their understanding of the B-BBEE policy as well as its application.

One respondent reasoned that there is no understanding at any level because there are those employees who think that the B-BBEE policy should only be understood by managers or officials who are attached to the supply chain management small business unit. This is a narrow understanding of the policy, which needs serious training interventions. Another respondent clarified the issue further by saying that only employees working in SCM, especially acquisition management, have an understanding because they deal with B-BBEE certificates and allocation of points when evaluating bids.

5.2.5 Improving the understanding of B-BBEE policy in the Department

Another question solicited the opinion of the respondents regarding the improvement of the understanding of the B-BBEE policy in the Department. All respondents (100%) provided almost the same comments to the question. They all suggested the provision of training programmes and developmental workshops as an antidote to the lackluster understanding of B-BBEE policy in the Department. One respondent commented that workshops should be organised and quality and knowledgeable service providers should be appointed to capacitate employees. Another respondent suggested that policy documents should be made available to

staff and training sessions should be arranged for all staff, including those in the lower echelons of the organisational structure.

Other respondents, albeit agreeing to the suggestion for training programmes for everyone in the Department, also suggested that these training programmes, as well as workshops, should be prioritised for those employees who are affected by or who work directly with the B-BBEE policy, the SCM officials, to be specific. The researcher agrees fully with the suggestions made by respondents in view of the fact that in many instances employees transgress the law out of sheer ignorance. A fact that is also linked to the foregoing is that employees at some point bend the rules in order to favour their preferences. The researcher agrees with the respondents' sentiments that proper training is needed to empower employees. This training will also assist in conscientising employees on the need to comply with relevant prescripts in order to avoid malpractices.

5.2.6 Whether poor performance in housing delivery can be attributed to B-BBEE

The respondents were asked to comment on whether the poor performance in housing delivery can be attributed to the introduction of the B-BBEE policy. Of all the respondents, only two of them (18.2%) attributed poor performance to the introduction of the B-BBEE policy. One respondent said that some of the emerging contractors are new in the field and are surely not aware of trends in the human settlement market, neither are they willing to learn as their concern is only to accumulate wealth, while they actually have no skills, knowledge or expertise in the housing industry. Another respondent, who also attributed poor performance to the introduction of B-BBEE policy, said that most of the time they witness unnecessary delays due to lack of understanding of the B-BBEE policy. These delays eventually lead to delays in the appointment of service providers.

The rest of the respondents (81.8%) did not attribute poor performance in housing delivery to the introduction of the B-BBEE policy. One respondent said that the B-BBEE policy only gives advantage to contactors to earn points during evaluation not according to performance. Another said while the B-BBEE policy is not a cause in any way, however, there are many factors that come into the picture. One respondent who is a general manager did not attribute poor performance to the introduction of B-BBEE, but said while it is not a contributing factor, the complexities of the sector itself, ranging from access to limited materials as well as natural

conditions such as dolomite and inaccessible terrains such as mountainous areas are additional issues. Another respondent argued that it cannot be a factor because the Department has a history of being the best in the past. Poor performance might be attributable to something else.

5.2.7 Whether B-BBEE policy helped in addressing the problem of previously disadvantaged groups

Respondents were exposed to the question that needed them to give an opinion as to whether B-BBEE has helped to address the problem of the previously disadvantaged groups. All respondents (100%) confirmed that the introduction of the B-BBEE policy has gone a long way in addressing the problem of the previously disadvantaged groups. One of the respondents posited that many businesses owned by blacks that are doing well attribute their success to doors that were opened for them through B-BBEE policies. However, there may be others that took advantage of the B-BBEE policy with ill intentions. Such companies or organisations could not go far and their failure cannot be attributed to the policy.

To support the assertion by all respondents, one employee opines that it does help, but not completely, because it empowers only a few while the majority remain nailed to the cross of poverty, leaving the community in a sad state of massive inequality. The researcher agrees with this observation, which also emerged sharply in the literature review in Chapter 2. For example, Ngwenya (2007) argues that, disappointingly, the debate about what constitutes Broad-Based Black Economic Empowerment continues unabated as most deals continue to fail to meet public expectations of broad-based empowerment and equitable equity participation by all B-BBEE deal beneficiaries.

Another respondent agreed with the fact that B-BBEE helped to address the plight of the historically disadvantaged by helping institutions and people to understand that it is time for blacks, women, young people and people with disabilities to participate meaningfully in the economy of the country. Another respondent added that though it is seen to be addressing the problem of the previously disadvantaged, this is happening at a disturbingly slow pace.

Another dimension brought forward by other respondents was that although they agree with the fact that the B-BBEE policy has gone a long way in addressing problems of the past, B-BBEE

proceeds are only enjoyed by a few people. Some respondents provided examples of housing development contractors who either give their employees minimal wages or do not pay them at all.

Another respondent complemented the aforementioned assertion that B-BBEE proceeds are enjoyed by few people by saying that in the olden days minority groups benefitted from the economy while the majority suffered as they were never engaged in it or were ineligible due to their skin colour or status in society. The past few years has seen minority groups entering into the business environment with vigour, hence the state of minorities in businesses is now well established. The news often shows CEOs of big conglomerates who come from minority groups.

5.2.8 Whether supply chain management division is offering enough support

Of the total number of 11 respondents five of them (45.4%) argued that there is no support given from the SCM management division. The support given to employees is not sufficient, while six respondents who constitute 54.5% of the total respondents agreed that the support given by SCM is adequate.

Of those who disagreed, one respondent attributed a lack of adequate support to the minimal educational qualifications the officials possess. The respondent goes on to argue that functions such as demand and acquisition, which make up SCM, need properly trained staff. The current staff complement at SCM, although they boast extensive experience in that field, lacks requisite educational qualifications. The researcher agrees with the observation of the respondent.

Another respondent who thinks that the support provided is not enough commented that the staff in the unit is also not well capacitated on these transformation issues. He went on to argue that some policies in SCM have gaps that need to be closed and the longer it takes for the gaps to be closed, the more the Department retrogresses. Another respondent opined that though they are trying their best under the circumstances, the respondent thinks supply chain staff who are charged with this responsibility find themselves at the lowest levels and, as if that was not enough, they are understaffed. However, others think otherwise. They believe that the SCM division provides enough support to the entire staff of the Department. One respondent commented that despite the absence of adequate support they are doing fairly well in implementing the B-BBEE policy. He suggested that the SCM division needs to arrange sessions

with various SBUs to educate them on the importance of SCM and how SCM functions affect the daily operations of other SBUs. He argues that the Integrated and the Sustainable Human Settlements (ISHS) Sub-department may require SCM to appoint competent contractors, yet they express no interest in how the policy might affect the selection of such.

