



**The Value of Unveiling the Experiences of Black-Owned  
Businesses in South Africa in the Construction Sector**

**By**

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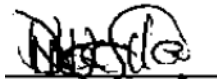
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**November 2015**

## Declaration

I Nomathemba Elizabeth Dladla hereby declare that this dissertation is my own unaided work. It is being submitted in the fulfilment of the requirements for the Degree of Bachelor of Science in Urban and Regional Planning at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

Signed on the 11 day of December 2015.

A handwritten signature in black ink, appearing to read 'N. Dladla', is written over a horizontal line.

Nomathemba Elizabeth Dladla

## **Abstract**

This research report mainly focuses on how planners can influence policy with regards to economic empowerment from a construction point of view. To obtain a better understanding of how economic empowerment is translated in the South African context, it is paramount to scrutinise the policies and strategies that have been set in place. The report engages with concepts such as entrepreneurialism and business ownership that have been discussed by authors such as Southall and Rogerson. With the understanding of such concepts, a theoretical foundation is set, that enables the author to create a conceptual framework that visualises how economic empowerment is meant to pan out in reality and at a small scale.

Not only does this report discuss and analyse the theoretical understanding of economic empowerment, but it also studies the personal experiences of business owners in the construction sector. The reason why the personal experiences of business owners are prioritised in this study is because they are used as a tool to determine how far or close the existing set strategies are from an individual's reality.

Soweto has been used as the case study to closely analyse economic empowerment through life experiences. The findings produced in this case study therefore create a basis for the way forward, in which planners could possibly adapt to help improve policy.

## **Dedication**

I dedicate this work to the most wonderful people in my life, Rev. and Mrs Dladla who have been a pillar and have been perfect examples to me in academia. And to my beautiful niece Lindokuhle – our miracle baby, who has shown me that there is nothing impossible with God (Luke 1: 37).

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## Acronyms used in the document

**ANC:** African National Congress

**B-BBEE:** Broad- Based Black Economic Empowerment

**BEE:** Black Economic Empowerment

**BEEP:** Business and Entrepreneur Enhancement Programme

**CIDB:** Construction Industry Development Board

**CIPC:** Companies and Intellectual Property Commission

**CNBC:** Consumer News and Business Channel

**DTI:** Department of Trade and Industry

**ETD:** Education, Training and Development

**GEAR:** Growth Employment and Redistribution Strategy

**NAFCOC:** National Federation of African Chamber of Commerce

**NEF:** National Empowerment Fund

**NQF:** National Qualifications Framework

**NSBA:** National Small Business Act

**SAQA:** South African Qualifications Authority Act

**SCDP:** Soweto Contractor Development Programme

**SMEI:** Small and Medium Enterprise Initiative

**SMMEs:** Small, Medium and Micro Enterprises

**YES:** Youth Entrepreneurship Strategy



Where the Inspired  
Story Begins

The purpose of this research endeavour is principally to evaluate the daily dynamics and economic trajectories that are experienced by black South Africans who own small, medium and micro enterprises (SMMEs) within the construction sector. This will be attained through compiling profiles of black business owners. What the report aims to achieve is to identify the gaps within literature with the regard to charting and quantifying the experiential knowledge gathered by owners of business within the construction sector in Soweto. The profiling of the selected small business owners will serve as process and methodology in order to examine the impact (or the lack thereof) of economic empowerment. The areas of focus will be primarily be Orlando East and West as well as other parts of Soweto and will help unravel the realities that black business owners have had to overcome in order to be successful within the construction sector. These experiences will help in giving a better understanding of the impacts of economic empowerment strategies set by the ANC-led government.

The essence of this analysis is to help interrogate the extent to which these strategies could be characterised as a success. One could ask how small businesses are relevant to the Planning profession. The truth of the matter is that they produce more employment opportunities that bigger businesses do not, as argued by Croswell and McCutcheon (2001). Small businesses allow for greater flexibility and they can operate at a lower cost than bigger companies and have the advantage of hyper exploitation of labour (Goss, 2015).

This evaluation will help unpack the ideas of economic empowerment, entrepreneurship, ownership and procurement – how they have been thought of intellectually and in practice as well as how they play out at local level which is better understood through an exploration of the political and market economy (Figure 1.1).

| MARKET ECONOMY                                                                                                               | POLITICAL ECONOMY                                                                                                                                                                                                                                                          | CONNECTIONS                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Goods:</b> These are known as the finished products that are produced from tangible raw material.                         | <b>Entrepreneurship:</b> According to Cheung (2008) entrepreneurship is what drives the economy and societies.                                                                                                                                                             | Entrepreneurship and goods both serve as driving forces in society. As long as goods are sold and bought they drive the economy and without entrepreneurship goods would not circulate.                                                               |
| <b>Services:</b> These are known as the finished products that are produced from intangible raw material                     | <b>Economic empowerment:</b> This could be seen as a "service" that the ANC-led government has tried to enact through various policies and strategies.                                                                                                                     | Both of these are intangible and economic empowerment could be seen as service that the ANC-led government has tried to enact through various policies and strategies.                                                                                |
| <b>Infrastructure:</b> this entails physical facilities that help make move the goods and services from one area to another. | <b>Power:</b> Power serves as "infrastructure" as it is known that it exists everywhere (Flyvbjerg and Richardson, 2002). It is important to take note that power plays a very essential role for the existence of the concepts entrepreneurship and economic empowerment. | Infrastructure is presumably everywhere that helps move goods and services from one point to another. Similarly, power is everywhere (Flyvbjerg and Richardson, 2002) and power does play in important role in the existence of economic empowerment. |
| <b>Leverage:</b> this is when one maximises something to their advantage.                                                    | <b>Connections:</b> This serves with leverage in the business sector. The connections and networks or the tile that a person has can help them get what they need in the business sector.                                                                                  | Both connections and leverage link because they both benefit people in terms of getting what they need from the economy.                                                                                                                              |

**Figure 1. 1:** (above) *Connections between the market and political economy* – This table is intended to summarise the kinds of relationships that the report intends to investigate and unpack further as well as illustrate the dynamic interface between the market and political economy as it is initially translated in the construction sector.

**Source:** Dladla, 2015

## 1.1 Locating the Research Context

The maps below indicate the possible research sites, where the various construction businesses are located. In order to understand the daily dynamics of black business owners, one needs to engage with the history of SMMEs (that is, their emergence and development) in Soweto and South Africa as a whole. This research will also evaluate the political economy of the country in spaces such as Soweto.

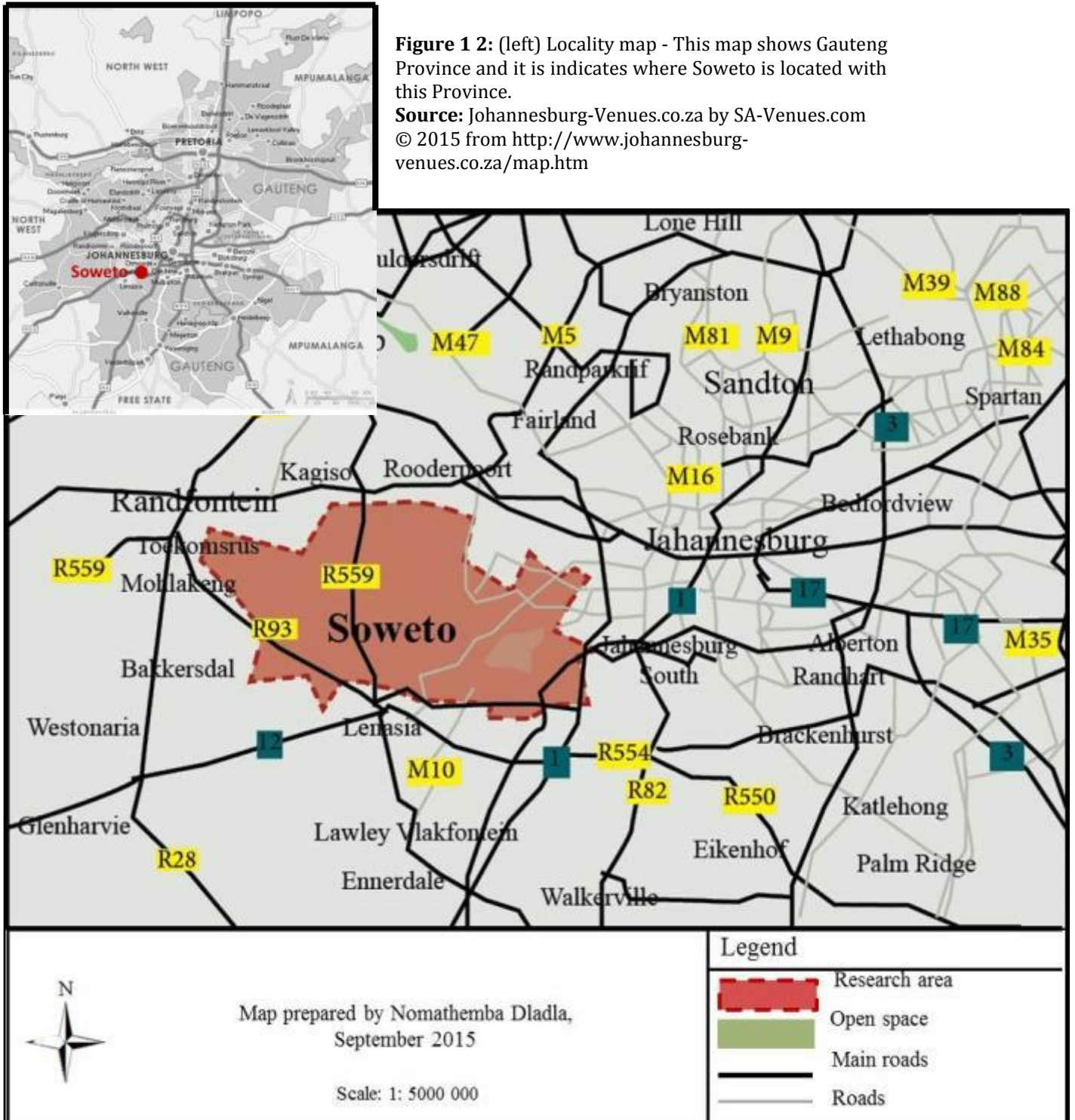


**Figure 1.3:** (above) *Location of research area* – The purpose of this map is to show the orientation of research area, Soweto and its surrounding areas.

**Source:** Dladla, 2015

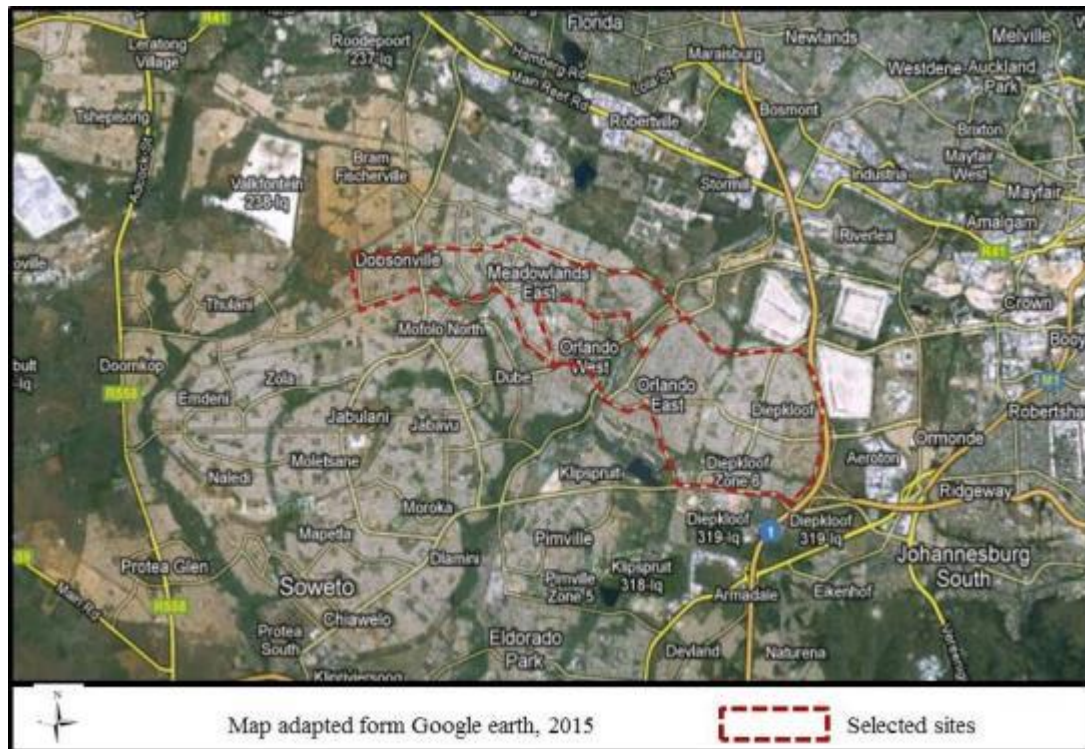


**Figure 1.4:** (above) *The location of construction business in Soweto* – this map shows all the construction businesses found in Soweto and the red dashed irregular circling indicates the selected places where participants for this will be found.

**Source:** Google earth and GCRO. 2015

## 1.2. Where it all began: The Genesis of Business in the Construction Sector

This section will examine how businesses in the construction sector within former 'black spaces' emerged and it will also question whether all these programmes still operate and what has changed since the ANC-led government took over. It is evident that things have not changed as there is still need to provide training and to sponsor individuals that want to venture into small businesses. Researchers such as Isaacs *et al.* (2007) question the education system of South Africa and see it to be one of the reasons why entrepreneurship is not encouraged. By the year 1994, the government structured an entrepreneurial strategy that was to be incorporated within the education curriculum, but it was only implemented in the 2006 (Isaacs *et al.*, 2007). Looking at the number of years it took for one strategy to materialise could indeed propel one to question the education system with regards to entrepreneurship. However, over the duration of the fieldwork this perception might change considering that there are people that have received training from various state interventions. Not only does this report review what has changed, but it will also unveil the gaps within government set interventions for entrepreneurship and economic empowerment.

### **1.2.1. The History of Businesses in South Africa**

The apartheid regime divided the country into independent states and homelands, which had their own form of local authority where a 'separate development strategy' was established and these homelands were located in economically unproductive zones (Southall, 2007). The reason why the 'separate development strategy' was implemented was because the Nationalist party wanted to redirect the resistance and suppression that constantly took place from white dominated areas to the homelands (Wolpe, 1972). This was evidently a limiting and controlling system for the non-white populations. Black people who managed to find employment in the mines lived close to the city in dormitory accommodation in townships whose physical structure and repressive security regimes intrinsically created numerous limitations in the business realm (Engdahl and Hauki 2001). Engdahl and Hauki (2001) give evidence on this as he discusses the policies that were enacted during apartheid, such as the 'one-man business' policy of 1963 and the 'job reservation' policy which made the establishment and development of black-owned business next to impossible through legal channels (Engdahl and Hauki, 2001). In particular, the one-man policy restricted blacks from initiating partnerships that would help them expand their businesses and this did not allow them to run more than one business (Engdahl and Hauki, 2001). However, those that managed to start their businesses in the homelands were allowed to start at a small scale, such as minibus taxis in the 1960s<sup>1</sup> (Chabane *et al*, 2006).

The combination and preponderance of a series of separate development policies including ones on racially defined local authorities, influx control, group areas and Bantu education where not simply prohibitive, but detrimental to such an extent that the state is still dealing with the aftermath today (Chipkin and Meny-Gibert, 2011; Marjorie, 1982). The apartheid state's view of an educated and skilled black population as a significant threat is obvious, and this inevitably narrowed and strangled the ability of black South Africans to find gainful employment and consequently their ability to start and operate any businesses in the long term as they did not have enough access to capital and expertise (Chipkin and Meny-Gibert, 2011; Rogerson, 2004). At that time Anglo American<sup>2</sup> and De Beers established their Small and Medium Enterprise Initiative (SMEI), which was meant to help formalise and expand the connections for small businesses, but as this was implemented in 1989, it was not focused on economic empowerment for the previously disadvantaged (Luiz, 2002). However, the ANC-led government tried to transform the state and its civil society through

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<sup>1</sup> Interestingly, when such businesses took off there was a need to initiate the National Federation of African Chamber of Commerce (NAFCOC), which was meant to instil socio-political stability.

<sup>2</sup> It must be considered that Anglo American has been the one of the largest industrial corporations in South Africa and it is also the world's fourth largest mining company (Luiz, 2002). Anglo America became the largest single shareholder of the now famous South African diamond company De Beers (<http://www.angloamerican.com/about-us/history>).

democratisation and decimalising the establishment of trade unions in the 1990s (Freund, 2007; Wolpe, 1995). For Soweto, the nationalist government took the initiative to encourage African businesses after the uprising in 1976, which was a tactic used to entrench institutionalised and spatial segregation (Southall, 2007).

Scarborough and Zimmerer (1996) argue that the government was slowly shifting its attention to the development of small businesses. This could be seen positively, as small businesses have helped in job creation, social and economic stability. The realisation of the significance of small businesses in South Africa began in 1995 where small businesses were developed through the National Strategy for the Development and Promotion of Small Businesses (Ladzani and van Vuuren, 2002). The point of interest here is whether this strategy still exists and whether the people that are meant to benefit from it, have the sufficient knowledge to make use of this. The Construction Industry Development Board established a Register of Contractors, which was meant to support programmes that were aimed at helping emerging black contractors with the support of the state. This was done because there was a need to have more infrastructure particularly in former 'black spaces' (Cottle, 2014). However, there was a sudden change of focus.

The ANC-led government seemed to be solely focused on the transformation of the state bureaucracy and its various departments in a larger decentralisation process to enhance change within different sectors (Chipkin and Meny-Gibert, 2011). For example, authors such as Tomaselli (1997) focus on how control and ownership within the media industry changed after apartheid and Rogerson (2004) studies the transforming the tourism industry with emerging black-owned enterprises. Most importantly, Jacquet (2002) follows up on the construction industry (which is the focal point of this research) after apartheid and highlights that the construction industry changed from existing within a closed economy to existing in an open market economy, with miscellaneous participants ranging from small businesses to multinational companies. A closed economy being an economy that neither exports nor imports goods and services, while an open economy is an economy that exports and imports goods and services (Janse van Rensburg *et al.*, 2011).

### **1.2.2. The Development of Small Construction Business in Soweto**

After the apartheid regime, small construction businesses emerged, especially when people were being retrenched from the construction companies that were established from the 1970s (Jacquet, 2002). The construction industry within South Africa started in the 1970s; however at this time small construction businesses were emerging within the region and this was due to the apprehension that there were hardly any indigenous contractors and there was a dominant presence of larger construction companies (Croswell and McCutcheon,

2001). What is interesting here is that this only became a concern in South Africa in the 1990s. This indicates that the history of the country has had a great impact on the progress of the nation's economy.

These small construction businesses that erupted in South Africa provided labour or small function such as, fixing sub-contractors, plasters, tillers and small builders. What really caused the dynamic change was Preferential Procurement (Watermeyer at el, 1998; Jacquet, 2002) and the notion of placing the previously disadvantaged population as first preference. In the early 1990s it became evident that the previously disadvantaged benefited from the Targeted Procurement as it led to small black businesses being established.

What is ironic is that in as much as this industry has become more open; there has been a decline in its productivity and quality, as small contractors have limited skills due to the past history of the country (Jacquet, 2002; Steyn 2013; Watermeyer 1995). The set of skills that these emerging business owners had were more technical than managerial. This surmises that there is still a need for business owners in places like Soweto to be trained. However, there are a number of strategies that were initiated within the different business sectors. For instance, the construction industry picked up its feet in 1988 when the Soweto Contractor Development Programme (SCDP) was initiated (Watermeyer, 1995). Most interestingly, this programme was seen as sustainable because it helped establish one of the country's leading black-owned contractors and contributed to the alleviation of poverty (Jacquet, 2002; Watermeyer, 1995). Davis (1992) elucidates that this programme was an affirmative action and it ensured the stable development of the small businesses. It also abetted new contractors to have access to the finance, training and tendering programmes. Moreover, the National Small Business Act of 1996 promoted a number of agencies such as the Ntsika Enterprise Promotion Agency and Tender Advise Centres. The International Labour Organisation also started what was called the Start and Improve Your Business programme (Jacquet, 2002). Today the reality is that there are businesses that are emerging in the Soweto; however the unfortunate part is that some businesses erupt and close down speedily. Not only are formal businesses developing, but there are informal shops such as spaza shops that are emerging and this area has become a potentially highly competitive environment (Steyn, 2013).

### **1.3. The Reason Why Stories Must Be Told: Rationale**

It is for certain that policies are reviewed after their implementation. In one's opinion the best review of a policy would begin by understanding how the beneficiaries benefited from that particular policy and what they expected from it. The question that could be asked here is how profiling black business owners in Soweto will help evaluate economic empowerment strategies. Initially, the choice of this location for research is because Soweto is a diverse

area. In its growth there are salient depictions of South Africa's current political context – where you find people who have done well for themselves and others who are still struggling to make ends meet. This shows that Soweto has vivid illustrations of social division and economic inequality. Moreover, Steyn (2013) states that there are small businesses in every part of Soweto and this influx depicts the realities of South Africa holistically (see Figure 1.4). This is because in the South African current context there is a determination amongst the previously deprived populations to be involved in the economy of the country; therefore, Soweto portrays a perfect picture of this. Additionally, profiling business owners in Soweto would give a better insight on the economy and how it plays out on the ground with regards to the economic empowerment policies. Life-stories will also disclose in detail how these small businesses even reach the point of expansion in places like Soweto. Telling a life-story of an individual who has managed to make it any situation in a place that was once engulfed with turmoil, death and the lack of opportunities for years would be a story worth telling. From these profiles there could be an envisioning of how South Africa can better cater for people who aspire to be entrepreneurs.

Linking this research to the planning profession one may ask how economic dynamics are essential to this profession. Berrisford (2013) gives a coherent answer, where he argues that planning law shapes the political, economic and social life of cities (Berrisford, 2013). Although he talks about planning law this planning law entails the relationship between the state and the public and it surmises the duties of this profession. Davidoff (1965) posits that in most instances the planning profession focuses only on the physical space of a community and he asserts that this profession should look at the political and economic matters of the community as well (Davidoff, 1965). Research that has been done in the planning profession seems to leave out how the consequences of economic empowerment policies and how these policies have shaped the space economy. Moreover, developing portraits of black owned small businesses will help close the communication gap between planners, politicians and the public. As Jacobs (1961) persuades that planners would plan better if they understood the practicality of the way things happen instead of being normative. This therefore gives rise to the following problem statement:

There is a need for planners to fully understand and embrace the economic, political and social realities of their implementations, especially in segregated areas like Soweto.

Profiling business owners in Soweto would give a better insight on the economy and how it plays out in practice with regards to the economic empowerment policies. Life-stories will also disclose in detail how the small businesses that are investigated here even reach the point of expansion. Effectively telling a life-story of an individual who has managed to find success in a context previously (and maybe even currently) mired by dislocation, uneven development, insecurity and a decided lack of opportunities for years would be one worth telling and from these there could be an envisioning of how South Africa can better cater for people who aspire to be entrepreneurs.

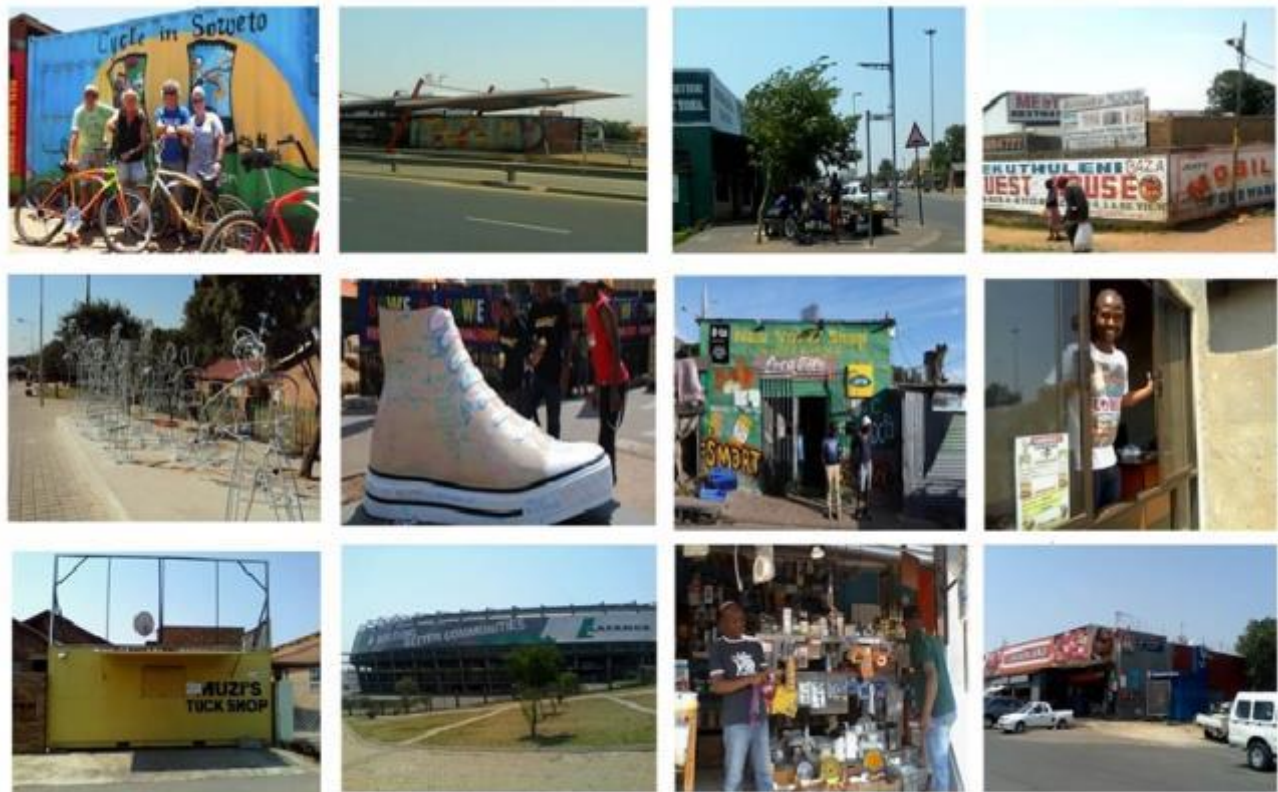


**Figure 1. 5:** (above) *Picturing small business in Soweto* – the series of pictures here is intended to demonstrate the variety of small and informal businesses which are located in the Orlando area of the township as well as their owners and the spaces they use to conduct their activities.

**Source:** Dladla, 2015

Orlando and Meadowlands have grown significantly economically and investigating the small business sector in such areas, let alone any development, would produce a timeline from exclusion to development and empowerment.

In as much as Soweto would best represent the struggle of black business owners in township-based economies in this country, it is true that every person's story is unique. Nevertheless, this location will help one to understand the developmental trajectory from establishment, growth and expansion. Soweto has benefitted immensely from the investment in developing its infrastructure under the dispensation of Johannesburg first Executive Mayor, Amos

Masondo that has been critical in forming a foundation for business growth. It could be said that entrepreneurship existing in Soweto speaks the language of survival and resilience that could be adapted by other marginalised societies. What is impressive is that these enterprises are located within the areas they directly serve and service. In the quest to ascertain the relevance, value and use of this kind of information to planners, Berrisford (2013) argues that planning law shapes the political, economic and social life of cities and suggests that planning law entails the relationship between the state and the public which the profession is interested in securitising. Davidoff (1965) posits that in most instances the planning profession focuses only on the physical space of a community and that this profession should reveal the political and economic dynamics as well.

#### 1.4. A Brief Discussion of the Main Ideas in Play

In formulating a coherent research rationale, the need to develop a specific and topic-related language is also critical and the report employs a set of terms frequently which are expanded upon in greater depth in the following chapter, but for the purposes of framing the research questions and objectives, some effective explanation is useful at this point. This is also useful in order to better understand the interface and relationships between these terms and how they have been understood and interpreted in text – both popular and academic. The work has already dealt with the physical and historical context in which the profiling will take place, but the theoretical dimension is imperative in anchoring the focus academically as well. The theory to be looked at has been dissected into themes and concepts.

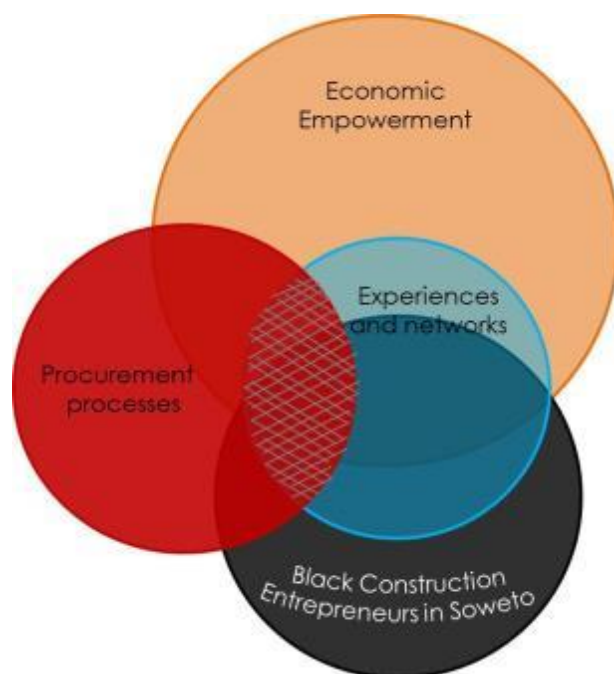


**Figure1.6:** (left) *Research diagram/ conceptual framework* – This diagram shows the different concepts that will be discussed in the second chapter. Brief definitions will be given in this section and the definitions will determine how these concepts and themes are understood in the context of this research report.

**Source:** Dladla, 2015.

### **1.4.1 Economic empowerment**

This is the rate in which black South Africans are involved within the private sector of the economy. This looks at the measurement of black ownership within the formal economy, which is what Southall (2004) also defines as black economic empowerment.

### **1.4.2 Procurement process**

Procurement processes are the outcome of procurement systems and these are systems that ensure the 'centrality of empowerment' (Southall, 2004). It should be made clear that this report will unpack the procurement processes as opposed to procurement systems. This is because procurement systems vary in different contexts and require more time that to be researched. This theme highlights the strategies that government has provided to fund specifically black economic programmes (National Treasury, 2012). Preferential Procurement will be referred to in the second chapter of this research report.

### **1.4.3 Entrepreneur**

An entrepreneur is an individual that establishes one or more businesses and they are often not employed anywhere else (Brockhaus, 1980). It is also when a person produces a new brand in the particular the industry they are in (Lachman, 1980).

### **1.4.4 Small business**

Defining what it is that constitutes a small business is more complex than it might seem (Schaper and Vallery, 2004) although a key distinction is that they are usually independently owned. Therefore, when referring to small business within this research, this term represents an independently owned business with less than fifty employees and an annual turnover of between R100 000 and R2million pre-tax, gross income (Figure 1.5). The table below shows how businesses are classified and this determines their definitions, but to be clear, this research will use the term "small business" in as much as most (but not all) of the business owners that will be interviewed fall under the survivalist type of business. Therefore, the word small will be used in its verbatim translation.

| TYPE OF BUSINESS | NUMBER OF EMPLOYEES | YEARLY TURNOVER (R MILLION) | GROSS ANNUAL VALUE (R MILLION) |
|------------------|---------------------|-----------------------------|--------------------------------|
| Survivalist      | 0                   | Varying                     | 0                              |
| Micro            | 5                   | 0.15                        | 0.1                            |
| Small            | 50                  | 5                           | 2                              |
| Medium           | 200                 | 10                          | 5                              |

**Figure1.7:** (above) *Classification of SMMEs* – This table shows the classification of businesses according to the National Small Business Act (NSBA). The South African Qualifications Authority Act (SAQA), 1995 stipulates that an ETD provider in this case of SMMEs must give the NQF standards of whatever needs to be assessed. These classifications are very essential because the NSBA groups businesses in relation to the employees, annual turnover and asset value they have. **The word small in this research will combine survivalist and micro businesses and this is an important distinction to be made for this report.**

**Source:** The South African Qualifications Authority, 2004.

#### 1.4.5 Black

When referring to black-owned businesses in this study, the word black does not represent the generic definition given in the Broad- Black Based Economic Empowerment Amendment Act of 2013. The definition of 'black people' in this Act represents Africans, Coloureds and Indians, but it will only represent black Africans throughout this research.

#### 1.4.6 Profiles

The core of this research is to compile profiles of the business owners within the construction sector. The word profile refers to the description that gives off information about someone or something in specific<sup>3</sup>. On this bargain, the profiles that will be compiled in this research report will entail the personal and professional information of the construction business owners. Since the profile will necessitate personal information about the interviewees, their consent will required – this will be discussed under ethics as well as in the third chapter. Profiles could also be seen as the best way an individual could 'type themselves into being' (Sundén, 2003: 3).

#### 1.4.7 Interventions

The word intervention is usually used when the government involves itself in certain affairs and its general meaning is when action is taken to solve a dilemma. Therefore, within this context this word represents the direct involvement of government through economic empowerment strategies that it has placed as solutions. For example, Preferential

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<sup>3</sup> The definition of the word profile has been obtained from the Merriam-Webster Dictionary (2015) it also further elucidates that profiles are representation of something in particular and this means that one needs to be very careful not to give a misrepresentation of the interviewee's information.

Procurement, the Broad-Based Black Economic Empowerment Act and Small to medium enterprise initiatives will all be categorised as economic interventions within this report.

## **1.5. Explaining the Research Questions and Objectives**

This research aims to identify the daily dynamics of the economic trajectory in previously disadvantaged spaces within South Africa. The main objectives of this study and research are to investigate the extent to which state-led interventions as they relate to economic development have been successful and where space for improvement exists in the opinion and experience of business owners in construction. At a more intimate scale, the work is focused on finding the alternate ways businesses have managed to sustain their activity and generate a reasonable turnover. The main objectives are as follows:

- To investigate the successes and failures of government set interventions for economic empowerment.
- Identify the gaps within the literature on economic empowerment that relates to the construction sector.
- To explore the alternative measures that construction business owners have used to maintain their businesses.
- Unveil the realities of being a black construction business owner in a previously disadvantaged area.
- To initiate a way forward by incorporating the realities of being a construction business owner into existing policy.

These objectives will clearly resonate in the main question and sub-questions of this study.