Another respondent agreed with the fact that SCM provides enough support to the entire Department with regard to the implementation of B-BBEE policy in the Department. This respondent commented that SCM offers a lot of support to all strategic business units whereby they are required to submit procurement plans and develop terms of reference for the acquisition of services. Another respondent consented to this view that SCM offers enough support by saying that the Supply Chain Management Policy of the Department is clear on the B-BBEE, and SCM officials provide guidance to bid committees on how to implement it. The researcher does not agree entirely with the statement. Since 2010, departments have no longer had power and jurisdiction over financial policies. There is no department in the Province that has its own Supply Chain Management Policy. All financial matters of any department in the Province are regulated by a transversal policy from the Treasury. It is in this regard that the researcher differs with the respondent. However, the respondent believes that SCM in his Department is doing a good job.

A comment by one of the respondents alluding to the fact that the Department has been getting clean audits consecutively from 2010, with 2013/14 as an exception, is evidence enough to show that the Supply Chain Management (SCM) unit is on top of issues. The researcher is bound to agree with this reasoning because it is correct; the Department did receive clean audits from the office of the Auditor-General (A-G) during those years.

5.2.9 Whether officials attached to SCM have the necessary skills and capacity to implement B-BBEE

Respondents were asked if, to their knowledge, officials in SCM have the necessary skills to implement the B-BBEE policy.

The majority of respondents answered in the affirmative, confirming that the employees possess necessary skills and capacity to implement the B-BBEE policy in the Department. Eight

respondents (72.7%) out of a total of eleven agreed that officials attached to SCM have the necessary skills and capacity to implement the B-BBEE policy.

One of the respondents argued that the officials at SCM have been trained, although he thinks the level at which the training is pitched sometime constrains the level of commitment required. A better understanding of the environment in which they are operating is vital to discharge this mammoth task. Another respondent confirmed and emphasised that they are quite experienced in the field. Another respondent argued that the process form for preference claims already has the scorecard or point to be allocated to service providers according to their levels. The researcher can agree with the respondents because in the process of either bid evaluation or bid adjudication, the B-BBEE status of companies is a compulsory qualification. When a bid is advertised, requirements such as B-BBEE status and tax certificates are compulsory to an extent that if the company does not comply, it is an automatic disqualification. The company will, in no uncertain terms, be disqualified from competing in such a bid.

Other respondents (27.2%) argued that officials do not have the necessary skills and capacity to implement B-BBEE policy. They provided reasons with the fact that most of the officials did not undergo training in supply chain management, but were promoted through job evaluations, and as such they don't have the relevant skills.

Another respondent argued that their knowledge is inadequate. He argued further that he does not think that the majority of them even know why B-BBEE should be implemented. Another respondent complained that even if officials have the necessary skills and capacity to implement the B-BBEE policy in the Department, there is serious political interference to the extent that the whole idea of economically affirming the previously disadvantaged groups is ignominiously defeated. Another one said this is difficult to answer as he might evaluate their skills and capacity based on the performance of the service providers rather than implementation of the policy. The respondent is of the opinion that the SCM division has highly qualified and skilled personnel to drive the process of implementing the policy. Even though not placed in that division, the respondent has seen various companies benefiting from the policy, which according to the respondent is a step in the right direction.

5.2.10 B-BBEE policy as a solution to the problem of historical exclusion

The respondents were asked if they regard B-BBEE as a solution to the problem of the exclusion of previously disadvantaged groups into the mainstream economy of the country.

Nine respondents (81.8%) agreed that the B-BBEE policy is a solution to the problem of the historically disadvantaged groups. Only two (18.8%) maintained that B-BBEE only cannot be a solution to this problem.

Those who viewed B-BBEE as a solution to the problem of exclusion argued that if properly implemented the B-BBEE policy provisions can be a solution to the problem. One respondent argued that it is not only going to make disadvantaged groups wealthy but play a huge role in terms of creation of employment for people in their communities and then everyone also gains confidence in the system. Another one opined that in future other policies should be developed to close the gap. Alternatively the B-BBEE policy should be frequently reviewed as it is currently being misused.

A paltry 18.8% of the total number of respondents disputed the fact that B-BBEE can be the only solution to the problem of historically disadvantaged groups. One respondent in this category argued that it cannot be a solution to all problems of exclusion. Other forms of intervention are necessary. These should be in the form of education and training to improve the skills levels of the previously disadvantaged groups. Another respondent argued that it cannot be regarded as an end solution but part of a process towards the solution of the problem.

The foregoing is necessarily considered since B-BBEE cannot be an end in itself to all problems of historical exclusion. Government needs to make use of other similar transformational programmes such as educational empowerment through skills development, Affirmative Action as well as preferential procurement policies, to name a few. Transformation agenda of the government is a wide concept which needs proper consideration. One respondent who answered in the affirmative to the question said we just need to be careful with the way the policy is implemented. It may result in some being more enriched than others. The researcher agrees to a certain extent to this insinuation. There is already a significant lobby pointing in that direction. In our literature review in Chapter 2, arguments to the fact that B-BBEE is there to benefit a small politically connected group were sharply made. The respondent is correct to argue that if not properly implemented, there can be undesirable effects.

5.2.11 Improving performance by B-BBEE contractors in housing delivery

Respondents were asked to provide their opinions in brief on what they would recommend to the Department to improve performance by B-BBEE contractors in housing delivery. One respondent said that if the Department appoints sixty contractors, for example, fifty should be capacitated co-operatives, five be developing contractors and five should be capacitated and experienced individual contractors. The appointment of individual contractors paves the way to the empowerment of only a few people while the majority are kept on the sidelines. This increases the level of unemployment and poverty and elongates the element of inequality. The appointment of capacitated co-operatives assists in ensuring that many people benefit. Another respondent opined that contractors need to be trained to understand the challenges in the area. They also need to be supported financially as they have to procure materials for building. The Department needs to ensure that there are enough suppliers of materials for building in the province.

Another respondent suggested that the NHBRC and NURCHA should roll out their contractors' development programmes and offering of construction training.

Almost all respondents agreed to the fact that contractors should be trained in the field of construction. Another respondent said, "The Department always arranges training and workshops for such contractors to be capacitated on technical and financial management, but it seems like some of them are focused on accumulating wealth while not delivering on the end-product. Taking away or reduction of units is not the only solution, there should also be a penalty to the tune of 25% of their income for those contractors who fail to deliver on their mandates."

Another respondent argued that workshops on good business management principles as well as training are necessary for sustainability. The researcher agrees with the sentiments as expressed by respondents. Some form of training should be provided especially to the emerging contractors but it remains a million dollar question as to who should foot the training bill. It is not government's responsibility to train and capacitate emerging contractors. Government appoints contractors on the basis of their given track record and current performance. The emerging

contractors do not have these attributes, which poses serious challenges to the implementation of B-BBEE policy.

5.2.12 Training to help emerging developers improve their performance

Respondents were asked to share their thoughts on how training can be used to help emerging developers improve their performance. One respondent suggested that FETs may be enlisted to provide short courses that are aimed at addressing specific gaps identified in emerging contractors, including financial management principles. Another said training must be provided on the job on how the work is done as well as on financial and project management.

Another responded by saying that training capacitates contractors to optimise their performance. It is training and support that is required as training alone would not alleviate the problem.