### **1.5.1 Research question**

***How can profiling the experiences and daily dynamics of black construction business owners in former black spaces help assess the impacts of economic empowerment policy at a local scale?***

The question above speaks to the research title in the sense that individual experiences will be used to inspect government set interventions for economic empowerment. Most importantly, what is being questioned here are the outcomes of economic empowerment that has been promoted by the post-apartheid government in the construction industry. In addition, what is being added is being investigated is whether the previously disadvantaged have benefited as the main targets. The reason why the construction sector was chosen is because the ANC-led government became actively involved in setting local construction

companies at worldwide competitive levels (Cottle, 2014). Therefore, it would be significant to find out the results of government's efforts after more than twenty years of interventions and policy implementation.

The daily dynamics represent other external factors that the business owners individually face on a day-to-day basis. Soweto is the case study within this research and this place is known as a former black space that could arguably serve as a template for other former black spaces within South Africa like Shoshanguve, in Pretoria (Pernegger and Godehart, 2007: 8). The experiences of business owners within Soweto will not be exactly the same as the experiences in other former black spaces, but the profiles that will be compiled will surely relate in one way or another to the experiences of other aspiring black business owners.

### **1.5.2 Research sub-questions**

- What are the unique and generic factors to establishing a small business in the construction sector that are presented by being
  - a.) a beneficiary of preferential procurement, and
  - b.) being located in Soweto?
- What are the alternative ways that these business owners use if they cannot access the set state sponsored interventions and support organisations?
- How are the precepts of entrepreneurialism and economic empowerment interpreted and practiced by small business owners in the construction sector in Soweto currently?
- How valuable are the experiences of black-owned construction businesses for the formulation of current policy?

### **1.6. Research Ethics, Procedures and Potential**

Upholding ethical requirements for research is very essential because it helps the researcher avoid inaccuracy in the representation of information (Resnik, 2011). Since this study will be paying attention to the personal profiles of the participants, there is a need to ask for their permission to use the information they will give. The consent forms that have been formulated for this research request the participation of the interviewee and clearly state that an audio recording will be made for the researcher's own use; a picture will be taken of them and that the information they disclose will be published for academic purposes. As the researcher it is an obligation to respect the rights and requirements of the participant. The research method employed here is qualitative and it is sensitive because the lives of the business owners will be to some extent, exposed to the public. On this bargain, it is paramount that I as the researcher explicitly explain the objectives of the research and make it a point that the participant is clear on what is required of them (Creswell, 2009). Once all the findings have been explained, the transcriptions and reports must be made

accessible to the participant. What is more, all decisions made on how to use the participant's information will be passed through the participants first (Creswell, 2009). If the participant asks to keep some information away from the public eye, their wish must be granted. Another important fact to consider especially when asking people to tell their personal stories is the use of language that they are most comfortable with. If the interviewee is more at ease when speaking in Xhosa for example, the researcher must allow them to speak in Xhosa. This is when an interpreter should be made available and the informants (participants) must be made aware that there will be another person involved in the research process for translation purposes.

Moreover, as a researcher, one would want to change the mind-set of the individuals they interview by emphasising on their own beliefs and understanding. However, it is also important for the researcher to delve into their own study with the willingness to understand the interviewees' beliefs (Booth *et al.*, 2003). This results in a richer and more in-depth research in the sense that the researcher obtains varied perspectives of what they are studying (Booth *et al.*, 2003). Having stated the importance of considering ethics in one's research, consent forms have been formulated for the participants to sign in agreement of voluntarily taking part in this study (see Annexure A). The consent form also stipulates that there is no guarantee of confidentiality, mainly because the end product entails personal profiles. In addition to the consent forms, the information given by the interviewees will be shown to them once it is compiled in order to make sure that nothing has been misinterpreted.

### **1.7. Articulating the Structure of the Report's Argument**

Chapter 1 introduced the reader to the history of small black-owned construction businesses in South Africa and Soweto during the apartheid era and the post-apartheid era. This specified how the state has contributed to economic opportunities for black business owners as well as gave details on how black economic empowerment and small businesses became the focus of the ANC-led government.

Chapter 2 scrutinises previous research that has been done by various academics on the following concepts:

- Economic empowerment;
- entrepreneurship;
- ownership
- preferential procurement and
- networks

It also unveils the gaps that exist in research that pertains to economic empowerment. Moreover, this chapter attempts in determining how much more research needs to be done within this topic.

Chapter 3 gives the methods and methodology used in this research and it provides a detailed account of the research design and how data will be pulled together. It touches on the potential and limitations of the research. This chapter could be seen as the setting of the research report, because it outlines how the research should unfold. The methodology that will be employed in this research is inductive. Inductive thinking is first looking at practise – that being observations, then it focuses on theory (Trochim, 2006). In essence, this research will explore the practices of small construction business owners and then look at the trend and underlying theory. The diagram below shows the difference between inductive and deductive reasoning.

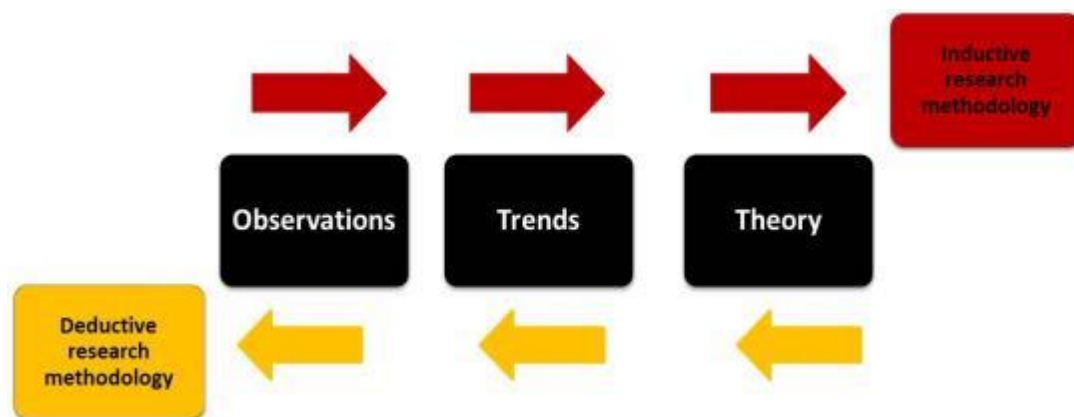


**Figure 1.8:** (above) *Difference between induction and deduction reasoning* – This diagram assists in giving a better understanding of the two and it gives the stages of inductive reasoning. These stages will be adapted in this study, where observations will be made on how business in Soweto function and the similarities and differences within these businesses will be highlighted. As a result this could help in establishing recommendations that could make business in Soweto better.

**Source:** Adapted from Trochim, 2006.

Chapter 4 reports on the findings from the fieldwork and it adds a more critical analysis of the data. This chapter also displays the portraits of the interviewed business owners. Therefore, one could argue that this chapter serves as the climax of this research report. Most importantly, the experiences of construction business owners is critical for this research in order to scrutinise existing economic interventions and to have a better picture on how to plan for businesses in former 'black spaces'.

Chapter 5 draws up conclusions from the findings of this research. It also gives a summary of the lessons learnt throughout the research process. Not only does this chapter reflect on

chapter four, but it also provides recommendations for a way forward in making economic interventions work for black-owned construction businesses in townships. In as much as this chapter is regarded as a conclusive one, it could also be seen as a chapter that introduces other avenues of research that could possibly add on to what this research contributes.



The Theorisation of Economic  
Empowerment, Entrepreneurism and  
the Kaleidoscopic Experiences of  
Black Entrepreneurs in the  
Construction Sector

## **2.1. Identifying the Common Denominators between Economic Empowerment, Entrepreneurialism, Procurement and the coalitions that are birthed**

Local and international literature has been unpacked in this chapter and this helps in unveiling the realities of other contexts. The various concepts within this title will be unpacked to fully understand the existence of empowerment in South Africa, specifically in former 'black spaces'. The theory of empowerment could be understood from a macro or micro level. The evaluation that will be done here will be at micro level. To fully understand the micro level of empowerment, some aspects will need to be looked at, at a macro scale – which will be slightly touched on. It should be noted that 'empowerment' can entail a number of other concepts and this evaluation is specifically looking at economic empowerment. Other concepts that will be studied in this review will be entrepreneurship, ownership, procurement and networks. The reason why these concepts will be looked at is because they link to empowerment and their linkage lies within the programmes that have been implemented to help materialise black economic empowerment.

The diagram below illustrates the key concepts that will be interrogated within this research. Where this research will be conducted is represented by the gray circle. This gray area indicates the product of the research, which are black entrepreneurs within the construction sector in Soweto. The colour gray has been used here because townships such as Soweto were meant to be gray areas during the apartheid regime – where the government creates such spaces for exclusion and control (Pernegger and Godehart, 2007). Even though these former 'black spaces' are now developing they are still associated with negative things, such, crime and poverty (Pernegger and Godehart, 2007).

The major concept that will be analysed throughout this research report is economic empowerment (the orange circle). The colour orange has been used here because it represents strength and encouragement. One could gather that economic empowerment was meant to encourage and create capacity for the previously disadvantaged. This concept is intrinsically linked the procurement processes in this country. However, the reason why the red circle that represents procurement processes is not completely inside the orange circle is because this literature review will interrogate procurement process specifically under the construction industry. In order to understand construction business in South Africa, particularly in Soweto economic empowerment and the processes involved need to be unpacked by analysing the daily experiences of the business owners. Therefore, entrepreneurship is another concept that will be analysed and this is derived from the end product – black entrepreneurs within the construction sector in Soweto. Another concept that is derived from the end product is ownership and this concept is important, as it serves as a characteristic of entrepreneurship. This diagram illustrates that the main concepts; economic empowerment and procurement have other concepts in between them that can

only be understood by personal experiences of the business owners. Personal experiences are represented by blue (water) and this symbolisation supports what Momaday (1997) emphasises that narrating acts as a pool of reflection where one can see themselves in a new perception. The hatched space in the centre of all the shapes represents the gap that exists within the different concepts and the purpose of this literature review is to identify this gaps.

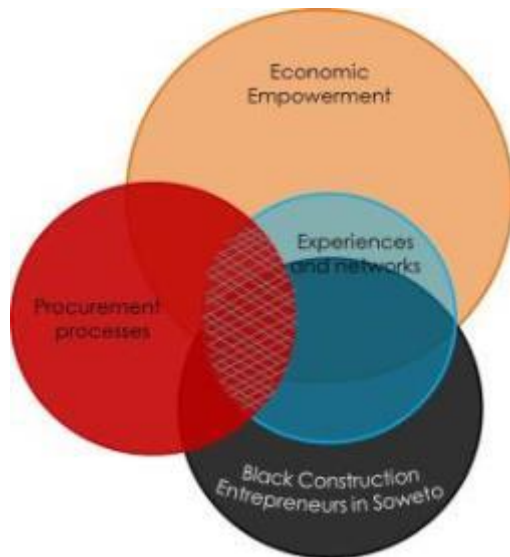


**Figure 2.1:** (above) *Conceptual framework* – This diagram gives the main concepts and themes that are discussed in this chapter. The diagram also shows the relationship that these concepts have in relation to this research (as elucidated earlier).

**Source:** Dladla, 2015.

## 2.2. The world's understanding of Economic Empowerment translated – South African style

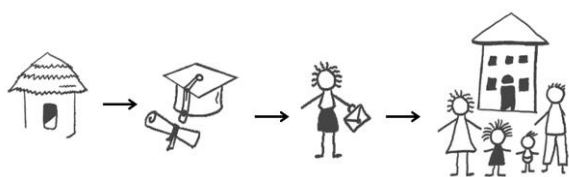


**Figure 2.2:** (left) *Economic Empowerment as a concept* – This diagram shows how economic empowerment could be interpreted.

**Source:** Dladla, 2015

It is important to look at the general understanding of the concept economic empowerment in other contexts besides the South African context. This may help to find the reason why economic empowerment policies such the Broad-Based Black Economic Empowerment (B-BBEE) have a snail's pace with regards to its end product (Tangri and Southall, 2008: 704). For example, Malaysia is one of the countries that have implemented affirmative action and economic programmes to help the Malay population gain control and ownership of the economy (Sartorius and Botha, 2008: Southall, 2007: 82). The Malaysian government managed to promote a better life for the Malay population, as they were the deprived majority (Southall, 2007: 82). In addition, the United States of America also encouraged economic empowerment through it government implementing procurement policies. These

policies focused on the minority population (black population) and they were successful (Blandini, 2001:15).

On the contrary, countries like Botswana have made their communities the key drivers of economic development and empowerment (Gergis, 1999:10) and the *Citizen Economic Empowerment policy* gives evidence to this. This has worked positively in spite of its few flaws (Chiwunze, 2014). What makes economic empowerment different in Botswana compared to South Africa is firstly that this Citizen Economic Empowerment policy in Botswana was integrated in the development planning processes of the country (Citizen Economic Empowerment Policy, 2012). Secondly, what is most interesting about economic empowerment in Botswana is that, the government made it a point that the policy encouraged a business culture (Citizen Economic Empowerment Policy, 2012). This is something that is certainly lacking in the South African approach – the fact that most people in South Africa still have the mentality of entitlement from the government (Buhlungu, et al. 2007: 9). This statement is supported by Picard (2005) as he argues that the population of South Africa is sold on the idea of accumulating wealth that has already been established. This explicitly shows that the entrepreneurial culture has not yet been instilled in the lives of South Africans. Debatably, the B-BBEE rushed into creating opportunities without educating the beneficiaries.

Malaysia and the United States of America used a similar approach to that of South Africa's government. However, this approach seems not to be working for South Africa, but it has worked for these two countries. What makes the outcomes of these countries different is because of the context. In the case of Malaysia, the government's focus was on the majority population just like South Africa, but the major difference lies in Malaysia's entrepreneurial education (Engdahl and Hauki, 2001). Moreover, the New Economic Policy of Malaysia was implemented in 1970 (the F W de Klerk Foundation, 2005) when South Africa was totally entrenched in apartheid. The USA government had to deal with the minority population and the financial position of the country was better than that of South Africa (Engdahl and Hauki, 2001). In spite of the fact that South Africa's historical context has had a great impact on the country's economy, this does not have to make economic empowerment a failure.

One could argue that economic empowerment was not fully understood as logical thing to do or as apriority in the context of South Africa. The reason why this concept should be seen as logical in this context is due to the fact that ANC-led government had to instil equality in the country (Tangri and Southall, 2008). The best way to instil equality is by creating equal economic opportunities. Perhaps understanding the economy from the bottom-up could help determine why economic empowerment is not as successful as it is in other countries. In

addition, there is a need to look back at the motive that national government had when prioritising on economic empowerment.

This priority started as an idea that was highly considered in the Freedom Charter of 1955 and it only materialised in 1994 through the Reconstruction and Development Programme that was meant to better the lives of the previously disadvantaged (Chabane *et al.*, 2006). When one studies the timeline of the ANC-led government's priorities, it is interesting how it prioritised on economic empowerment in 1994 – to the verge of establishing the SMME Strategy in 1995 (DTI, 2005); however the government then focused on privatisation in 1996. One could consider the years 1994 to 1996 prime years for the ANC-led government to have instilled change. In 1994 to 1996, the government basically missed the opportunity to undo what was done in forty-six years because the first few years were essential in instilling the country's transformation. Consequently, the ANC should have taken more time to build on economic empowerment strategies and programmes, instead of focusing on things that would have eventually followed.

In 1998 the government was then compelled to initiate the National Empowerment Fund (NEF) and it had three responsibilities. These responsibilities were to provide financial aid to the previously disadvantaged; to hold shares that would be sold to the right black groups and to widen the scale of ownership for blacks (Chabane *et al.*, 2006). The NEF was essentially meant to promote black entrepreneurship and ownership. However, this gave rise to complexities due to the Mbeki government focusing solely on privatisation (Chabane *et al.*, 2006). Furthermore, what Chabane *et al.* (2006) posit is that the NEF had no viable policy or law that was been enacted to set guidelines for it. This then could be identified as the leading problem of the concept economic empowerment – that nothing was placed to oversee what happened within the NEF.

On the contrary, the Black Economic Empowerment policy was slowly taking up in 1993, it materialised in 2001 when the Black Economic Empowerment Commission was established (Chabane, 2006). However, the BEE as an Act was only implemented in 2003. The reason why this act was implemented nine years after its vision was constructed, is because of the fact that government saw BEE as its call to what Iheduru (2004) calls the "majority domination of the economy along racial lines" (Iheduru (2004: 7). What Iheduru could be debating here is that the government had the agenda take over the economy and continue to exclude others from the economy. In addition, economic empowerment was not seen as logical due to the reality that the ANC was reluctant to address the economic inequalities as they feared that it would scare off capital, investments and disturb the economy (Iheduru, 2004). Furthermore, Baines (1998) blatantly disputes that the ANC was oblivious of the fact that

there was an emerging black capitalist society from 1996. This became an opportunity for some blacks to establish themselves in the capitalist society.

The reason why I use Iheduru (2004) is that he emphasis what Southall (2007) argues in his article the *Ten Propositions about Black Economic Empowerment in South Africa*. In his third proposition Southall (2007) posits that black empowerment was obtained when the ANC acquired South Africa's parastatal's sector; however the government than focused on privatisation, hence the emergence of the Growth Employment and Redistribution Strategy (GEAR) (Southall, 2007). It is evident enough that these authors argue that economic empowerment failed to become a priority for the government due to the derail to privatisation. One could therefore conclude that the motive of the national government was based on a neoliberal philosophy (Cottle, 2014). It is the unfortunate truth that the root of neoliberalism obviously birthed a tree of privatisation. In as much as one could water the 'neoliberal tree' with the expectation of the 'fruit of economic empowerment', it is impossible to yield such outcomes. It is true that there are people that could state that they have been economically empowered through the set interventions of the government. Nonetheless, it is paramount to ask these two questions: who has been economically empowered and to what extent? The "who" looks at whether these people qualified for financial assistance or they were politically connected and they became first preference. The phrase "To what extent" looks at whether the assistance one received benefited the economy as a whole or made the individual more rich.

This is what needs to be unpacked at local level and this research will attempt to look at that thorough the lens of small construction businesses owned by black South Africans in Soweto. Literature that talks about economic empowerment at local level within different business sectors includes authors like Rogerson (2004) who look at the transforming tourism industry. Tomaselli (1997) explores black empowerment through the media industry and Ofori, et al. (1996) discuss the improving construction industry of South Africa. Looking at the dates of when these authors began to unfold the realities of economic empowerment in practical environments, it shows that there is a strong need for up-to-date research. However, due to the timeframe of this research the sole focus is on the construction sector, as mentioned in the introduction.

### 2.3. The entrepreneurship mind-set and entrepreneurial evolution in South Africa



**Figure 2.3:** (left) *Entrepreneurship as a concept* – This picture shows that entrepreneurship is more about standing out in one's field of expertise and making something new out of it. **Source:** Biotechnology Industry Organisation © 2015 from: <https://www.bio.org/media/elana-fine-and-7th-annual-biotechnology-entrepreneurship-boot-camp>

This section will look at how South Africa interprets entrepreneurship and what has been done to make it flourish within the country. The way in which this concept is understood in a South African context will be simultaneously compared to how other countries understand it. Initially, it is important to know what entrepreneurship exactly means for this research. According to Pender (2009) the behavioral definition of an individual is one of the ways to define the concept entrepreneurship. This concept has been used in many disciplines such as sociology, economics and psychology and due to this the concept has become a self-sufficient concept (Pender, 2009). However, Solomon (2007) understands entrepreneurship is a person's motivation and capability to find investment prospects and to make sure that they succeed. Moreover, Aondoaseer (2013) is one academic that agrees with Solomon (2007) by stating that this motivation is what is required for developing countries.

Rogerson (2004) states that the location of entrepreneurs is mostly found in urban areas in South Africa. Albeit in his research he looks at black-owned bed and breakfast establishments, where he highlights that these establishments are located in former 'black spaces'. He further specifies that SMMES are located in townships and within the former Homelands (Rogerson, 2004). This holistically speaks to the characteristics of entrepreneurs and enterprises in South Africa. In as much as enterprises are growing vastly in urban areas – be it in townships or in the inner city, there is a need for a distinction between these different areas.

The distinction lies in the fact that enterprises and entrepreneurs within townships will have different needs to those found in places like Sandton. The prime need would be entrepreneur education for businesses within places like Soweto. This is due the reality that the majority of the black population is not exposed to such a level of education (entrepreneur education). This entrepreneur education is not the typical subjects that students do at secondary level, such as business studies, accounting and bookkeeping (Cheung, 2008). However, it focuses more on individual skills such as communication skills, innovation and problem solving (Cheung, 2008: 243). Kiggundu (2002) agrees with Cheung (2008), as he argues that social relations such as social capital and transfers are very vital to the growth of entrepreneurs and

their enterprises. These social relations can only be made better by entrepreneurs improving their social skills as Cheung (2008) pinpoints.

One could argue that entrepreneurship is growing in Soweto (Steyn 2013) and this makes things to be okay, but it should be considered that the reasons for the vast growth of these enterprises are due to unemployment and poverty (Rogerson, 2004: 278). Entrepreneurship is one of the ways that could alleviate poverty; however, this concept has not been fully understood in the context of South Africa. This is because the implementations of economic empowerment skipped a few progressions. For example, Cheung (2008) discloses that in Hong Kong the government implemented a series of programmes that would initially enhance entrepreneur education. In a nutshell, education could give a holistic picture of how entrepreneurship could contribute in space such as Soweto.

Looking at Hong Kong, there are different methods that are used to facilitate entrepreneurial education. One programme in specific called the Business and Entrepreneur Enhancement Programme (BEEP) has annual competitions (bearing in mind that this competition is free) (Cheung, 2008). Senior students at secondary level are selected to be in a team and have a teacher who will be their leader. These students are required to develop a business plan. What helps these students is that in the duration of this competition they attend seminars on law, accounting, leadership and marketing (Cheung, 2008). Such a programme gives a perfect example where entrepreneurship should be instilled – that being at secondary level. This will help students enter tertiary level with the capacity to think critically. Likewise, it will give those students who do not have the opportunity to further their studies the opportunity to be involved in the entrepreneurship realm. Another thing that could be taken from this example is that people can join for free and this allows everyone to have equal learning opportunities. This programme could have the potential of being mentioned in the recommendations, due to its relevance in the context of South Africa. It is relevant in the sense that there is a need for such competitions that start at secondary level to stir-up the minds of the youth to think imaginatively.

Hong Kong is just one example where entrepreneurship has been engraved in the minds of its citizens. Europe is another place where this concept has been unpacked and understood as a set principle that could help recover people's lives financially. Therefore, it no longer becomes an abstract idea, but it manifests itself as a solution. Most European countries have realised that entrepreneurship stretches an individual's mind to become questioning and to be able to adapt to the challenges that they face (Education, Audiovisual and Culture Executive Agency, 2012). For example Lithuania has come up with the following strategies 'Economic Literacy and Entrepreneurship Education of 2004, the 'National Program of Youth Entrepreneurship Education and Encouragement for 2008- 2012' and the National Education

Strategy 2003 – 2012. All these strategies focused on strengthening entrepreneurship and financial management at all levels of education (Audiovisual and Culture Executive Agency, 2012). Another example is Norway, where their first strategy was called the 'See the Opportunities and Make them Work!' strategy that began in 2004 and ended in 2008. They continued to have entrepreneurial training that became compulsory in schools from 2009 and is meant to finish in 2014 (Audiovisual and Culture Executive Agency, 2012). The United Kingdom also started a strategy called Youth Entrepreneurship Strategy (YES) in 2004 and it is still an on-going strategy. This strategy is interesting because its main focus is on creating young entrepreneurs and integrating this in the school curriculums (Youth Entrepreneurship Strategies, 2015). These examples all have one thing in common and that is the involvement of the youth and that the strategies that were implemented are continuing in one way or another. This is what needs to be scrutinised in South Africa – whether the initiatives that the government implements have a form of continuity and if they are all accessible to the youth.

It is not only developed countries that have realised the importance of entrepreneur education, but countries in the developing world, such as Nigeria esteem its importance. Aondoaseer (2013: 85) posits that the government of Nigeria has realised that entrepreneurship is one of the key attributes to creating a better economy. Additionally, scrutiny of this concept from a psychological point of view, where he asserts that entrepreneurial education builds an individual's self-confidence and it gives them the sense of control over their own lives.

The psychological aspect completely ties up with the development of the individual's communication (and social) skills because if a person has a high self-esteem they can communicate better. However, self-esteem and communication skills are mutually dependent on the culture of the community being studied. In the Southern African culture (specifically black communities) children are not given the platform to voice out their opinions even within family matters (Kelly and Duckitt, 1995). This therefore, plays a tremendous role in how they feel about themselves when growing up – making them grow up with the assumption that their views never matter. Eventually, such people depend on other people to make decisions for them, resulting in no sense of ownership over one's life. With the Nigerian government understanding the importance of entrepreneurship, all these cultural barriers were eventually broken. Nigeria established National Standards for Entrepreneurship Education that focuses on both the youth and adults (Kelly and Duckitt, 1995).

Within this review, entrepreneurship as a concept has been analysed from South Africa historical point-of-view and this has unravelled issues on the location of entrepreneurs; the

lack of education in these areas and the culture of the people that creates limitations. All these aspects have in one way or another arguably limited the development of small business owned by black South Africans, while immigrant businesses are thriving. Rogerson (1998) in his article *Formidable Entrepreneurs* highlights there has been a noticeable growth of immigrant small businesses. Moreover, these businesses have been growing more in the inner city of Johannesburg (Rogerson, 1998) and this is now becoming evident in Soweto (Liedeman *et al*, 2013).

He further mentions a very important fact, that the immigrant business owners such as Mozambicans, Zimbabweans, Malawians, East and West Africans have seized the SMME opportunities that are available in South Africa, such as traditional robes and food. Rogerson (1998) also identified that these SMME opportunities are within the expertise that black South Africans do not have or they have not explored these opportunities to find out whether they have what it takes to be involved in that particular sector. Recently, black South Africans have acquired the perception that immigrant business owners have come to South Africa to take what is rightfully theirs, but Solomon (1997) emphatically argues that these immigrant business owners should not be seen as what he calls a security risk. Rogerson (1998) completely supports this as he states that these people should be seen as a resource that will help the SMME sector to grow in this country. This is fundamental as it shows how everything boils down to how important entrepreneur education is, the reason being that if more black South Africans acquire an entrepreneur education they would be able to work together with any other entrepreneur without seeing them as a security risk. On this bargain, one could conclude that the best way for this concept to be understood is for people to be educated about it, thus changing people's mindsets.

### **2.3.1 The Criticism of Entrepreneurship as a concept**

The critiques of this concept should also be well considered, as they also help give a brighter picture of how it is perceived in other contexts. The manner in which entrepreneurship is idealised is questionable for some authors, such as Roy (2010) who sees things differently. She debates that the idea of poor people having the potential to become entrepreneurs is idealist. She also highlights that there is a need for a rethinking of this concept, as it is currently promoting free market ideologies. It is for certain that such ideologies promote neoliberalism (Harvey, 2005). Roy (2010) looks at the different disputes made by influential people such as Nobel Prize winner Yunus and one of the world's richest man, Bill Gates – where they argue that the poor do play a role in the formation of entrepreneurship and capitalism. However, she only sees this as the attempt to use a market-based approach to poverty. Her main focus is to look at how poverty can be managed as well as the realities

that lie in that and not the assumption that the poor can successfully and easily become entrepreneurs.

Rogerson (2010) gives a critique of entrepreneurialism in the South African context where he first states that the metropolitan cities of this country are increasing spaces for entrepreneurialism through Local Economic Development strategies. He then disputes that these strategies focus more on fitting a world-class standard that does not apply to or help small towns and rural areas. This therefore shows that the notion of entrepreneurship in South Africa's leading cities is exclusive and this is where both Rogerson's (2010) and Roy's (2010) debates correlate. Entrepreneurship is still seen as a component that leads to capitalism. With such as perception entrepreneurialism becomes what Rogerson (2010: 472) call illusive. Instead entrepreneurship should be seen as a process that gradually improves lives and societies and not a scheme to help one get rich quickly. However, this argument could be disputed by some academics. On this note, there needs to be a platform provided for entrepreneurs to voice out their opinions about such constraints within the business environment and Rogerson (2010) recognises that there is a gap for these platforms to be created. This is where this research becomes significantly relevant, where entrepreneurs will be given the opportunity to share their stories and perceptions.

#### **2.4. Does Ownership exist in the world of Black Business owners in South Africa or it has been used as political camouflage?**

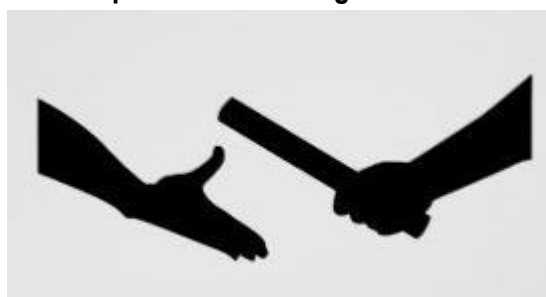


**Figure 2.4:** (left) *Ownership as a concept* – The idea of passing on the baton is closely linked to ownership because they both depend on responsibility. A sense of ownership does only develop when one is given something, but it also depends on how responsible the individual is.

**Source:** Zazzle Inc. © 2015 from  
[http://rlv.zcache.com.au/relay\\_race\\_poster](http://rlv.zcache.com.au/relay_race_poster)

Ownership as a concept is intrinsically linked to economic development and this can be used to determine the rate of structural transformation (Carree *et al*, 2002). Structural transformation is an element that is important to South Africa because of how the apartheid regime organised the country's economy – where the economy obviously grew in highly developed areas alone, where the white minority was located. Before dissecting this concept into more detail it is important to highlight that ownership cannot only be understood in relation to small businesses, but it should also be understood in relation to larger businesses (Carree *et al*, 2002). Furthermore, this concept will be unpacked in relation to two main arguments - that is, the unbundling of state-owned assets and the means of production (specifically land).

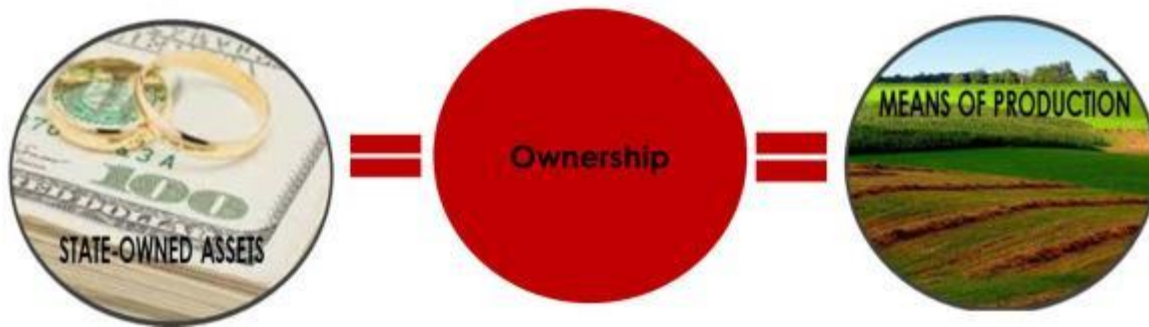


**Figure 2.5:** (above) *The Ownership Concept diagram* – This diagram shows how the concept ownership will be analysed in this section. It also shows that the themes on means of production and state-owned assets are intrinsically linked to the concept of ownership in South Africa.

**Sources:** State-owned assets © 2015 from [www.abcnews.go.com](http://www.abcnews.go.com);  
Means of production © 2015 from [www.cashforland.com](http://www.cashforland.com)

### 2.4.1 The “unbundling of state-owned assets

Authors (Freund 2007, Rogerson 2004, Tangri and Southall 2008) analyse the concept of ownership. They all highlight how the ANC-led government has been working towards creating a state that has financial ownership (Southall, 2010; Freund, 2007). For Freund (2007) the state having direct involvement in economic and social policy may result in state ownership of the major financial arrangements; however fuelling the private sector to have more control. He further argues that this does not lead to a complete socialist alteration – where in the context of South Africa the ANC still does not have complete control of the financial structures. One could gather that Freund looks at black ownership that could be enhanced by the state having ownership and control. The idea of the state having complete control and ownership of the leading economy has not benefited everyone. This statement is justified by Freund (2007) and Tangri and Southall (2008) when they posit that the state's claim of having an all-encompassing form of empowerment and enhancing black ownership has only benefited those who are politically connected.

Southall (2007) testifies to the change in ownership within the major economic sectors in 2002 – where main mining firms merged with new black-owned companies. Standard Bank sold 20 per cent of its share to black associates and one of them was Cyril Ramaphosa who was the ANC General-Secretary at that time. Chabane *et al.* (2006) mention that there has been a change in ownership starting in 2004, where there was a radical restructuring of businesses. This radical restructuring is when conglomerates such as Anglo American, Amplats, and AngloGold sold out an amount of shares; however the conglomerates still carry the controlling power of that company. For example, Tomaselli (1997) explains how Argus, a media conglomerate sold 52 per cent of the Sowetan that was black-targeted. This new association was headed by Dr. Motlana, who was the leader of the Soweto Committee, but Argus still had allocative power. Interestingly enough Tomalselli (1997) mentions that once Dr. Motlana was head of this consortium, Mandela's personal physician managed to receive the majority of shares. What he shares here is exactly what Southall and Tangri (2008) say – that

only politically connected individuals have the opportunity to become owners in specific areas. In addition, Chabane *et al.* (2006) make known that there are vertical and horizontal mergers of these conglomerates; however the mergers that take place are the vertical mergers. In as much as these vertical mergers increase efficiency, they increase barriers to entry and result in a closed venture for other competitors (Riordan and Salop, 1995). As a result, such arrangements do not allow particularly black South Africans to own shares in various sectors. It is clear that these restrictions to ownership begin at a very large (national) scale, making it more complex at a local scale.

Likewise, the initial plan in 2004 was for the ANC-led government to obtain 25 per cent of black ownership; however this is still in the process and it is because the government still has less leverage and negotiation power (Herbst, 2005). This makes the process of ownership more difficult. It is also because the government is still dependent on white owned companies for higher rates of economic growth (Tangri and Southall, 2008). In this regard, the idea of ownership – that is ownership of commanding financial structures, needs to be first achieved by the government and then the previously deprived populations could benefit from this. Conversely, a counter-argument to this is that will the previously disadvantaged truly benefit when the ANC receive full ownership or the outcome will be similar (or worse) to what Tangri and Southall (2008) debate. In addition, Tomaselli (1997) states that replacing white managers with blacks does not solve the issue of economic inequality nor does it allow for all previously disadvantaged people to establish their own businesses. It only widens the gap between the poor and the rich.