Another respondent said that ever since he started working for the Department, training and workshops are carried out on an annual basis prior to and after appointment of contractors, and it seems as if some if not all of them are not keen to learn as they focus on accumulating wealth. He went on to say that even through training, it may sound weird but he feels that the finance division should be assigned to provide support to emerging contractors in terms of the contracts they have with the Department. The Department should also monitor their spending trends and advise accordingly to ensure that many companies do not lose business as well as credibility due to non-performance and non-compliance. Generally respondents agreed that some form of training and capacity building programmes should be made available to the emerging contractors at some point. The researcher cannot agree more to the sentiments raised above. Training should indeed be provided.

5.2.13 Challenges facing the Department in the implementation of the B-BBEE policy

The respondents were asked to share their opinions regarding the challenges facing the Department in the implementation of the B-BBEE policy. One respondent said that inadequate understanding of B-BBEE policy, inaccurate implementation of the policy, as well as lack of training on the part of the officials constitute serious challenges in the implementation of the policy. Another respondent also raised the issue of misunderstanding of the policy as a major

challenge. This respondent raised the issue of lack of requisite skills and general lack of qualifications as a serious challenge facing the Department. The respondent went further to indicate lack of proper training and policy documents taking too long before they are reviewed as a contributing factor.

The respondents seem to share the same sentiments regarding what the challenges facing the Department in the implementation of the B-BBEE policy could be. All of them mention lack of adequate training as a factor. One respondent attributed the challenge to lack of knowledge by SCM officials. Another respondent also brought in the issue of poor capacity of service providers, as well as poor capacity of project managers. Project managers of the Department are at times found to be complicit in the poor performance by service providers. This happens in instances where project managers are supposed to report on mediocre performance by service providers and they choose to keep quiet.

5.2.14 Managing underperformance by emerging B-BBEE contractors in the Department

Respondents were asked if underperformance by emerging B-BBEE contractors is well managed in the Department. Four respondents (36.3%) stated that under-performance by emerging B-BBEE contractors is not well managed in the Department. The respondents were unanimous in reporting the fact that non-performing contractors are guaranteed extensions after failing to meet the deadlines. This is a flagrant violation of contractual obligations, which needs remedial actions instead of an extension of the contracts. Other respondents argued that contractors are being given extensions when they fail to perform. There are no thorough investigations into the reasons leading to failure of delivery of service by appointed contractors. One respondent argued that it is not well managed. An underperforming contractor only has time extended for him/her. There is no financial assistance given. There is no proper training given before the start of the project. One other respondent echoed what others have already alluded to by saying underperformance is not well managed because of many extensions of contracts and the reduction of units due to under-performance. Units are reduced and ceded to other high performance contractors in cases of under-performance.

However, some respondents argued that underperformance is well managed in the Department. One respondent stated that there are systems in place to monitor and provide assistance and also terminate contracts in case of non-performance. Another reasoned that underperformance is well

managed because underperforming contractors are encouraged to cede their contracts to higher capacity contractors. Those who are struggling with their units face the dreaded consequence of having their units reduced and redirected to higher performing contractors. Another respondent added that the Department has appointed a performance monitoring unit (PMU) to monitor and support the work done by contractors. The respondent further argued that the intervention by the aforesaid unit has gone a long way in managing poor performance by emerging contractors. In addition to these interventionist measures the researcher observed in the financial year 2011/12 the blacklisting of non-performing companies by the Department. This measure was applied to those companies who, after getting payment, abandoned the projects and disappeared. The measure was seen as harsh and heavy-handed by some observers but it provided some form of redress.

5.2.15 Challenges of unfairness experienced by respondents in the implementation of B-BBEE policy

Respondents were asked to share their experiences regarding unfairness in the implementation of the B-BBEE policy in the Department. Most respondents commented that they have never experienced any issues regarding unfairness in the implementation of the policy. To them, the policy is being implemented to the letter and spirit of the provisions as set out in the B-BBEE policy. There are those who indicated some issues of unfairness in their responses. One of them said that more often than not, contractors do not meet the required set standards as in the specifications and requirements of the projects. The fundamental reason behind this is that contractors get hired on the basis of their close links with those in the upper echelons of the departmental structure. Some contractors get appointed because of their political affiliations, which borders very closely on utter nepotism and favouritism.

Another respondent bemoaned the slow pace of contractors and lack of enforcement of terms of reference and other contractual obligations. The researcher agrees with lack of enforcement of terms of reference and the misapplication of contractual obligations, as many contracts are extended after failure to deliver houses.

5.2.16 Whether B-BBEE policy is regarded as functional

Respondents were asked if they regard the application of the B-BBEE policy as functional. One respondent said from the processes that took place in the Department or since the President of the country signed the Act he thinks it is functional. Another respondent said the policy unfortunately allows for manipulation by implementers.

However, one respondent said a lot has to be done to ensure that both public and private sectors implement the policy in terms of their scorecards. Another respondent said the B-BBEE policy is functional because there is evidence of companies that succeed through the policy.

There is sufficient consensus that the application of the Broad-Based Black Economic Empowerment policy has proved to be functional albeit certain areas of the policy need to be taken care of. There are success stories of the application of the B-BBEE policy evidenced by black institutions and those that were previously marginalised making it in the harsh world of business competition. There are those people who acquired wealth in a short space of time through tenders, sometimes referred to as instant millionaires produced by the B-BBEE policy known for their trademark glamorous parties, clothes, cars and mansions in the leafy suburbs of many towns in the country.