The notion of ownership in South Africa is very different to that of other countries. For example, ownership in European countries is equivalent to economic development and economic growth. In their discussion they highlight that it is only entrepreneurship that could increase business ownership. Furthermore, in their formulation of the business ownership equation, they use data on entrepreneurship and entrepreneurs (Carree *et al.*, 2007) – which shows how mutually dependent ownership and entrepreneurship are. Aondoaseer (2013) also convinces that the formation of new businesses creates a new wealth for that particular area. This is profound, especially when looking at the context of South Africa – where ownership is only seen at a larger scale and not at a smaller scale. South Africa is focused more on wealth that has been already established instead of creating a new wealth in order for the previously disadvantaged to have their own avenues of ownership. However, the idea of creating a new wealth may not be ideal because capitalists push forward their own class interests and strive to secure their own personal agendas in spite of their race (Tomaselli, 1997), once again excluding others.

### **2.4.2 The means of production**

One outstanding fact that Southall (2007) reveals about ownership is that the first stage of economically empowering the previously disadvantaged was to increase black ownership of the means of production. In this regard, one could argue that this was not meant to be the first stage of empowerment. This is because giving resources to people that are not well equipped within that range of expertise is not a viable thing to do. Similarly to Zimbabwe, the economic restructuring of the country's economy focused on black empowerment and the "Africanisation" of resources; however, this "Africanisation" led to excluding the Coloureds (Muzondidya, 2007). Another argument that Muzondidya (2007) makes is that the Zimbabwean government was more focused on land ownership thinking that it would solve rural poverty and they did not pay attention to the economic demands that the previously disadvantaged had. It is clear that the government gave its citizens resources, yet they were not equipped to use this resource.

One could assume that the argument here is that the previously disadvantaged should not be given the means to production; however this is not the case. What is being argued here is that the government's initial stage to empowering the previously disadvantaged is through education and this is argued under the entrepreneurship concept. Using Zimbabwe as an example, land was the main means of production and this country was well known for its agricultural activities. In addition, this country was once referred to as the breadbasket of Africa. However, when the white farmers were chased away from the land and these farms were given to blacks; these new black land owners did not have the expertise to maintain large pieces of land (Mangcu *et al*, 2007). This also applies in the context of South Africa, where the control of the means to production needs to be the second phase to empowerment. It will be after the targeted people have been educated on the ways that they could use these means to production for a profit. Evidently, Mangcu *et al*. (2007) support this statement. They state that with South Africa's dependence on foreign investment and trade the government cannot give its means of production to a group of people that do not have the skills to increase the economy of the country. It is also apparent that in government's attempt to instil black ownership has created a black capitalist group (Mangcu *et al*, 2007; Southall, 2007).

When referring to the means of production in this context it is precisely land and financial capital. Riley (1993) posits that the black ownership of land was the prime factor that led to blacks being alienated from the financial markets. This also led to spatial and locational issues; as a result most black owned businesses are located in former 'black spaces.' As result, access to markets is still an issue in the post-apartheid South Africa due to the fact that most black-owned small businesses are located within a confined location with the majority

of the people within the low-income bracket (Riley, 1993). This is undoubtedly true in Soweto, in as much as there is an increasing group of people in the middle income bracket (Steyn, 2013). For that reason, it could be argued that the issue of land ownership in relation to business is a very crucial matter in South Africa. The issue on financial capital has been discussed earlier. Conversely, looking at this matter of ownership in the most rational sense, placing ownership of financial capital with the black population has not been very beneficial to very previously disadvantaged groups. As Mangcu *et al.* (2007) have asserted that black ownership needs to be more open to cater for all the previously disadvantaged groups.

## 2.5. Black Economic Empowerment – An analysis of the Procurement Process on paper and in reality

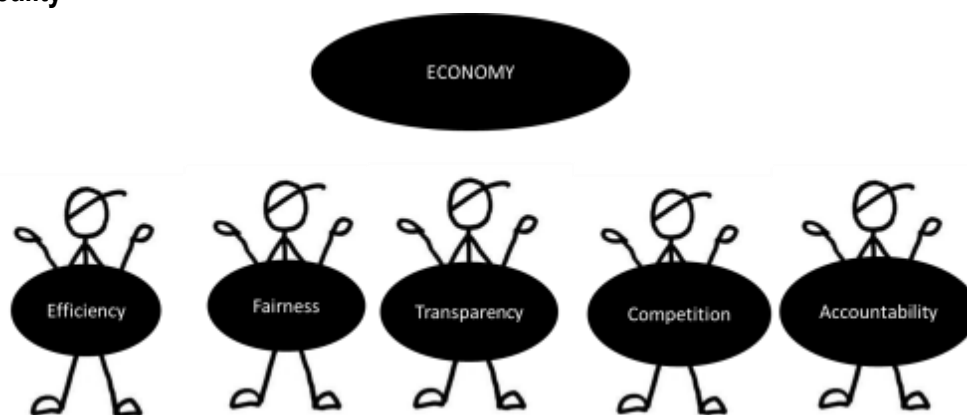


**Figure2.6:** (left) *Procurement as a concept* – This drawing shows what procurement should entail and that every individual that is involved in this process should have these attributes. **Source:** Dladla, 2015

Another concept that links well with ownership is that of procurement. In its simplest definition this concept of procurement is when someone obtains something specific from someone else or from a certain source. This therefore means that once a person has obtained something they are in ownership of that particular thing. Procurement has had the potential of becoming a powerful policy tool in South Africa especially when the ANC-led government took over (Watermeyer, 1998). Rogerson (2004) states that public procurement was initiated to deal with trends of askew ownership. This concept is also linked to economic empowerment as it has been defined in policy as an arrangement that provides the previously disadvantaged jobs and business opportunities (Manchidi and Harmond, 2002). However, procurement as a concept has not been fully explored in research in the past – this is supported by Dza, *et al.* (2013). This justifies why this concept should be analysed and understood in relation to various contexts. The reason why numerous contexts should be explored will give better ground for this concept to be critiqued and redefined.

Procurement was first implemented within policy for countries that were shaken by the Great Depression and the Second World War (Watermeyer, 1998). Moreover, it has proven to be beneficial to European countries where it has helped contribute to the gross domestic product. Therefore, procurement is a tool that enhances economic empowerment, as it

looks to solve socio-economic issues (Watermeyer, 1998). The beginning of procurement in South Africa started in 1997 when the Green Paper on Public Sector Procurement Reform in South Africa (1997) was introduced. What followed was the Employment Equity Act and the Skills Development Act in 1998 (Mangcu *et al.*, 2007). The main aim was for public sector procurement to make it possible for the development of small, medium and micro enterprises; create more job opportunities for those that were previously disadvantaged and create a platform for black people to be economically, politically and socially empowered (Watermeyer, 1998). Later on the Preferential Procurement Policy Framework Act was implemented in the year 2000. This Act was enacted to keep the state and its responsible institutions working within a specific framework given to in Act (Manchidi and Harmond, 2002). This is what set the foundation for what is referred to as Preferential Procurement that has served as a social policy.

This is not the only way in which procurement can be defined. It can also be defined as public procurement. Public procurement is when organisations within the public sector get goods, services, development and construction projects from local and international market suppliers (Ambe and Badenhorst-Weiss, 2012). What is of importance is that these goods and services are to be obtained in all fairness, equitability, transparency, competitiveness and cost-effectiveness (Ambe and Badenhorst-Weiss, 2012). Uyarra and Flanagan, (2009) do state the procurement was meant to address a wide range of purposes; however South Africa has had a number of challenges with this.

The Broad-Based Black Economic Empowerment Act of 2003 was centred on public employment and public procurement (Mangcu *et al.*, 2007). The reason why the BBBEE focused on increasing procurement is because the BEE had an interruption of privatisation (as discussed in Section 2.2.). Not only was the Black Economic Empowerment Act implemented, but the National Procurement Agency was also introduced at the same time. This agency was meant to help reconstruct the tendering and permit processes in the country (Watermeyer, 1998). Moreover, other agencies were implemented to ensure the establishment of black entrepreneurs. Similar to ownership, procurement was part of the Codes of Good practise of the BBBEE and these codes were meant to enhance economic growth as well as undo the wrongs of the past (Watermeyer, 1998). Most importantly there was a Supply-chain management document that was published in 2003 and it served as a guide for managerial functions. This document was meant to create uniformity within procurement process done by government (Ambe and Badenhorst-Weiss, 2012). It should be noted that before the Codes of Good practice there has been a number of legislative frameworks that have supported procurement such as:

- The Constitution of South Africa

- Public Finance Management Act 1 of 1999
- Municipal Finance Management Act No 56 of 2003
- Preferential Procurement Policy Framework Act No 5 of 2000
- Broad-based Black Economic Empowerment Act 53 of 2003
- Promotion of Administrative Justice Act No 3 of 2000
- Promotion of Equality and the Prevention of Unfair Discrimination Act No 4 of 2000
- Construction Industry Development Board Act No 38 of 2000
- Prevention and Combating of Corrupt Activities Act No 12 of 2004, and more.

(Migiro and Ambe, 2008)

Every legislative framework had a particular responsibility that would help in achieving procurement. To understand this concept in the reality of South Africa, one needs to assess whether or not the purposes of public procurement were achieved. What Mangcu *et al.*, (2007) accentuate is that some businesses would plan not to meet the requirements of these Acts and this was because companies at that time had no interest in buying from black businesses. Though, this reluctance from the top companies died out in 2002 when close to forty-two per cent of these companies publicly released their preferential procurement. What is interesting is that these companies only spent an extra three per cent for black businesses (Mangcu *et al.*, 2007). This is interesting because in 1992 they spent one per cent for black businesses and critically analysing this with the increasing rate of black businesses there is a need for equivalent investments. Three per cent cannot cater for the number of emerging black businesses.

Not only was the reluctance of the companies a pediment for the success of procurement in South Africa, but the lack of transparency within the government was a hindrance to its success. This lack of transparency is also a problem in most African states (Dza, *et al.*, 2013). Mahlaba (2004) posits that fraud and corruption within the government put South African taxpayers in a predicament of too many costs. Soudry (2007) argues that accountability is essential for the success of procurement, but what makes this complicated is that this cannot be taught anywhere because it is a matter of morality.

What has also limited the success of procurement is the lack of education and training. In as much as the requirements for procurement were not fully met, it is for certain that this is paramount to the economic empowerment of the previously disadvantaged. This is because it is an instrument to improving the socio-economic dynamics of the previously disadvantaged. It is known that when an individual is given the opportunity to establish themselves economically there are better chances of them having a better standard of living. The issue of education does not only apply to the public, but it also applies to the

people with the government (Ambe and Badenhorst-Weiss, 2012). As mentioned earlier that the supply-chain management document was produced and its existence was very essential to success of procurement process by government. Unfortunately, the lack of skilled supply-chain management personnel led to poor implementations. The fact that the procurement process was placed in the hands of people who were not fully skilled and meant to benefit a group of people that had not acquired the right skill was a clear indication that this would fail. Despite the fact that the South African government had procurement programmes that would assist, the implementations proved that there is a need for highly skilled individuals to be involved (Ambe and Badenhorst-Weiss, 2012). What is more, procurement became a very wide concept and various responsibilities were given to various departments. One could therefore argue that the idea of decentralising the system of procurement led to its let-down. It is clear that the process of any form of procurement did not achieve its full purpose in South Africa. This is why it is very important to look at what other countries did to achieve a better outcome of their procurement processes. Authors such as Dza, et al. (2013) have researched on procurement reform processes that have taken place in some parts of the world and this is exactly what is needed in South Africa.

Countries such as Kenya, Ghana and Uganda have reformed their public procurement. These countries went beyond focusing on the set regulations, but they looked deeper into the processes taken, the methods used, the administrative structure and the personnel that were responsible for procurement to take place (Ameyaw, et al., 2011). It was realised that when procurement was structured in this manner of detail led to more transparency and efficiency (Dza, et al., 2013). Besides, these African states went on to train the procurement specialists; however there were complaints that the training sessions were out of context and did not fully help the trainees embrace the socio-economic dynamic they would be dealing with on the ground (Dza, et al., 2013). This fully supports what was mentioned earlier that the notion of procurement need to be full understood in the context of the area being dealt with.

For example, Kenya's sole purpose for procurement reform was to develop accountability, transparency and to gain the citizen's trust to the government. Their aim was also for government to gain its value for money (Public Procurement Oversight Authorities, 2010). There were procurement assessments and reviews that were conducted to instil accountability and efficiency. Additionally, there were training sessions that were initiated. These sessions were for local authorities, members of Tender and Procurement Committees, procurement officers from various regions and most importantly young entrepreneurs (Public Procurement Oversight Authorities, 2010). This is a very intriguing method and the research questions for this study will explore whether or not small black-owned businesses were involved in any similar form of training. It is true that there were challenges that the

government of Kenya experienced within the reformation of procurement, but what stands out in this example is that young entrepreneurs were involved in the process. Moreover, the training was context based – where local authorities and people in the business world were working together.

It is evident that procurement and its reform have been looked at; however not to the full. Therefore, this leaves room for other researchers to explore this concept especially in the context of South Africa. Most importantly, preferential procurement needs to be looked at in relation to construction businesses within South Africa. As highlighted in the introduction that the research that has been done on procurement that specifically looks at construction businesses in South Africa is from 1995 and 1998 by Watermeyer and Jacquet in 2002. There surely needs to be a revisit in this part of research and hopefully the findings within this research will unveil the various areas that need to be discovered about the outcomes of procurement.

### **2.5.1 SMME Procurement**

This concept has been looked at in its broad scale and this broad scale looks at procurement that entails the creation of employment for the previously disadvantaged, tender processes and the development of small, medium and micro enterprises (Tucker and Gilfillan, 2013). What will be looked at now is procurement that speaks to small, medium and micro enterprises. What will be discussed about the procurement of small businesses will be based on the table below:

| ELEMENT                    | POINTS (WEIGHTING) |
|----------------------------|--------------------|
| Ownership                  | 20                 |
| Management control         | 10                 |
| Employment equity          | 15                 |
| Skills development         | 15                 |
| Preferential procurement   | 20                 |
| Enterprises development    | 15                 |
| Socio-economic development | 5                  |

**Figure2.7:** (above) *The focus areas of government's procurement* – This table shows how the various elements were weighted under procurement in order for them to be achieved and the highlighted element is the main focus of this research.

**Source:** Annual Small Business Summit, 2011.

Looking at the points that were placed for the development of small businesses one could argue that this element is the very element that requires a lot of attention from the

government. The reason for this is because enterprises become the solution to the lack of jobs. Furthermore, Antonites and Truter (2010) state that small businesses in South Africa provide more than 55% of the country's employment. Additionally, the development of small enterprises links well with the promotion of local economic development. Most importantly, the development of enterprise is also intrinsically linked to socio-economic development. The link between these two lies in the definition of socio-economic development. Socio-economic development is when social and economic processes are linked together through elements such as education, and employment (Davis 2004). Antonites and Truter (2010) do support this point by arguing that the procurement of SMMEs gives results of economic growth and socio-economic development. It is through education that can result in a growing economy. However, what is very important is the type of education that is being delivered and in this case what would suffice is the entrepreneur education. This has been elucidated in detail under the discussion of entrepreneurship. Therefore, high levels of education in this case entrepreneur education can lead to individuals establishing their own businesses. This clearly indicates that government should have focused more on educating the previously disadvantaged in order for the implementation of procurement could be attainable. This means that the previously disadvantaged be educated in entrepreneurship, thus creating a platform would be feasible for public procurement. The fact that education is very important cannot be emphasised more.

When looking at the procurement process of small businesses one needs to evaluate the efficiency of the government in its provision of procurement and the performance of the particular SMME. What Antonites and Truter (2010) argue here is that the failed implementation of public procurement could not have been caused by the government itself, but the beneficiaries also contributed to this. Despite the fact that the government placed a number of Acts to enhance procurement such as National Small Business Act, (No. 102 of 1996), and the National Small Business Amendment Act of 2004, as well as the BBBEE act, enterprises are not developing. One could wonder why enterprises are not developing yet government has put in place strategies that can enhance procurement for SMMEs. This once again boils down to the reality that the mind-set of South African citizens needs to be changed to being entrepreneurial. And this mind-set can only be changed through prioritising on education. For argument's sake it should be considered that government placing strategies that are meant to promote procurement is totally different from government placing programmes that will help educate citizens about procurement and entrepreneurship.

Antonites and Truter (2010) and Ambe and Badenhorst-Weiss (2012) have provided solutions to making public procurement successful. In both articles written by these authors they state that government should include all stakeholders. Government should be transparent and

involve stakeholders in the whole procurement process. Moreover, this will lead to what open governance – where there proper communication and accountability of the final decisions made (Ambe and Badenhorst-Weiss, 2012) and where existing enterprises should also be more innovative, in order to help promote economic competition. This completion will give rise to economic growth thus contributing to socio-economic growth. Not only does this contribute to socio-economic growth, but more innovation eventually leads to people developing certain skills that provide a variety of services and goods. Better still, it could be argued that the more innovative enterprises are established, the more these entrepreneurs could have ownership of their own inventions. For that reason, procurement for SMMEs should become a priority in order for procurement itself to be successful.

### ***2.5.2 Procurement in the Construction Industry***

The concept procurement has been discussed and within this discussion this concept has been identified as public, targeted and preferential procurement. It is also clear that the government of South Africa has mainly focused on preferential procurement. SMME procurement has also been discussed to evaluate whether or not this process has worked in the context of South Africa, however this analysis gives a general understanding of the procurement outcome that takes place in SMMEs. Therefore, this section will look at procurement in the construction industry. What will precisely be looked at here is the procurement process within construction, as van Rijn (2005) states that the procurement in the construction industry is different because the construction industry itself is not a mass production entity. The reason why the process will be paid attention to in particular is to understand if this process does actually take place on the ground. The analysis that will be done in this section will be compared with the experiences of the business owners that will be interviewed. Moreover, this will help inform the recommendations that will be discussed in the last chapter.

It should be made clear that the apartheid regime shaped a large amount of policy and has result a lot needed to be changed in post-1994; this also closely relates to the construction industry. Therefore, the construction industry was compelled to focus more on the basic and economic necessities of South Africa's citizens. The Department of Public Works established the Construction Industry Development Board which was meant to enhance this new focus of the citizen's needs. The procurement system within the construction sector in South Africa has been classified as traditional and non-traditional systems (Thwala, and Mathonsi, 2012). For the various construction companies to go through the procurement system, they had to meet a certain criteria placed by the Construction Industry Development Board (National Treasury, 2012). With this criterion the construction businesses would qualify to bid for a tender and the procurement system was meant mainly to assist business owners from previously

disadvantaged populations (Procurement Policy Schedule, 2000). The criterion was as follows:

- The overall experience;
- the relevant experiences and expertise and
- the overall approach of the business.

(van Rijn, 2005)

The organogram below shows the procurement process within the construction industry and this diagram has been placed here because it will be used as analysis tool to evaluate the business owners that will be interviewed. Every participant will be asked if they went through a procurement process and if they did the process that they went through will be compared to the process given in this diagram. The reason why this will be done in the Chapter four is because Thwala and Mathonsi (2012) argue that there has not been any methodical that has been used to select a proper procurement system. From this one could conclude that there is no structured procurement system that is being used to in the country, thus leading to its failure. Furthermore, when critically analysing this argument, one could gather that the lack of a structured procurement system is the reason why there has been a high level of corruption. This is supported by van Rijn (2005) as he highlights that government procurement and tendering processes are done in a corrupt manner. He further states that construction sector is has carried a bad reputation across the world, where most government accepts bribes, therefore defeating the whole process of procurement.

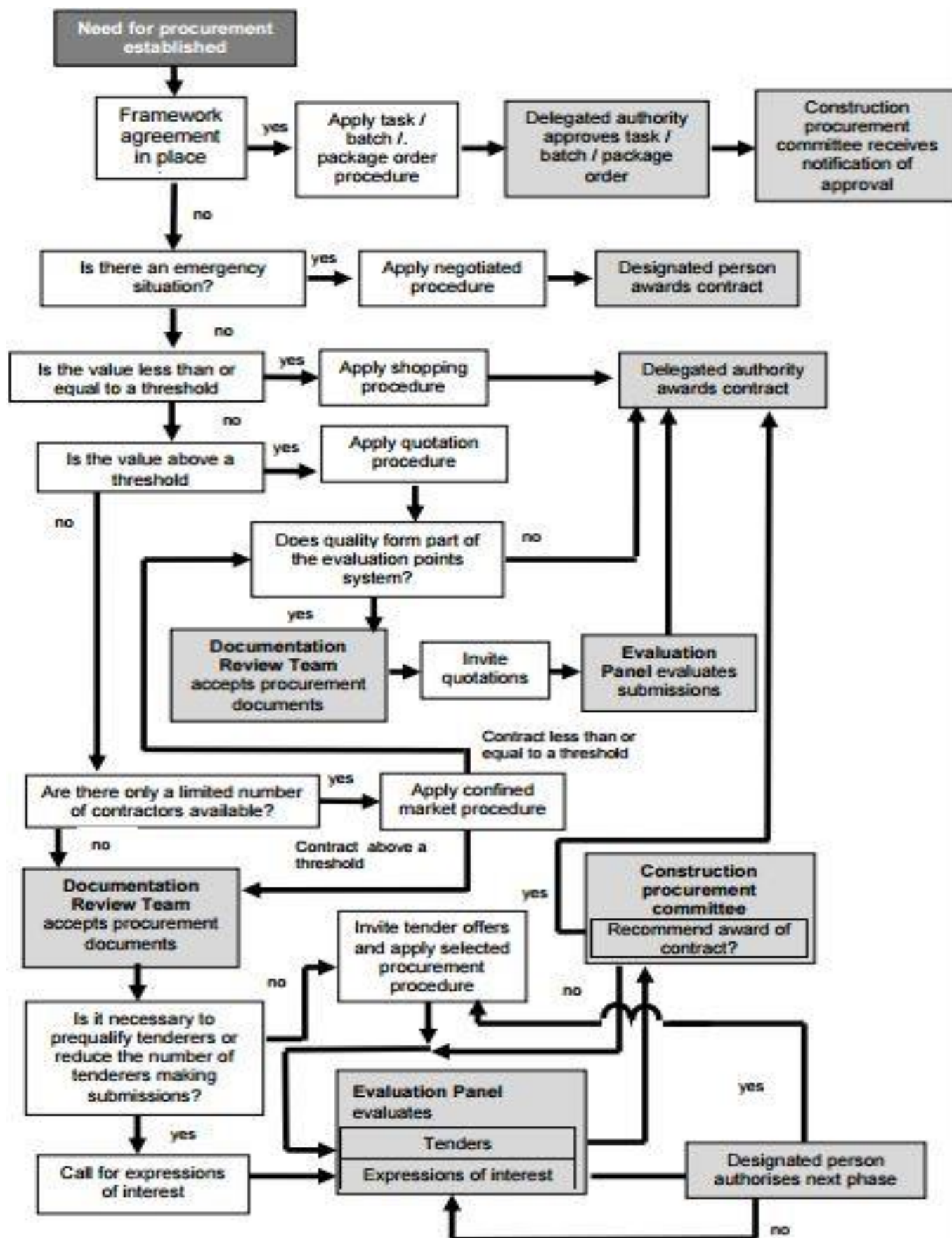


**Figure 2.8:** (above) *Procurement process* – The organogram above shows the process that the government uses for procurement under the construction industry. This also shows how contracts are obtained in different contexts of the particular business that applies. This is a very important process to understand, in order for one to explore whether the government has made the procurement process harder than it should be or not.

**Source:** National Treasury, 2012.

## 2.6. It is not about what you know, but about who you know

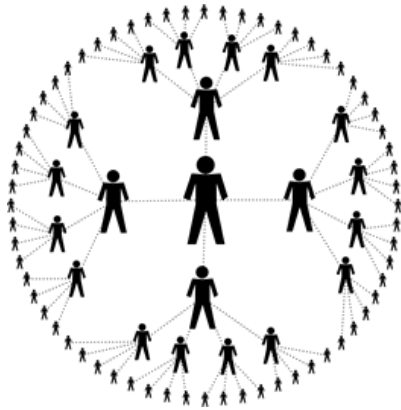


**Figure 2.9:** (left) *Networks as a concept* – This picture illustrates that there is always an individual or an entity that exists at the core of every network.

**Source:** Discover My Network © 2015 from <http://discovermy.net/technology/>

From what has been explained in the previous section it is quite clear that the issues of corruption and the lack of skilled personnel taking part in the procurement process have a close link with networks. The reason why this is argued is because most people have established networks that enable them to obtain tenders without following the right procedures. Networks also contribute to certain individuals knowing about contracts that have not been publicly realised. It should be pointed out that this statement is an assumption and it may be proven right or wrong within chapter four. This section will look into literature that talks about how political and business networks are formulated. However, the literature that will be discussed is literature that highlights what is considered intrinsically linked to this research's context.

### 2.6.1 The formulation of networks

First and foremost, the networks that will be discussed in this section are political and business networks. It is a fact that these networks are dependently inked to social networks because social networks establish structures for political and economic processes (Wellman, 1983). The importance of analysing the formulation of networks is because one is able to unravel the power dynamics and the hierarchical structures and whether these structures change.

Hypothetically, defining the formulation of networks, they initially begin with one party or person being in need of certain resources. This is what Cook and Emerson call the application of power-dependence (Cook and Yamagishi, 1992). They state that in the moment when person A has power over person B in terms of an exchange relation – where person A has x resources and person B has y resources and resources y are an alternative for resource x. In this case person B will have to forge a relationship with person A. What is defined here is called exchange networks (Cook and Yamagishi, 1992) and this definition is very relevant to the business sector. This theoretical definition is applied in the real world of business, where one business owner is the supplier to another business owner. Another

business network that is bound to develop is that of competitive networks. This network looks into the cooperation of various businesses, the competition between some of them and the dependency the businesses have on one another (Bengtsson and Kock, 2000). Within the competitive networks the businesses compete and cooperate at the same time and this enables the business owners to be more innovative and be inspired to become better in their different fields. However, when analysing this network, it could be argued that it is similar to the power-dependency application. Another form of network is that of political networks which focuses more on power relations. Political networks allow one to have power and they are able to leverage. Stone (1989: 30) defines this type of network as an urban regime. He defines this urban regime as "...informal arrangements by which public bodies and private interests function together in order to be able to make and carry out governing businesses." Stone (1989) further elucidates that there are various contributors within the regime and this involves the government and private business owners. He also posits that the government has the upper hand in making the final decisions. In spite of the fact that government does make the final decisions, it should be known that private entities influence these decisions. This definition links well with what has been discussed under the economic empowerment and ownership concept – where Southall's (2010) argues that the BEE created black elite that mainly benefited from its political networks.

One could question why Stone uses the word urban. The best way to understand this is by unpacking the word "urban", as it incorporates diversity, well developed space and a variety of resources and services. Therefore, "urban becomes completely different to "rural". As a result, networks created in rural areas will differ to networks that are developed in urban areas. Southall (2004) highlights that businesses owned by black South Africans are mostly located in the inner city as well as in the townships and these are urban areas. As a result, Stone's (1989) definition of political networks is relevant to the context of this research.

Southall (2004) looks at the networks that have been established amongst black immigrant and South African entrepreneurs. He states that both these business and political networks work as support networks (Southall, 2004). He further elucidates that these networks have been established amongst the business owners themselves and non-governmental organisations have also supported them (Southall, 2004). One important thing that he highlights is that the networks that exist between the black immigrant entrepreneurs is stronger than those found in black South African entrepreneurs. This is a very important point that will be analysed in chapter four. Another important factor that needs to be looked into is that networks in South Africa were demolished during the apartheid regime (Marks and Trapido, 1978). The only political and social identity that was esteemed was of the Boers and British and this helped strengthen their networks (Marks and Trapido, 1987). It is expatiated by these two authors that urban networks during the apartheid were completely shattered by

the set policies such as the Housing policy and slum clearance structures of the 1950s (Marks and Trapido, 1978). Eventually, the political networks that were established in the 1940s preserved up until post-apartheid (Marais, 2001). However, as Southall (2010) argues these political networks have only benefited a few. Based on this argument one could further elaborate using what Chipkin and Meny-Gibert (2011) and Bénit-Gbaffou (2012) mention about clientelism and nepotism. In a nutshell, it could be said that all networks be it social, economic and political are not as strong within the previously disadvantaged populations. Moreover, these networks have become more enclosed only allowing for a certain class of people having access to them.

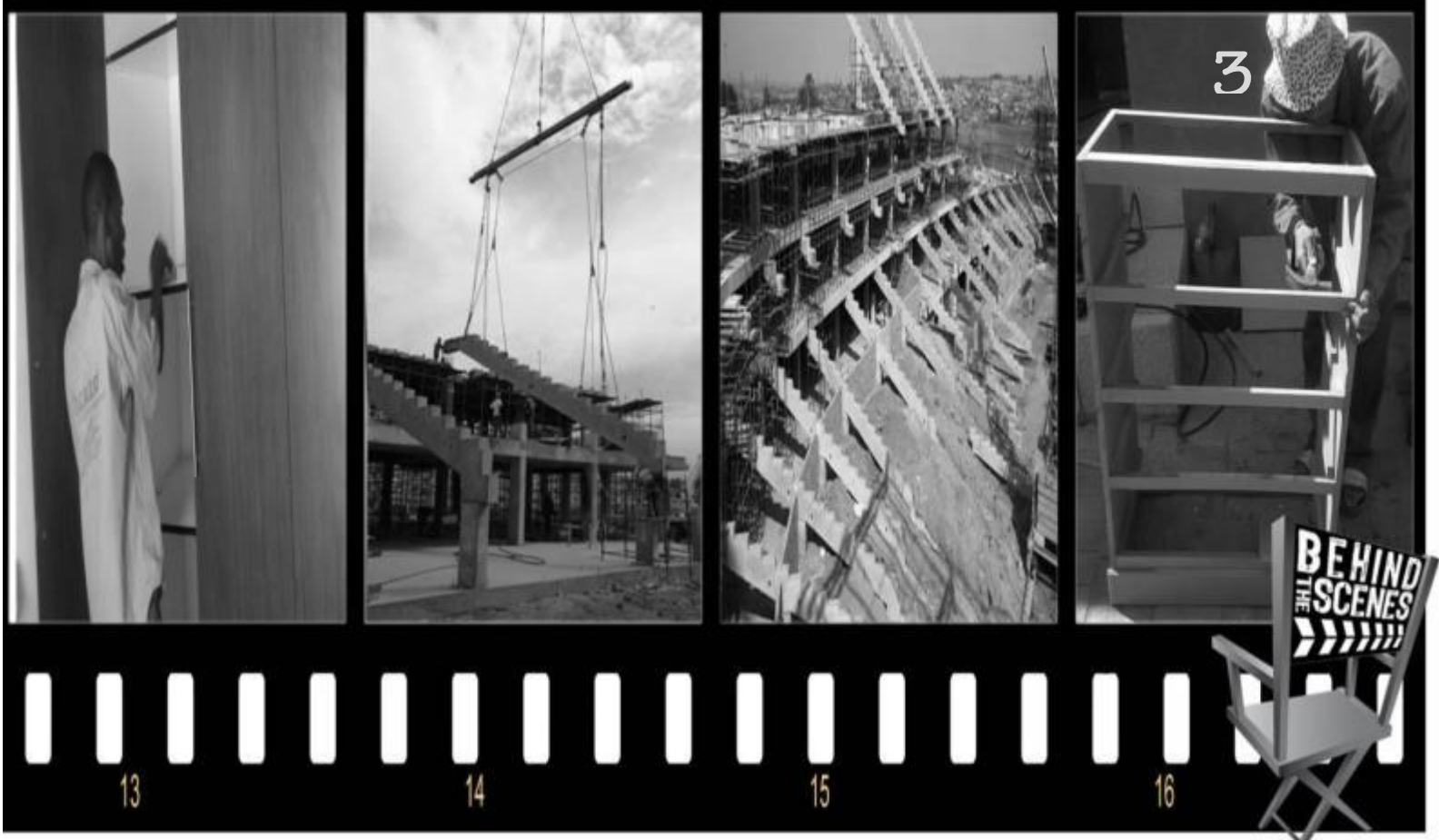
The accessibility of these different networks will be investigated in chapter four. In as much as these networks are arguably class based, there is a need to fathom the different contexts of how networks are established. On the one hand, Innes and Booher (2000) contend that networks are not always based on power. They dispute that hierarchy does not necessarily give power to an individual that is at the top of the hierarchy. People in high positions at times cannot do something specific or make a final decision if the other stakeholders are not involved. For example, there are scenarios where Professors cannot continue with a discussion that requires agreements if there are other people involved that are missing (Innes, 2004). This clearly shows that the networks of positionality are different to networks of power – this meaning that a person's position is not what gives them power. The demonstration of networks needs to look beyond a person's position. On the other hand, Flyvbjerg and Richardson (2002) scrutinise the existence of networks through the exercise of power. They bring one's attention to what they call the micro-politics of power – where one exercises their power to achieve something specific (Flyvbjerg and Richardson, 2002). Therefore, to understand how networks are formed, one should closely investigate this micro-politics of power because it unveils the motives that individuals have and why they specifically joined a certain network. Innes (2004) studies the complex structure of power that sees beyond the hierarchies and positions that are placed for the public to see; yet Flyvbjerg and Richardson (2002) go further and unpack how this power is used.

## **2.7. Conclusion**

It is of the essence to explore economic empowerment by looking at ownership, entrepreneurship, procurement and networks. The reason why this is important is because all these concepts are complementary to economic empowerment, as they reveal a lot more about economic empowerment. These concepts highlight the practicalities of economic empowerment at a broader scale and they also disclose how economic empowerment works within the construction sector.

The manner in which this literature review has analysed these concepts is to look at how these concepts were engrossed into the country's economic empowerment policies through legislative frameworks. It then transitioned into looking at the outcomes of these policies, thus pointing out what economic empowerment interventions have not fulfilled their initial goals. The contribution of this chapter is to start a timeline of these economic empowerment strategies in the context of small construction businesses. This timeline will then continue in the fourth chapter of this research, where the outcomes of the strategies are seen from a practical point of view. The gaps within the strategies have also been identified in this timeline and they will be scrutinised in chapters four and five.

The next chapter discusses the research methods and methodologies. It also looks at the advantages and the disadvantages of the selected research methods. The reliability of the questionnaires as well as data collection and its analysis is also looked at.