5.2.17 Any additional issues relating to B-BBEE which respondents would like to mention

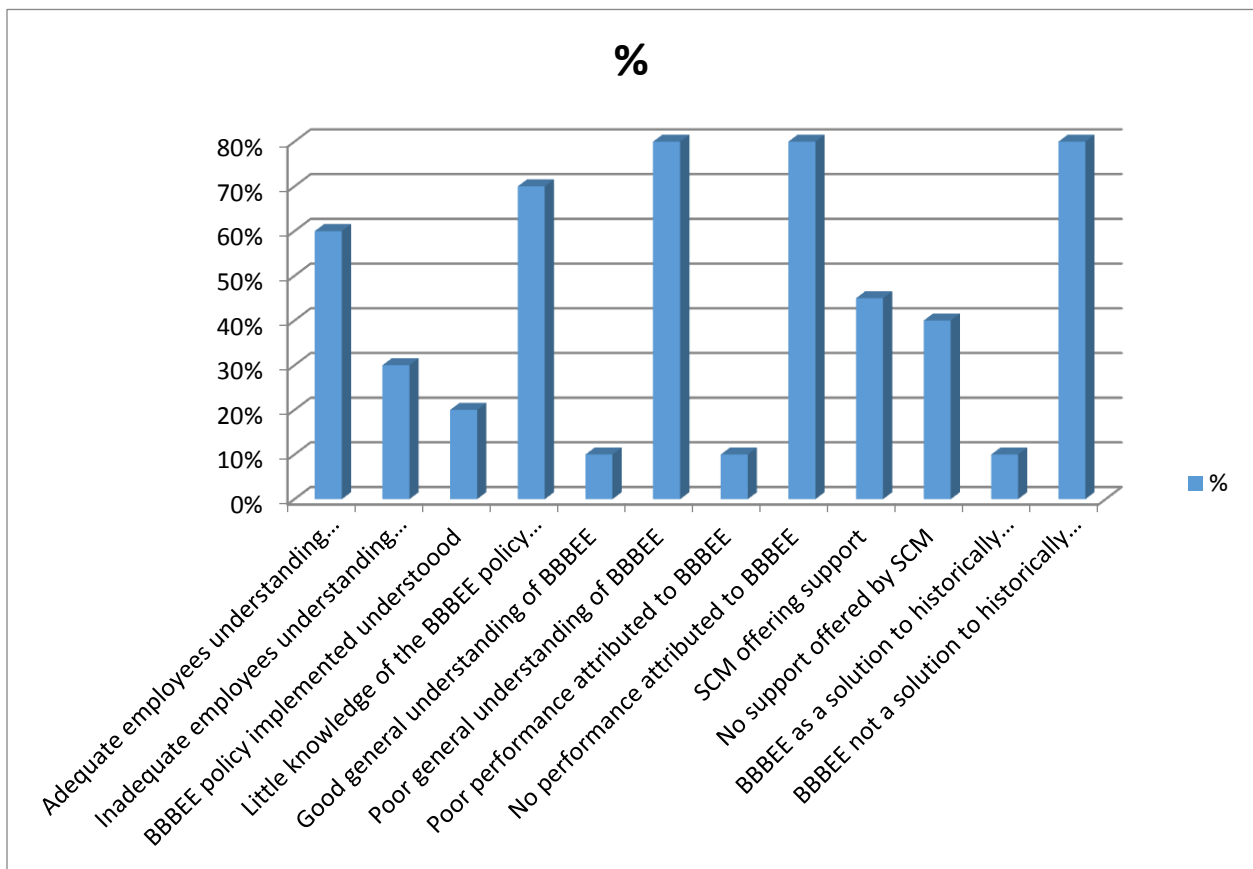
The respondents were given an opportunity to provide additional information in relation to the application of the B-BBEE policy in the Department. One respondent said that the B-BBEE policy cannot be a panacea to all economic ills of this country. The education and training systems need a revamp to complement efforts made through B-BBEE policy interventions.

Another respondent argued that although the policy might have its limitations as observed in the discussion above, it is the most commendable policy intervention government has ever made towards the total transformation of the economy of our country. Another respondent opined that the intention of the law-maker might be good but the people responsible for the implementation of that policy might have different intentions.

Another respondent observed the same and suggested that officials should be provided with enough training regarding demand and acquisition matters. This will embolden them as and when they are appointed to serve in either the bid evaluation committee or the bid adjudication committee. Many officials are appointed to serve in these committees without any prior training.

The researcher, as an official of this Department, was once appointed to serve on one of these committees at some point. There is absolutely no training provided before an officer is appointed to serve on these committees. What happens is that the chairperson will only provide some guidance on the application of the scorecard right there in the meeting. The necessity for the provision of prior training to potential members of these committees cannot therefore be over-emphasised.

Figure 3: Graphical representation of the understanding and implementation of the B-BBEE policy



5.3 FINDINGS FROM DOCUMENTARY ANALYSIS

As has been stated in Chapter 4, in order for the study to produce reliable results, multiple collections of data would have to be embarked on. This includes the analysis of departmental documents, which include, among others, strategic planning and annual performance plan documents, annual reports and budget speeches, provincial treasury instructions on supply chain management, as well as the demand management procedure manual. These departmental documents elucidate how the entire process of supply chain management, with special focus on the application of the Broad-Based Black Economic Empowerment Policy, unfolds.

The strategic planning document of the Department sets the tone in respect of the strategic objectives the Department needs to achieve, which in turn flow from Outcome eight and nine of the Limpopo Development Plan.

5.3.1 Institutional arrangements

Limpopo Provincial Treasury Instructions on SCM provide that every department should have an SCM management unit responsible for the following functions:

- a) Demand acquisition, logistics and disposal management of goods and services for and on behalf of the department.
- b) Render administrative support to departmental bid committees in the performance of their duties.
- c) Check bids specifications, monitor award of bids and administer and manage contracts.
- d) Act as secretariat to the bid committee/sub-committee, meaning that the unit will be responsible for the preparation and presentation of cases to the bid committee.
- e) Maintain SCM delegation.
- f) Perform all monitoring activities, including achievements in terms of preferential procurement, report them to the accounting officer and Provincial Treasury, as required.

- g) Any other functions the accounting officer may delegate to or instruct an official in order to ensure the effective and efficient utilisation of provincial assets.
- h) Ensure the contract forms or service level agreements are signed with successful bidders that properly reflect the decisions of the bid committee.

Currently the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs is compliant with the above stipulations.

5.3.2 Bid/tender committees

- a) The accounting officer of a department must appoint a bid committee or bid committees as per provincial approved model of August 2003, depending on the size and complexity of the department. The panel must be demographically representative in terms of race, gender and expertise.
- b) Members of the committee must include experts in the field of procurement, contract management, financial management and economic analysis (including Black Economic Empowerment). However, in the absence of such skills, accounting officers may invite experts from outside the department, subject to the requirements of the AO system and any framework issued by the Provincial Treasury in this regard.
- c) National Treasury has issued a code of conduct for committee members that must be strictly adhered to. It is important that accounting officers/authorities must ensure that all members of bid adjudication committees/teams be cleared at the level of “confidential”.

5.3.2.1 Functions of bid/tender committees

The functions of tender committees include adjudication and consideration of bids within the context of the legislative framework and the national policy strategy to guide uniformity in the procurement reform process. It is their function to make recommendations on the acceptable bid to the relevant departmental delegate or accounting officer for approval and assist the accounting officer in the assessment and implementation of the departmental DSCM system, provided that it is not inconsistent with legislation.

5.3.2.2 Meetings of the bid committees

All meetings of bid committees must be recorded and all decisions must be minuted. Such minutes should be made available to the Provincial Treasury on request. Members of the tender committees shall, prior to the commencement of meetings or discussions regarding pending tenders, sign a register declaring any interest or confirming that they have no interest in any bid under consideration.

5.3.2.3 Delegation and execution of powers

- a) The power to engage in supply chain management activities is vested in the accounting officer who may delegate his/her powers in writing to any official in that department in terms of section 44 of the PFMA.
- b) Such delegations must take into account the legislative framework and the relevant DSCM system to ensure efficient and effective execution thereof.
- c) The execution of any delegated power is subject to section 44(2) and (3) and 51 of the PFMA.
- d) Where a delegate disagrees with the recommendation of a bid committee, the decision should be justified and the reasons for such a decision must be well documented and referred back to the bid committee for consideration.