# The Chronicles of Soweto's construction business owners - Behind the scenes

### 3.1. A Snapshot of the best chronicles told in the planning history

Having looked at the work of authors such as Southall, Rogerson, Mangcu and Watermeyer on black economic empowerment and the way they perceive it has helped to highlight the gaps within literature and where further research could be done. Most importantly, the concepts that have been analysed in the literature review are convincing why it is essential to examine them through a radical political lens. This lens demonstrates that planning has paid little attention to the power relations that take place in society when decisions are made – be it in government or amongst people themselves (Sandercock, 1998: 94). In her radical political economy model, Sandercock (1998) argues, that planning is a political activity in itself. This therefore supports the argument I made in the problem statement in chapter one – that planners need to understand the economic, political and social realities of the implementations they make. As a result, the story-telling of business owners in Soweto seeks to enhance our understanding about the political economy through illustrating how politics plays out in practice. By-so doing, the study challenges a theoretical perspective based on inductive reasoning. Inductive reasoning is analysing practice first to understand theory (Trochim, 2006).

This research uses a qualitative research methodology, where individuals will be studied through the narrative research method (Creswell, 2009). Other academics that have used life stories in their research include Sandercock (1998), Bénit-Gbaffou (2012) and Roy (2010). The personal stories provide insights into how people have experienced certain events and have learnt to work around these circumstances on a day-to-day basis. The second research method that is employed is the case study method, where small construction business owned by blacks will be understood in the context of Soweto. The last research method that this research uses is comparative research. This chapter details the various research methods that will be employed for this research. According to Philip (1998) this type of research method is referred to as a multiple methods. The different types of methods that will be employed in this research are complementary research methods.

Some of the research methods that will be adapted in this research will be taken from Bénit-Gbaffou (2012) *"Party politics, civil society and local democracy – Reflections from Johannesburg"*. In this study, she conducts an intensive ethnographic research through comprehensive interviews with the locals and she also takes part in observing what the locals do every day (Bénit-Gbaffou, 2012). This research entails a series of interviews and participant observation; however this will depend on the availability of the participants. Sandercock (2000) is another author that uses the narrative and ethnographic research methods that will be adapted in this research. In her article, *"When Strangers Become Neighbours: Managing Cities of Difference"* (Sandercock, 2000), she employs a comparative form of research and interrogates the socio-spatial exclusion that takes place in the minority population of citizens

of European countries (Sandercock, 2000). Furthermore, Roy's (2010) research method in her book "*Poverty Capital*" uses the personal stories of the people who experience the realities of poverty on a day-to-day basis. Similarly, in this research I compare how black businesses functioned and grew during the apartheid regime and how they function today.

The notion of storytelling is very important because it helps unveil the unknown about a certain concept and it gives a different perspective of things. The one book that emphasises the importance of storytelling in the context of the planning profession is Sandercock's book called "*Out of the Closet: The Importance of Storytelling in Planning Practice*" (Sandercock, 2011). What Sandercock (2011) expatiates on in this book is that planning could be translated in a form of a story that could be understood by everyone. Additionally, stories could be used to unpack policy, processes and they could be used to instil change and set new fundamentals on concepts (Sandercock, 2011). It suffices therefore to acknowledge the value that the life stories of these construction business owners will carry. They will help unpack the daily experiences of these business owners as well as what policy makers thought was the actual need for these business owners. These different stories will create one story that will serve as an evaluation of economic empowerment interventions and the political economy. Sandercock (2003) argues:

"Stories and storytelling can be powerful agents or aids in the service of change, as shapers of a new imagination of alternatives" (Sandercock, 2003: 18).

This quote is relevant to what has been mentioned above about making the business owner's stories helping in evaluating policy.

Bénit-Gbaffou's articles engage an ethnographic research methodology and investigate the relationship that people's everyday lives have with the politics around them. The truth of the matter is that there is a strong link between politics and people's daily experiences. They link in the sense that politics is about power and the balances of power and to understand this, the people who have power must be part of this equation to make the story of politics complete (Stoker, 1998). Bénit-Gbaffou is mostly interested in the end result of power and politics that affects people and the decisions they make. In as much as she examines the role politics plays in people's lives, she is more concerned about the decisions that people make on their own to get things done. The study on how people live their lives is very important in the planning profession because it guides one on how to plan for every citizen in a just manner. Not only does it help a planner to know how to plan, but it also shows how decisions made play out at the lowest level of human society. In addition, understanding the relationship between politics and people makes one aware of the different contexts that could exist in one city. Unfortunately, this kind of understanding is lacking in the planning

profession and this is what this research will shed light into – by sharing the life stories of black construction business owners in Soweto.

Looking at the life stories of individuals by assessing the relationship between structure and agency is more of a sociological perspective, which is sometimes artificially used within the planning context. An example that could help justify this argument is what Cornwall (2008) and Williams (2004) argue, that public participation is used as a rhetoric for legitimising decisions that have already been made by people in power. The idea of this public participation is to make it seem as though people have exercised their own agency and this has been used as a strategy in the planning profession (Williams, 2004). Bénit-Gbaffou (2008) highlights that people still have the leeway to practise their own agency, however, this becomes camouflaged by the structures that are set in that particular environment. For example, with the rate of corruption that takes place in public institutions (Hyslop, 2005), the institution itself is seen as a corrupt entity, yet that practise of corruption is always done by individuals, who have the capacity to exercise agency.

Other academics such as Meth (2009) study people's daily experiences to help professionals better react to these experiences. In her article "*Marginalised men's emotions: Politics and place*" of 2009 she analyses the importance of politics by interpreting the sentiments of men. One could argue that Meth (2009) is an academic that has also identified the importance of the relationship between-people's day-to-day dynamics and politics. What this research aims to achieve is to study the relationship between the daily dynamics of business people and what they have personally done to get to that particular level in the construction business sector. Additionally, the end product of this research will give the participant's own interpretation of economic empowerment. This will possibly help with the recommendations that will be made in chapter five.

The equation below shows what this research method will look into in depth: Experiences + Economic Empowerment = Policy Recommendations

### **3.2. The vision to creating the best stories of life experiences – the research gallery**

The research diagram below shows the various research methods that will be used to gain a better understanding of small black-owned construction businesses. This diagram will be dissected within this section to give a justification on why all of these methods are important in order to produce comprehensive and detailed portraits of these businesses owners. Moreover, it should be considered that the main research method being adapted here is qualitative research and the other methods are meant to help create a more condensed research report at the end.



**Figure 3.1:** (above) *Research diagram* – The qualitative research that is employed in this study entails all these research methods. As a result, the method that is employed here is a multiple research method. The narrative research method will be used for compiling the individual profiles; the case study method will be employed when looking at businesses in Soweto and the comparative research will work towards the end of the research, where the different stories of the business owners will be analysed.

**Source:** Dladla, 2015.

Since the end product of this research is developing personal profiles of business owners in Soweto qualitative research is befitting as, this method originates from the cultural anthropology and sociology (Creswell, 2009). The sole purpose of qualitative research is to understand a specific social condition or a certain group of people (Creswell, 2009) and this links well with the purpose of this research – as it aims to understand the small construction businesses owned by black South Africans in Soweto. The characteristics of this qualitative research are that it deals profoundly with the small-scale pieces of research that look at everyday life experiences within specific spaces in time (Philip, 1998). This type of research method suffices for this particular research, as the project work will be studying the day-to-day dynamics that are experienced by the business owners. Furthermore, this approach looks at the different understandings and experiences of different people (Philip, 1998) and this is what the different profiles will disclose. The different interviews that will be conducted will disclose the different views that the business owners have on economic empowerment interventions of this country and their personal experiences.

### ***3.2.1 Relating to life experiences and understanding the spoken word – qualitative and narrative research***

Qualitative research has approaches of investigation and these include narrative, phenomenology, ethnography, case study and grounded theory (Creswell, 2009). To add, Creswell (2009) states that these forms of research have been mostly use in the social and health sciences. Researches that focus on individuals mostly take upon the narrative and phenomenology research methods (Creswell, 2009). For the assessment of procedures and actions the case study or the grounded research methodology is employed (Creswell, 2009). in addition, the ethnography research method is used for understanding the culture of individuals and specific groups (Creswell, 2009). The reason why this is being outlined in here is because most of these qualitative research methods of could be employed in this research. However, most of these research methods need a longer period of time where things could be assessed in depth. As a result, two of the approaches will be used in this research that being the narrative approach that I will use when studying the business owners individually and the case study approach that will help me in analysing the different events experienced by the business owners (Creswell, 2009).

Within a qualitative form of research the researcher is the key agent, where he or she scrutinises certain documents and collects more data through observing behaviour and conducting interviews (Creswell, 2009) and this will be my role as the researcher. What makes the narrative research method most relevant to this research is that it is the best tool to use to reflect on the forces that exist on the world of these business owners. This statement is supported by Momaday (1997) who asserts that narrating acts as a pool of reflection where one can see themselves in a new perception (Momaday,1997). Furthermore, this method will need time for one to gather the different stories of the business owners, but it will certainly not require as much time as ethnographic research would do. Creswell (2009) further explains that the design of ethnographic research requires one to give a complete picture of the everyday experiences of the individuals being researched on. This cannot only be done by the use of interviews, but by the continual observation of one's daily experiences. Therefore, taking the narrative approach would serve as a foundation to develop a detailed analysis of how economic empowerment has impacted and affected the previously disadvantaged populations.

This research method is solely meant to unpack meaning. Qualitative research helps one to interpret a specific philosophy in relation to how a particular group of people understand something specific. Philip (1998) clearly elucidates that qualitative research is an interpretative technique and it is more objective than it is subjective. However, he further analyses the manner in which subjectivity and objectivity are simplified in research.

Furthermore, Philip (1998) argues that humanistic geographers find quantitative research methods failing to define and explain the convolutions of people's day-to-day experiences. This is why qualitative research is ideal to tell the stories of Soweto's business owners, as it will help reveal their own personal complications and understandings of what it is to be an entrepreneur in their world. By using the word "world" this means that people understand certain things according to how they are portrayed in their lives. For example, for a child that lives without a father figure and in an abusive family, this becomes the norm and it becomes strange to succumb to a different lifestyle. This is what Dube (1988) states, that the norms that are set in society are produced by the social structures and beliefs they have.

Not only is the value of entrepreneurship important, but the way in which these business owners interpret economic empowerment is also important. In a critical assessment of this kind of interpretation, the Consumer News and Business Channel Africa (2015) interviewed academics from the University of Stellenbosch and Cape Town and the discussion was on the impressive doubling of the black middle class. In this interview it was articulated that the growth of the black middle class is good for the country's market and economy (CNBC Africa, 2015). What was interesting was that the academics were asked why there is still an increasing gap between the rich and the poor in the country and what the government could do about that. The answer to this was amusing, as it was said that the government and business should encourage the poor to play what was said to be a 'catch-up' game to the middle class. One could argue that such an answer has little substance because the context of the black lower class is not fully understood. This suggests that the purpose of economic empowerment seems not to relate to the context of the people it is meant to help. The irony abounds where the black middle class is increasing but the gap between the rich and the poor is simultaneously increasing (CNBC Africa, 2013) and it could be argued that the economic empowerment interventions are perpetuating this gap. This is why it is vital to study the experiences of these business owners that aspire to be part of the country's active economy and more than anything else for reality of their context to be well understood. Disputably, the fact their reality is not understood is indicative in this CNBC interview.

### **3.2.2 Case study research**

The case study research method is also relevant to this research because it investigates social life within certain boundaries; however not limiting the explorations within that particular space (Sarantakos, 2005). What is more, this research method can serve as a pre-research, main research or a post-research (Sarantakos, 2005). In this study the case study method will serve as a post research method. The reason for this is because the narrative research takes first preference here, as the end product is a compilation of portraits. Case study research looks at contextual condition (Yin, 1994) and this justifies why it should be used

in this study. This is because this research report is only focusing on construction black-owned businesses in Soweto. It is true that black-owned businesses could be looked at in other parts of Johannesburg, let alone South Africa, but the reason why I selected Soweto as a case study is because of its history, location, diversity and its growth in the business sector. More of the reason why Soweto was seen as appropriate for this research has been elucidated in the first chapter. Yin (1994) places a very interesting point about case studies, that they are different categories and one of them is called a journalistic case study research. This is interesting because, the journalistic case study looks at the set of events that occur in a particular space in time (Yin, 1994) and this speaks to exactly what the portraits will be looking at – where I will be looking the daily events of businesses owners in conjunction with economic empowerment interventions. In one's understanding, it could be concluded that the journalistic case study research method has a link with the narrative research methodology.

Therefore, the second section of chapter four will introduce the case study of Soweto. This area will be analysed as explained above, specifically looking at construction business in the context of Soweto. However, this analysis will start from a general point of view, firstly exploring the growth of the business sector in Soweto. Secondly, a detailed account on how business grew in the area will also be articulated. Lastly, the development of the construction sector will be expatiated on, as some of this information has been highlighted in chapter one.

### ***3.2.3 Similarities and dissimilarities of the spoken word***

To have a complete understanding of the daily dynamics of business owners at a local scale, there will be a need to explore how the location of these businesses impacts on their daily practices. In the process of understanding this, comparative research will be employed. The reason why the location is of importance is due to the fact that this research is looking at a group of previously disadvantaged people. This therefore speaks to why there is a need for a comparative analysis. What will precisely be compared here is how former 'black spaces' were formed during the apartheid and how these spaces work for business people today. What I aim to reveal with this comparison is whether or not these spaces are working for black business owners. Not only will this research method be used for this, but it will also be used to compare the business owners that used the economic empowerment strategies that were set by government and those that managed to start their businesses outside of these strategies. The comparative research aims at understanding how different societies respond or act on social, political and economic changes (May, 2001). May's definition of comparative research applies to this research, as I will be examining how black business owners ("societies") responded to the economic empowerment interventions ("social,

political and economic changes"). Additionally, when conducting a comparative analysis it is paramount to compare the differences within the society being studied (May, 2001). As a result, critically observing the differences of black owners within the construction sector is essential. This is essential because when one gets to understand why one business is improving and another is failing yet they are both within the same sector, recommendations could arise from these comparisons. In a nutshell, these comparisons will be made from the interviews, participant observations and secondary sources.

### **3.3. Special features of the research: Gallery revealed**

The features discussed in this section elucidate on the reality that qualitative research, similarly to other research methods has a number of valuable attributes and at the same time its own disadvantages. In spite of this reality, this research report is using a number of research methods and this could become an advantage, in the sense that some research methods will compensate for what others do not provide.

#### **3.3.1 Blockbusters found in the research gallery**

The advantage of qualitative research is that the researcher does all the data collection (Creswell, 2009). This may be seen as a lot of work, but it is an advantage because doing the field work helps to know how to code questionnaires. In that way, the process eventually becomes faster. Creswell (2009) further states that this form of research is descriptive, as opposed to quantitative research that is more specific and is represented in numbers. Others could argue that quantitative research is straightforward thus making qualitative research disadvantageous. However, qualitative research is advantageous because the researcher to be more creative and expressive. This form of research is of a small scale (Philip, 1998) and in as much as there needs to be detail; small scale research can be manageable. According to Philip (1998), qualitative research allows the researcher to state their position and preconceptions. This is important because it enhances the learning process for the researcher. Furthermore, this method prioritises on the experiences and insights of the participants and this gives the researcher a variety of real life contexts (Creswell, 2009).

Furthermore, this method allows for the use of other methods such as case study research (Philip, 1998). Using the case study research method, provides deep insights; however this could be time consuming. Additionally, case studies are helpful because they look at verifiable life experiences and allow the researcher to establish a more a closer relationship with the participants or informants. Comparative research has a number of benefits such as its allowance in introducing strategies that a different group of people use to enhance- their success (May, 2001). For example, this research compares the small construction businesses that have used government interventions with those that have not. This will reveal factors that make them different. Comparative research also results in the production of suggestions for

policy initiatives (May, 2001). Chapter five of this research report provides recommendations for policy within economic empowerment; therefore, this comparative analysis will be of assistance.

### **3.3.2. Research gallery bloopers**

Qualitative research has been said to be subjective and this could lead to a number of misunderstandings (Philip, 1998). It is therefore very important for one to be able to derive the most accurate notes when gathering information. Qualitative research is often criticised for mostly being based on assumptions, whereas quantitative research is considered accurate (Creswell, 2009). This means that when employing a qualitative research method one should always leave room for change. In some cases this might be set a back. Chapter four of this research report discusses the areas where my research methods and methodologies had to change and what I did to move forward. As mentioned before, the fact that qualitative research does not use numbers to represent its findings is also a disadvantage. The reason for this is that a fully written report can only be understood by certain professions – in this case being the planning profession, and people who are well-versed on black economic empowerment and politics, yet numbers can be understood by a vast majority. In addition, qualitative research does not allow the research to be reproduced and this is the same for case studies (Philip, 1998; Sarantakos, 2005). Case studies are limiting in the sense that they carry personal experiences and prejudices (Sarantakos, 2005), thus, making the information gathered irrelevant in justifying a different argument. Another limitation in both qualitative and case study research is that my presence as a researcher may lead to distractions, especially when observing the participants (Sarantakos, 2005). As a result, I may not always obtain the most accurate information on the daily experiences.

It is inevitable for the research findings to be different from what has been discussed here. This could be due to factors such as time. It should be considered that there may not be enough time for more than one focus group and for the participants to be able to spare one hour for the interview. This is because of the fact that the participants are business owners and they may not be able to sacrifice that much time. They may also not be available at the same time for the focus groups. On this note, room for alterations should be made available.