5.3.3 Threshold values

The thresholds as provided for in the practice note no 2 of 2003 from the National Treasury should be maintained and they are:

5.3.3.1 Up to an estimated value of R5 000/DELEGATION

An accounting officer may procure requirements without inviting competitive bids or price quotations by obtaining at least three (3) verbal quotations from, where applicable, a list of prospective suppliers. The order should, however, be placed against written confirmation from the selected supplier.

5.3.3.2 Up to an estimated value of R100 000/DELEGATION

In this instance, an accounting officer should invite and accept price quotations for requirements up to an estimated value of R100 000 from as many suppliers as possible that are registered on the list of prospective suppliers. Where no suitable suppliers are available from the list, quotations may be obtained from other possible suppliers. If it is not possible to obtain at least three (3) quotations, the reasons should be recorded and approved by the accounting officer or his/her delegate. Accounting officers should apply the provisions of *the Preferential Procurement Policy Framework Act 5 of 2000* and the *Broad-Based Black Economic Empowerment Act 53 of 2003* and the regulations thereunder, for all procurement equal to or above R30 000. However, these prescripts may be applied for procurement with a value of less than R30 000.

5.3.3.3 Above the estimated value of R100 000/DELEGATION

An accounting officer should invite competitive bids for all procurements above R100 000. Bids should be advertised in at least the Provincial Government Tender Bulletin and in other appropriate media, should an accounting officer deem it necessary, to ensure greater exposure to potential bidders. Should it be impractical to invite competitive bids for specific procurement, for example in urgent or emergency cases or in the case of a sole supplier, the accounting officer may procure the required goods and services by other means, such as price quotations or negotiations. The reasons for deviation from inviting competitive bids should be recorded and approved by the accounting officer or his/her delegate.

5.4 PREFERENCE POINT SYSTEM

The 80/20 preference point system is applicable to bids with a rand value equal to, or above R30 000 and up to a rand value of R1 million with all applicable taxes included. Institutions may apply the 80/20 preference point system to price quotations with a value less than R30 000 if and when appropriate.

The 90/10 preference point system is applicable to bids with a rand value above R1 million with all applicable taxes included.

5.5 B-BBEE STATUS LEVEL CERTIFICATES

Bidders are required to submit original and valid B-BBEE status level verification certificates or certified copies thereof together with their bids to substantiate their B-BBEE rating claims. Bidders who do not submit B-BBEE status level verification certificates or are non-compliant contributors to B-BBEE do not qualify for preference points for B-BBEE but should not be disqualified from the bidding process. They will score points out of 90 or 80 for price only and zero points out of 10 or 20 for B-BBEE.

A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid. Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.

If an institution is already in possession of a valid and original or certified copy of a bidder's B-BBEE Status Level Verification Certificate that was obtained for the purpose of establishing the database of possible suppliers for price quotations or that was submitted together with another bid, it is not necessary to obtain a new B-BBEE Status Level Verification Certificate each time a bid is submitted from a specific bidder. Such a certificate may be used to substantiate B-BBEE rating claims provided that the closing date of the bid falls within the expiry date of the certificate that is in the institution's possession.

Each time this provision is applied, cross-reference must be made to the B-BBEE Status Level Verification Certificate already in possession for audit purposes. Accounting officers must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

5.5.1 Bidders other than EMEs

- a) Verification agencies accredited by SANAS or
- b) Registered auditors approved by IRBA.

5.5.2 Bidders who qualify as EMEs

- a) Accounting officers as contemplated in the CCA or
- b) Verification agencies accredited by SANAS or

c) Registered auditors.

5.5.3 Other considerations when inviting bids

Prior to the invitation to bid, AOs/AAs are required to:

- a) properly plan for the provision of services, works or goods in order to ensure that the resources that are required to fulfil the needs identified in the strategic plan of the institution are delivered at the correct time, price and place, and that the quantity and quality will satisfy those needs
- b) as far as possible, accurately estimate the costs for the provision of the required services, works or goods. This is in order to determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids and to ensure that the prices paid for the services, works and goods are market related
- c) determine estimated costs by conducting an inquiry and commodity analysis whereby prospective suppliers may be approached to obtain indicative market-related prices that may be utilised for benchmarking purposes. Based on the findings, the relevant preference point system (80/20 or 90/10) to be utilised for the evaluation of the bid must be stipulated in the bid documents
- d) determine whether the services, works or goods for which an invitation is to be made have been designated for local production and content in terms of Regulation 9 of the Preferential Procurement Regulations. This will entail the inclusion of a specific condition in the bid documents that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.

5.6 CONCLUSION

In this chapter the researcher analysed the data collected for the study. The data was collected using different methods of data collection, which included a research questionnaire and documentary analysis. The research questionnaire, which provided twenty-one (21) questions, was the major source of information that provided an appropriate basis for analysis. Responses provided were analysed against the questions asked in the questionnaire as well as observations

made during the collection of data. Documentary analysis was also made of relevant documents to the process of supply chain management, such as the Provincial Treasury Instructions on Supply Chain Management, the Implementation Guide, and Preferential Procurement Regulations. These documents provided in detail the processes that need to be followed when bids are invited and especially how the B-BBEE policy should be implemented.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The preceding chapter discussed the findings and analysis of the data collected through research methods, which included the semi-structured questionnaire and departmental documents, by the researcher. The express intention of this chapter of the study is to provide concluding remarks on the research problem as embodied in Chapter 1 of the study. It is also the purpose of this chapter to elucidate on the findings in respect of the research objectives as outlined in Chapter 1 of the study. The chapter seeks to provide useful recommendations based on the data analysed in the previous chapter. The recommendations should assist the management of the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs to better implement the Broad-Based Black Economic Empowerment Policy in the provisioning of houses. The summary of the preceding chapters is also provided.

The objectives of the study as encapsulated in Chapter 1 are as follows:

- a) To investigate the implementation of the B-BBEE policy in COGHSTA.
- b) To describe the processes and systems to ensure that the B-BBEE policy is fairly and equitably implemented.
- c) To investigate the challenges in the implementation of the B-BBEE policy and provide appropriate recommendations.

It is therefore the intention of this chapter to elucidate on the findings of the study in respect of the research objectives mentioned above.

6.2 TO INVESTIGATE THE IMPLEMENTATION OF B-BBEE POLICY IN CoGHSTA

From the information gathered through different data collection methods, which include the semi-structured questionnaire and documentary analysis, it became clear that the desired results had been obtained. It should be borne in mind that the express intention of the policy of B-BBEE

is to address the past imbalances that came about as a result of a plethora of apartheid legislation that held that one race was superior and others inferior. In the semi-structured questionnaire a question was asked of respondents about whether they regard the B-BBEE policy as a solution to the problem of the exclusion of previously disadvantaged groups in the mainstream economy of the country. The majority of the respondents commented that the policy makes it possible for previously disadvantaged groups to be considered in the government's procurement value chain. It is through this policy that employment opportunities are created. To be specific, the Limpopo Department of CoGHSTA dedicates some units in respect to the building of low cost houses to women, the youth and people living with disabilities. This is done in line with the concept of empowerment through which government aims at addressing the past imbalances.

Another related question sought to solicit the opinion of respondents as to whether the implementation of the B-BBEE policy could assist to address the problem of the previously disadvantaged groups. The difference between this question and the former is that the first one focused on the mainstream economy. Even in this one, the majority of respondents agreed that the policy addressed past imbalances. Some respondents reasoned that in the past minority groups such as whites, benefited from the economy while the majority suffered as they were not engaged in any economic activities whatsoever. They were ineligible due to their skin colour and status in society. Currently, with the implementation of the B-BBEE policy, the historically disadvantaged groups have entered the economic mainstream in large numbers. It is against the backdrop of the foregoing that the researcher can conclude that the implementation of the B-BBEE policy yielded the desired outcomes. The policy intention was to see to it that the historically marginalised groups are brought into the mainstream economy of the country. With the implementation of this B-BBEE policy we now see black developers entering the construction industry in large numbers.

6.3 TO DESCRIBE PROCESSES AND SYSTEMS INVOLVED IN ENSURING THAT B-BBEE POLICY IS FAIRLY AND EQUITABLY IMPLEMENTED

The other objective to be addressed by the study is about the processes and systems in place to ensure the fair and equitable implementation of the policy. Through the semi-structured questionnaire responses and documentary analysis, relevant data about systems and processes

was made available. Documentary analysis provided much of this data. Chapter 5 provided much of this information through the analysis of the Departmental documents as well as Treasury instructions. The chapter discussed the institutional arrangements with respect to the SCM services in the Department. The chapter further discussed the bid committees, their establishment and terms of reference.

6.3.1 Departmental Supply Chain Management System

The first step in the processes and systems of procurement in the Department is to establish an SCM function or unit within the office of the CFO. The accounting officer should see to it that this function is fully accountable for any decision taken or expenses incurred. Chapter 5 discussed the role of the SCM at length.

6.3.2 Bid committees

The SCM instructions from Treasury require the accounting officer to appoint a bid committee or bid committees depending on the size and complexity of the department. The panel must be demographically representative in terms of race, gender and expertise. Members of the committee must include experts in the field of procurement, contract management, financial management and economic analysis, including B-BBEE. The committees to be established are the bid evaluation committee and the bid adjudication committee. Chapter 5 discusses how these committees should be established as well as their terms of reference. The chapter also discussed the functions of these committees, their powers and meetings, delegation and execution of powers.

6.3.3 Threshold values

The threshold values as provided for in practice note no.2 of 2003 from the National Treasury should be maintained. The preceding chapter discusses in detail what these values are.

6.3.4 Preferential procurement

Preferential procurement is an integral part of the B-BBEE policy. It is part of the processes and systems in the departmental SCM trajectory. The preceding chapter discusses preferential procurement as an indispensable component of government supply chain management.

6.4 TO DETERMINE THE CHALLENGES IN THE IMPLEMENTATION OF THE B-BBEE POLICY AND PROVIDE APPROPRIATE RECOMMENDATIONS

The third objective the study sought to address is about challenges confronted when implementing the B-BBEE policy and possible recommendations. Chapter 2 of the study, the literature review, provided an in-depth discussion on the challenges confronted when implementing the B-BBEE policy. The majority of the critics have highlighted the slow progress of B-BBEE as a concern. Despite the efforts by the government to implement B-BBEE, change has been slow. There is a strong belief that the major deterring factor stifling the growth of B-BBEE is that corporates want established companies that have experienced and educated staff as service providers. In the Department of CoGHSTA it is also common practice to look at high performance companies and thus confer exclusive rights to major contracts to established companies. The argument to prefer high performing companies is linked to issues of quality. However, the issue of quality is a consequence of many years of continuous improvement.

Other challenges cited relate to issues of fronting. Fronting refers to situations where companies create the impression that they are complying with B-BBEE priorities in order to benefit from government contracts. Today companies are perfecting the ploy of appointing weak and conforming black people and more especially, women, as candidates from designated groups.

Further critics point to the fact that only the “elite few” have benefited from B-BBEE. The young, emerging market, now classified as black diamonds, are prime candidates to benefit from the processes of B-BBEE in South Africa. There are as a result concerns that B-BBEE has only benefited the elite and is not helping the disadvantaged communities of South Africa. This and other challenges were discussed in the literature review.

The semi-structured questionnaire elicited some of the challenges the respondents see in the implementation of the B-BBEE policy in the Limpopo Department of CoGHSTA. A question was asked: what do you regard as challenges facing the Department in the implementation of the B-BBEE policy?

Some respondents cited misunderstanding of the policy whereby training was recommended to capacitate those responsible for the application of the policy. Closely matched to this is serious lack of educational qualifications and skills of officials. It is also recommended that officials be

exposed to training that will enhance their understanding of the policies. Some respondents also attributed challenges in the implementation of the policy to serious constraints and limitations of the constructors.

One challenge mentioned by respondents is that from time to time the Department is encouraged to appoint new people in order to widen the horizon of beneficiaries of the B-BBEE policy. A direct result of this strategy is that there will be poor service delivery and non-performance. A consequence of non-performance is non-spending since there would not be progress on site. If there is no progress on site there will be no claims advanced and as such underspending is inevitable. Chapter 5 of this study discussed and analysed information provided as challenges to the implementation of the B-BBEE policy in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs. Many of the challenges relate to lack of expertise in both officials and contractors. Capacity development programmes should be instituted to build capacity in officials to implement the policy properly. There should be a balance between appointing high performing contractors and the phasing in of new diamonds or emerging developers. This could contribute positively in addressing the problem of quality versus empowerment.

6.5 CHAPTER SUMMARY

The first chapter provided a background to the research study about the implementation of B-BBEE policy in the provisioning of housing in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs. The problem statement was also elucidated in the chapter. The rationale of the study is that there has not been any study done by CoGHSTA regarding the matter before. The chapter also discussed the significance of the study. The main objective of the study, as articulated in Chapter 1, is to investigate the implementation of B-BBEE policy in CoGHSTA. Research questions were also raised in Chapter 1.

Chapter 2 of the study embarked on a critical evaluation of the available literature on the subject matter. A review of the available literature is important before a researcher embarks on a research study. This is to ascertain the availability of literature relevant to that particular study. Mouton (2011:87) says that when a study is embarked on, one of the first aims should be to find

out what has been done in the field of study. This means that a review of the existing scholarship or available body of knowledge should be undertaken to see how other scholars have investigated the same research problem.

A literature review tells the researcher what has been written about before to avoid duplication of the study. A plethora of studies have been done about B-BBEE policy, especially after the 1994 democratic breakthrough, but on different dimensions. An extensive search of literature in this regard was done in Chapter 2.

Chapter 3 attempted to compliment the literature review in Chapter 2 by concentrating on the regulatory and legislative framework governing B-BBEE in South Africa. B-BBEE is a highly regulated terrain, hence it was deemed important by the researcher to discuss some of the pieces of legislation.

The chapter also discussed processes and systems involved in the implementation of B-BBEE as well as responsibilities of different role players. It was also made clear in the chapter that the most important role player in the entire procurement value chain is the Treasury with its practice notes and instructions. All these were discussed at length in Chapter 3.

Chapter 4 discussed the methodology utilised to collect data and how such data is analysed. The research methodology informed the readers about the methods used to collect data, which include a semi-structured interview, documentary analysis and observation. Mouton (2011:100) argues that in order to collect data, some form of measuring instrument has to be used. In the human sciences, measuring instrument refers to such instruments as questionnaires, observations, interviewing and psychological tests. This study is qualitative in nature. The chapter also discussed the techniques of sample selection, as well as reasons behind this. In the semi-structured questionnaire, twenty-one questions were asked of respondents. Respondents provided answers to these questions, which were the basis of the analysis made by the researcher. The study of departmental documents also provided information of cardinal importance to the realisation of the objectives of the study.

Chapter 5 presented the research findings and analysis of the data collected. The analysis is based on data obtained through various methods such as semi-structured questionnaires, departmental documentary analysis and observation. As stated above, respondents were exposed

to twenty-one questions. This chapter seeks to provide a possible solution to the problem statement in Chapter 1, as well as the research objectives of the study expatiated in the beginning of this chapter. All eleven respondents submitted their questionnaires to the researcher with inputs. It is against the backdrop of these responses that the researcher was able to make analysis and arrive at conclusions.

The purpose of this last chapter (Chapter 6) is to conclude and provide recommendations. The chapter provided a detailed discussion of the findings on the research objectives as discussed in Chapter 1.

6.6 STUDY CONCLUSIONS

The evidence collected was done with the express intention of answering the research questions, which, among other things, want to know if the implementation of the B-BBEE policy in CoGHSTA yields the desired outcomes as per objectives of the Department. The second question wants to determine the processes and systems in place to ensure that B-BBEE policy is fairly and equitably implemented. The last question seeks to determine the challenges in the implementation of the B-BBEE policy in the Department. After having meticulously considered all evidence collected through different data collection methods espoused in Chapter 4, the following conclusions were drawn:

- Although there are officials in the Department with an understanding of the B-BBEE policy, the majority, including those that work directly with the policy, do not have the requisite understanding of the policy.
- Institutional support for the implementation of the policy by the Department is insufficient. This has been made clear by the majority of respondents.
- Although from time to time the Department allocates housing projects to previously disadvantaged groups, according to the evidence collected, this seems not to go any way in alleviating the problem of the historically disadvantaged groups.
- There are challenges facing the implementation of the B-BBEE policy in the Department such as:

1. poor understanding of the B-BBEE policy in the Department
2. lack of institutional support for B-BBEE
3. a slow pace of implementation which includes fronting, nepotism and corruption and a general non-compliance with the provisions of the policy.

The above conclusions have been drawn based on the evidence collected and analysed in the preceding chapter. The objectives of the study, namely, to determine if the implementation of B-BBEE policy in CoGHSTA yields the desired outcomes as per objectives of the Department, to determine the processes and systems to ensure that the B-BBEE policy is fairly and equitably implemented, and to determine the challenges in the implementation of the B-BBEE policy have all been achieved. The study has to a certain extent brought about a better understanding of the implementation of the Broad-Based Black Economic Empowerment policy in the provisioning of housing opportunities in the Department of Co-operative Governance, Human Settlements and Traditional Affairs in Limpopo in particular, and in the entire public service in general.

6.7 RECOMMENDATIONS

The following recommendations are made based on the findings, analysis and conclusion of the research study:

- There should be regular and thorough training of departmental officials on the B-BBEE policy and its application. Evidence collected points sharply to the lack of training on the application of the policy. Policy advocacy programmes by the research and policy co-ordination unit of the Department should be intensified.
- Preferential procurement by government is still an effective instrument to promote B-BBEE in our economy. Government should review its preferential procurement policy in order to enhance its impact on B-BBEE. Clear targets should be set to increase the levels of preference for black-owned and black-empowered enterprises.
- Institutional support and a B-BBEE advisory council should be established.

There is an advisory council at national level in the Department of Trade and Industry, which is responsible for providing leadership and direction in the implementation of B-BBEE in the country. Such a council takes into consideration interests from all relevant constituencies, including organised labour, the private sector, community-based organisations and academic institutions. This council is headed by the State President and comprises a number of ministers. It is this kind of council that should be appointed at provincial level and should be headed by the premier. It should be comprised of MECs and the MEC for the Limpopo Economic Development, Environmental Affairs and Tourism should be one of them. This council, among other things, should provide guidance and overall monitoring on the state of B-BBEE performance in the provincial economy with the view of making policy recommendations to address challenges in the implementation of this transformation policy. It is this council that will support the implementation of the B-BBEE policy in the provincial government in general and the Department of Co-operative Governance, Human Settlements and Traditional Affairs in particular.

6.7.1 Finance for B-BBEE

The financing of this process is strategically important for the provincial government and CoGHSTA in particular. It is understood that B-BBEE must have a credible financing component in order to proceed. Evidence gathered in the research study points to the fact that poor service delivery in the provisioning of houses can easily be attributed to B-BBEE companies. This is attributed primarily to the absence of a credible financing component. The absence of this component would result in the fact that the extent of B-BBEE will be limited as there will not be enough financial support and the occurrence will not be broad based.

6.7.2 The use of a balanced score-card for B-BBEE

Government departments must use a balanced scorecard to measure progress made in achieving B-BBEE by enterprises or companies. The use of a common scorecard by different stakeholders provides a basic framework against which to benchmark the B-BBEE process in different enterprises and sectors. The scorecard also allows government departments, state-owned enterprises and other public agencies to align their own procurement practices and individual B-BBEE strategies.

6.7.3 Direct empowerment and ownership

Progress has been made in terms of black ownership of companies listed in the JSE, through the introduction of a comprehensive standardised measurement framework, but there is reported slow pace in terms of the implementation with incidences of fronting, nepotism and corruption. The process of B-BBEE must result in an increase in the ownership and control of the economy in general by black persons and black-owned companies getting a lion's share in the allocation of contracts for building houses in the Department of CoGHSTA in particular. This means that a significant proportion of black persons' ownership of assets and enterprises must be a controlling interest, reflecting genuine participation in decision making at board, executive management and operations level and the assumption of real risk. In the scorecard, direct empowerment focuses on ownership of enterprises and assets through shares and other instruments that provide the holder thereof with voting rights and economic benefits, such as dividends or interest payment.

Another aspect which goes with ownership is control. Control means the right or the ability to direct or otherwise control the majority of the votes attaching to the shareholders issued shares. The right or ability to appoint or remove directors holding a majority of voting rights at meetings of the board of directors of that shareholder. This includes the right to control the management of that shareholder.

6.7.4 Human Resource development and employment equity

This component of the scorecard focuses on the development of the employees in an enterprise or company. Enterprises should be able to plough back into their employees and communities they are working in, for example, a company that is building houses in a particular area, having employed some people from that society, should be able to give skills to those members of the society. Enterprises are required by law to comply with the provisions of the *Employment Equity Act* to bring about an equitable representation of black persons in all occupations and at all levels of the organisation over time. The involvement of black persons in operational, professional cadres and decision making is a critical aspect of B-BBEE.

6.8 CONCLUSION

The study of the implementation of Broad-Based Black Economic Empowerment in the provision of houses in the Limpopo Department of Co-operative Governance and Traditional Affairs has been concluded. The study has been able to provide new information in relation to the implementation of the B-BBEE policy in the Limpopo Department of CoGHSTA. The recommendations provided will hopefully go a long way in assisting the Limpopo Department of CoGHSTA to implement the B-BBEE policy in a positive manner.

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ANNEXURE 1

SEMI-STRUCTURED QUESTIONNAIRE

The purpose of this semi-structured questionnaire is to obtain information from the selected eleven officials who include the head of the department and the CFO, as well as officials from Supply Chain Management and Human Settlement branch and chairpersons of both the Bid Evaluation Committee and the Bid Adjudication Committee in the Department of Co-operative Governance Human Settlements and Traditional Affairs in Limpopo Province as stated in Chapter 1. The results of the questionnaire will be utilised in a mini-dissertation for a Masters of Public Administration of Nngwedzeni David Mulaudzi. The responses from all respondents will be used for purely academic purposes and will be treated as strictly confidential.

The responses of the chosen respondents will enable the researcher to make informed analysis and recommendations about the implementation of the Broad-Based Black Economic Empowerment Policy in the Department. The responses will also enable the researcher to answer the research questions asked in Chapter 1 of the study. The questionnaire has been designed as follows:

- A. Number 1 to 4 is the personal data of the official.**
- B. Number 5 to 9 seek to address the understanding of the B-BBEE policy in the public service.**
- C. Number 10 to 16 seek to address whether B-BBEE policy is applied in the allocation of housing opportunities.**
- D. Number 17 to 21 seek to analyse the challenges in the implementation of the B-BBEE policy in CoGHSTA in Limpopo.**

- 1. Name**
- 2. Position.....**
- 3. Department.....**
- 4. Branch.....**

5. How would you define Broad Based Black Economic Empowerment as applied in the Department?

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6. Would you describe your level of understanding of the B-BBEE policy as adequate? Explain further.

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7. Do you think that those who are supposed to implement B-BBEE policy have an adequate understanding of the policy? Explain.

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8. Do you think that there is a good understanding of the B-BBEE policy in the Department of CoGHSTA by employees at all levels?

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9. What do you think should be done to improve the understanding of the B-BBEE policy in the Department?

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10. Would you attribute poor performance in housing delivery to B-BBEE?

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11. In your opinion, does the implementation of B-BBEE policy help to address the problem of the previously disadvantaged groups? Why?

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12. Do you consider the Supply Chain Management division of your Department to be offering enough support services to the entire Department to ensure effective implementation of the B-BBEE policy? Explain your response further.

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13. Do you believe that officials attached to the Supply Chain Management division have the necessary skills and capacity to implement the B-BBEE policy (for example, the usage of scorecards)? Provide reasons for your response.

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14. Would you regard B-BBEE policy as a solution to the problem of the exclusion of previously disadvantaged groups into the mainstream economy of the country?

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15. In summary, what would you recommend the Department do in order to improve performance by B-BBEE contractors in housing delivery?

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16. How can training be used to help emerging developers improve on their performance?

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17. What do you regard as challenges facing the Department in the implementation of the B-BBEE policy?

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18. Is underperformance by emerging B-BBEE contractors well managed in the Department? If so explain why and if not so, why?

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19. What are some of the challenges of unfairness you often experience in the implementation of the B-BBEE policy?

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20. In general, do you think that B-BBEE policy is regarded as functional? Why?

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21. Do you have any additional issues relating to B-BBEE which you would like to mention?

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THANK YOU VERY MUCH FOR YOUR TIME.

ANNEXURE 2

LETTER OF APPROVAL



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
**CO-OPERATIVE GOVERNANCE,
HUMAN SETTLEMENTS & TRADITIONAL AFFAIRS**

MEMORANDUM

Reference : CH 1/4/1/P

Enquiry : Mr. Gondwe S.B.J

Ext No : 5014/5015

TO : THE HEAD OF DEPARTMENT

FROM : SENIOR MANAGER: RESEARCH AND POLICY CO-ORDINATION

DATE : 20 OCTOBER 2015

SUBJECT : Request for the approval of Research applications in the Department

1. Purpose

To request the HOD to approve an application to conduct research in the Department for academic purposes in respect of Mr. Mulaudzi Nngwedzeni David, an official attached to Research and Policy Co-ordination SBU.

2. Background

Research and Policy Co-ordination SBU received an application from the above mentioned official to conduct research in the department, in partial fulfillment of the requirements of a Master' degree in Public Administration with the University of Limpopo. The title of the dissertation is as follows: "the implementation of Broad Based Black Economic Empowerment Policy (BBBEE) in the provisioning of Houses in the Department of Co-operative Governance Human Settlements and Traditional Affairs in Limpopo Province".

3. Motivation

The study if sanctioned, will contribute immensely to the body of knowledge in respect to the application of the BBEE policy in the public sector in general and Coghsta in particular. The application was considered by Research and Policy Co-ordination Unit and was further tabled in the Departmental Research Committee meeting of the 14 October 2015. The committee recommended the approval of the application by the HOD. Ethical considerations as enshrined in the Departmental Research Guidelines were observed when considering the applications. The student undertakes to provide the department with a copy of the research final report. The responses from selected respondents in the questionnaire will be used strictly for academic purposes.

4. Financial Implications

The research study by the applicant will bear no cost to the department.

5. Recommendation

It is against the backdrop of the afore-mentioned that the Research and Policy co-ordination SBU recommends for the approval of the application to collect data, or conduct research in the department by the student.


SM: RESEARCH AND POLICY

20.10.15
DATE

COMMENTS WE WILL APPRECIATE IF MR. MUCHEMBA CAN BE ASSISTED IN PURSUING HIS MATERS DEGREE WITH THE UNIVERSITY OF LAMPEDO


SENIOR GENERAL MANAGER: CORPORATE SERVICES

20.11.15
DATE

APPROVAL/DISAPPROVAL Research topic / research to be conducted should be included in one of the appropriate newsletters for information of staff.


HEAD OF DEPARTMENT

03/11/2015
DATE

ANNEXURE 3

CERTIFICATE FROM LANGUAGE EDITOR

CERTIFICATE FROM LANGUAGE EDITOR

259 Muckleneuk Street
New Muckleneuk
Pretoria
0181
23 August 2016

I hereby declare that I have edited the language of the thesis for **NNgwedzeni David Mulaudze, Implementing Broad-Based Black Economic Empowerment Policy in the Provisioning of Houses in the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs.**

I checked the contents page against the contents and all the references as well. I formatted the reference list but not the whole document. I returned the document to the student with track changes and comments for him go through.



Lynne Southey
(MA Appl. Ling. RAU)
082 2022 090