Philip (1998) states that the qualitative research has been criticised for its subjectivity and that interpretations could lead to misunderstandings. A research could easily fall prey to being subjective, as opposed to being neutral. On this note, one needs to be aware of this throughout the research.

There is a possibility that the interviews will be conducted in vernacular language to help the participants to fully understand what is required of them. This will be a challenge when it

comes to transcribing and coding the interviews because it is very essential not to lose information in the process.

With qualitative research the researcher seeks authenticity and this could become a challenge because their arguments are based on intuition (Creswell, 2009). However, quantitative research is more believable because it works with more reliable and valid determinations (Creswell, 2009).

### **3.4. Research dialogue and analysis: Methodology**

The manner in which data will be collected in this research is solely determined by the fact that personal profiles are being compiled. As a result, there is a need for intrinsic attention to detail. This is why it is essential to properly categorise the questions that the participants will be asked.

#### **3.4.1 Research population**

The end product of this research is to compile portraits of black business owners of construction enterprises in Soweto. Only five business owners will be interviewed for this study.

#### **3.4.2 Finding the perfect actors: Sampling**

Convenience sampling will be used within this research. Creswell (2002) states that convenience sampling is where the researcher selects participants that are available and willing to participate in the research. Since the main aim was to get participants, specifically black business owners in Soweto that are in the construction sector; therefore a systematic selection have been made. As a result, these selected individuals become the representatives of the population being researched on (Creswell, 2002).

#### **3.4.3 Research Question answered from a qualitative point of view**

As mentioned before, this research will take place in Soweto possibly in Orlando West and East, Meadowlands and Dobsonville. The business owners that will be targeted will be small construction businesses the analysis of the daily experiences of these business owners will look at whether they have been helped through government interventions to establish their businesses. This will help answer the second sub-question of my research, which is:

What processes do business owners need to observe for state sponsored interventions to firmly establish, maintain and expand their businesses?

Business owners that have not been helped by the government interventions will help in unveiling the alternative ways that they have used to obtain their businesses and this will answer the third sub-question, which is:

What are the alternative ways that these business owners use if they cannot access the set state sponsored interventions and support organisations?

Data will be collected through face-to-face individual interviews for the profiles of the business owners. Therefore, anonymity will not be assured because profiles entail personal information. Focus-group interviews will also be conducted to help gain more information on the prospects of their businesses in an area such as Soweto and for the formulation of a supply chain analysis (where possible).

#### ***3.4.4 The prefect script – unpacking the questionnaire***

Two questionnaires were drafted for this research and they were designed by the researcher. The first set of questionnaire is designed for the individual interviews and the second one is for the focus groups. The individual questionnaire has three sections, which are as follows; personal information, business information and networks. All the questions in both questionnaires are open-ended, except of a few in the personal section. The reason why most of the questions are open-ended is due to the fact that the end product is a compilation of individual profiles of business owners; therefore there is a need for these profiles to show authenticity and originality from the business owners themselves. The type of questionnaire that has been designed for this research is a semi-structured questionnaire. According to Simon (2006) semi-structured questionnaires are a combination of structured and open ended question.

##### **a) Section one – Personal information:**

This section seeks to obtain personal information of the participant. There are few questions that require direct answers, hence there are options provided for them. However the participants will be given the opportunity to elaborate on these specific questions if they wish to. The elaboration that will be made by the participants is very important to this research because this is the section that builds up a strong foundation for the individual stories.

##### **b) Section two – Business information:**

This section is on the establishment, maintenance and growth of the business. This entails the matters on location, training and resources. Section two is also important because it will give insight into the daily experience of these entrepreneurs. Moreover, the questions in this section are open-ended and this to help retrieve in-depth information on the businesses. The aim of these questions is to determine how, when and why the business was established. They will also determine the number of employees who have been involved in establishing the business and maintaining it. The questions are meant to find out if these business owners have been exposed to some form of training and assistance from the government. This is where

the participants' perception and experiences of economic empowerment strategies will be explored. This part is essential for the development of the recommendations. It should be taken into consideration that due to the type of population sampling there could be a possibility that all the participants that will be interviewed would have been helped by economic empowerment strategies placed by government. This will only be determined within chapter four and could possibly cause alterations within the data analysis process.

c) Section three – Networks:

The questions in this section are more about the networks that these business owners have established. The questions will determine whether or not these entrepreneurs have managed to forge some form of networks and with whom. If possible these questions will also reveal why those particular networks were recognized and how they have helped the growth of the businesses. This will help improve the profiles of the participants as well as give ideas for the recommendations.

#### ***3.4.5 Putting the 'crew' together: The focus groups***

The questionnaire for this is designed in a manner that will give in-depth information on the networks that exist in the construction sector in Soweto. This will determine how the networks have helped and whether or not they have served as economic empowerment platforms for various entrepreneurs. Most importantly, the focus group sessions will be advantageous to the business owners that do not have set networks, for them to start establishing them. The focus group will also serve as a forum for participants to share certain strategies that have yielded positive outcomes.

Not only will the data be collected through interviews, but it will also be collected through desktop research. Furthermore, the use of the audio and visual materials will be necessary, since photographs of the participants will be taken and the interviews will be recorded. The reason why the interviews will be recorded is to get accurate quotes for the profiles; however the information obtained will not be used against them. Observations will take place to further understand the economic trajectories in this area. Consent of the participants will be required. It will also be clearly stated what this research is about and what the information given will be used for (see annexures for consent forms). The way in which I will employ these methods will be in three phases. Initially, desktop research will be done. The second phase will focus on site visiting and analysis and the final phase will be compiling information and editing.

### **3.4.6 Restrictions and qualities of questionnaires**

Semi-structured questionnaires have been widely used in research and they relate to different situations (Simon, 2006). The questionnaires that have been designed for this research are also semi-structured questionnaires. Such questionnaires allow the interviewee to elaborate more on one question and provide wide content from which to retrieve the most important information (Simon, 2006). Semi-structured questionnaires make the interviewee more comfortable to answer the questions because there are no restrictions in the way they are meant to answer (Simon, 2006). One could argue that such questions help create a more trusting relationship between the interviewee and the interviewer. Since open-ended questions result in detailed answers, therefore the questionnaires can take close to an hour (Simon, 2006). On the one hand, this could be an advantage because detailed information will be acquired. On the other hand, it could also be a disadvantage in the sense that it would be time consuming and the interviewee could go off the topic.

### **3.4.7 Bringing it all together**

It has been made clear earlier that the product of this research is to obtain individual portraits of the business owners in the construction sector and as a result the data that will be collected will help in compiling these portraits. Secondary data will be collected from diverse sources such as news broadcasts journals and books written on economic empowerment and discussion papers written by different political parties, especially the African National Congress. It should be noted that the ANC as a political party will be scrutinised in more depth due to the fact that the Broad-Based Economic Empowerment Act was initiated by it. The reason why these secondary sources will be analysed is to compare exactly what is stipulated in the various documents and what is actually taking place in practice. Other sources that will be looked into are social networks that have served growing black business

Therefore, the formulation of these strategies will also be investigated to help inform the recommendations of this research. The primary sources of data will be collected from the interviews and observations made. Precisely what will be collected from these are the various trends of the daily dynamics and experiences that the business owners will share. Not only will the trends be identified, but their challenges and successes will also be analysed. Moreover, the various interpretations that these business owners have about economic empowerment will be highlighted within the profiles. It is important to identify what the business owners that will be interviewed understand by the concepts of economic empowerment and this will help construct relevant and pragmatic recommendations.

What will result in getting a better interpretation of what has been said in the interviews is by transcribing the interviews. Meth (2003) elucidates in her article *Rethinking the 'domus' in*

*domestic violence: homelessness, space and domestic violence in South Africa* that transcribing is when the researcher writes out the taped interviews and combines this with the notes that were taken during the sessions (Meth, 2003). She also suggests that this exercise becomes very difficult if an interpreter is used in the interview sessions. This could become a problem if the interpreter misinterprets the questions to the participants. Conversely, this research will not have an interpreter, but it is highly possible that the interviews will be conducted in vernacular to cater for the participants and to help make them comfortable. What is of concern for this research is that the interpretation of the questions should not be lost in the different languages and the only way one could prevent that is by repeatedly asking the question in different ways until the participant understands what is asked of him or her.

### **3.4.8 Evaluating the facts**

Since this research is using qualitative research there will be no need to pre code the data collected, as Sarantakos (2005) states. However, there will be the definite need to examine the data and have accurate interpretations of what the participants. As this is a narration of individual stories, it would be interesting to the use of few quotations and this could prevent the misinterpreting of the information given. In as much as there will be notes that will be taken during the interviews, these notes need to be revised and recorded in a chronological manner (Sarantakos, 2005). This could help one to organise their work better, it could also become tedious, leading to the consumption of time. Not everything that will be collected will be analysed and this brings about the criticality of the analysis. According to Sarantakos (2005) analysis could be done simultaneously with the data collection and this is what will be done in this research. Most importantly, the information that the participants will provide will be compared to what the economic empowerment policies have stated and according to Sarantakos (2005) this type of data analysis is could be categorised under the times-series analysis. The time-series analysis is a method that looks at certain trends over a period of time compared to a hypothetical proposal (Sarantakos, 2005).

This therefore brings us to coding of the interviews that will be conducted. According to Rossman and Ralls (1998) coding is the re-organising of specific information that is placed in categories. It is also when one defines and labels certain information, words or phrases in a manner in which the participants understood it. This will be explained more in chapter four and it is very important because it helps the reader understand the participants' point of view. Within this research a combination of predetermined codes and codes from developing information will be used. Creswell (2009) states that coding is very important, as it assists in differentiating the researcher's point of view from the participant's point of view. The process of achieving coding that will make sense to the reader is by first reading all the

transcripts that have been compiled from the interviews. From each transcript a list of new topics and key words that were used in that interview should be noted. Thereafter, topics are similar will be placed in one category and a similar definition will be given to explain what the participants meant. This is within the first section of chapter four. However, there are already a few words that were defined in chapter one, which are as follows:

Small businesses within this research have been defined as a business that is independently owned and that is small sized. The term 'Black owned' does not represent the definition that is given in the Broad-Black Based Economic Empowerment Amendment Act of 2013 of 'black people' representing Africans, Coloureds and Indians. In this research the word 'Black' only represents the Black population and the term 'previously disadvantaged' represent Africans, Coloureds and Indians.

### **3.5. Conclusion**

What has been discussed here highlights the advantages and disadvantages of the methods and methodology chosen for this research. It should be pointed out that the methodologies that have been discussed are bound to change once fieldwork commences. As a result the next chapter explains the methodologies that change and give an account of what took place in the field. Chapter four gives the portraits of the interviewed business owners as well as a mapping of their networks and location. These findings will be used to compile recommendations that will be policy-relevant.



*The Chronicles of Soweto's  
Construction Business  
Owners Revealed*

#### 4.1. The Chronicles of Soweto's Construction Businesses – The Trailer

This chapter presents the findings of the fieldwork conducted in Soweto from July to September 2015. The first section provides definitions of words used by the participants and these definitions are meant to reveal the perception and understanding that the participants have about certain concepts such as procurement and economic empowerment. Secondly, chapter four discusses the changes in the methodology and why these changes were motivated. It will be noted that some of the changes that took place assisted in making the research methodologies more effective. To add, the variations led to spontaneous, yet highly inspired work.

Since this research is based on true life stories of individuals, the research methodology being more flexible created a more comfortable space for the participants and me as the researcher. The third section in this chapter provides the case study of business in Soweto, be it informal or formal. The fourth section of this chapter reveals the portraits of the business owners and these are not merely portraits, but it is more of the unfolding of the past, present and future of the individuals' real lives.

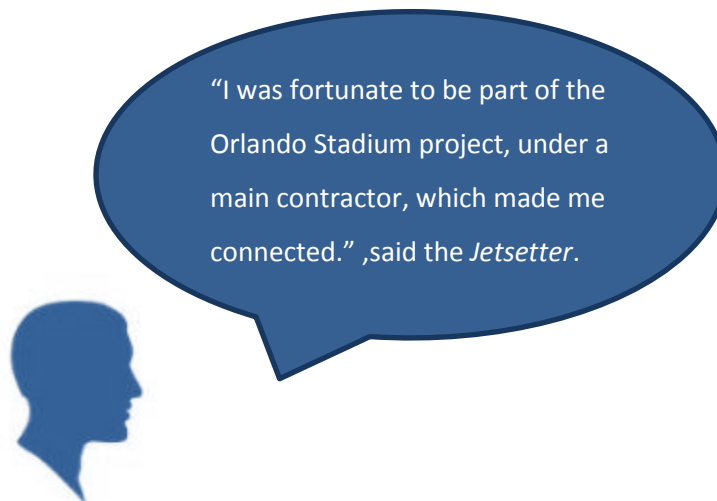
It should be made very clear that the people that have been asked to give off information about their personal journeys have given their consent. In addition, each and every story delivers certain uniqueness as well as a relevance to the realities that exist in South Africa's situation of unemployment and political patronage (Banerjee *et al.*, 2008; Chipkin and Meny-Gibert, 2011). Lastly, a critical engagement of the findings is given, that will contribute to the conclusion to this chapter.

#### 4.2. Unpacking the meaning of words – coding

According to Saldaña (2013) there are many ways of coding and anything could be coded as long as the purpose is to organise words or phrases in order for them to have one meaning. Below are the definitions of words used by the participants:

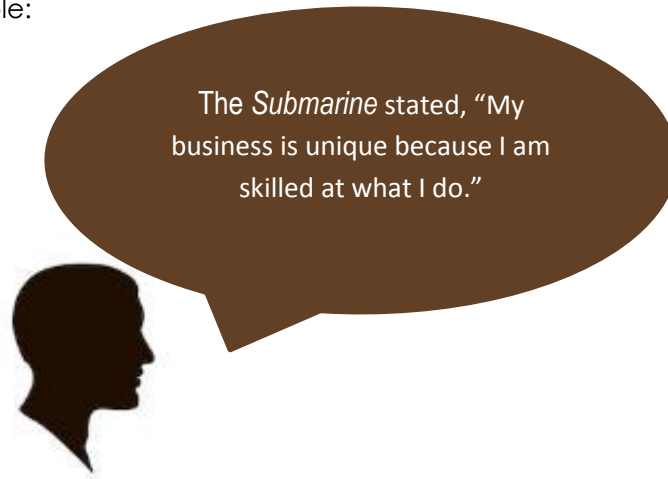
1. Networks: Participants perceived networks as marketing methods, exposure to different projects and connections with other business owners.

Example:



2. Business legitimacy: the participants understood this according to the skill and experience they have. They did not consider the registration of their business as something to legitimise it.

Example:



3. Government interventions: the interviewees understood government interventions to be procurement processes, business registration and the training that they are meant to receive from government.

Example:



#### **4.3. Seeing things from a different lens**

As anticipated the methods and methodologies that were explained in chapter three changed. Firstly, convenience sampling was initially set to be used to obtain the five participants that were needed for the research; however the potential participants eventually became unavailable. As a result, snowball sampling was used. Snowball sampling is a method also used in qualitative research (Blernackl and Waldorf, 1981). This form of sampling is when an identified representative refers the researcher to other individuals that are relevant to that particular study (Blernackl and Waldorf, 1981). In this case, the first identified participant, who specialises in carpentry, assisted in directing me to other potential

contractors that were willing and available. Further into my fieldwork, I realised that this form of sampling applies more to this research, because it is not everyone that would appreciate their personal information being made public. Consequently, snowball sampling is appropriate for the sensitivity of this research.

Secondly, getting all the participants together for the focus group sessions was close to impossible. However, I managed to meet with participants at a time and not all five of them at once. What made these small group sessions worthwhile was that one of the participants attended all the small group sessions and as a result, he assisted in making the questions clear for the other participants. The fact that I could only see two participants per session resulted in half of the questions being answered from the joint interview. These small sessions resulted in the participants informing and helping one another about business. They felt at ease to tell me more about their stories as compared to when they were alone with me. Most evidently, a sense of connection with the other participant manifested. Therefore, these sessions were much more productive.

#### 4.4. Business in Soweto – Case study



**Figure 4 1:** (top left) *Formal business in Soweto* – This picture demonstrates the growth of business in Orlando East.  
**Source:** Dladla, 2015



**Figure 4 2:** (top right) *Business in Soweto* – This is a small open shop that is next to Chicken Land.  
**Source:** Dladla, 2015

Through a mere observation it is apparent that business activities are the order of the day in Soweto. What is more intriguing is that these business activities take place in pockets and within these pockets are formal and informal activities. This section will further justify why Soweto is the best place to study the growth of small businesses. The case study will look into the culture that has been developed within the entrepreneurial space. Additionally, the characteristics that stand out in this area will be explored as well as the opportunities that exist and if these opportunities have grown or declined for potential business owners. Soweto portrays itself as a prime space and place that could be explored to understand the dynamics of small businesses. In as much as Soweto has been explored by various researchers, there are certain areas that have become the beacons of research. Such areas include Orlando West and Pimville that are characterised by historical events that took

place as well as the class of people that reside in those particular areas (that is, working to middle class people). This research pays attention to areas that have not been fully explored in research, yet such places have rich historical contextual background and diversity. The compiled portraits are at most a glimpse of the goldmine that Soweto has with regards to telling the unheard stories of a people that were once excluded in the processes of the country's economy (Engdahl and Hauki, 2001). The reason why this is just a glimpse is because there is so much to be told not only with regards to business and politics, but with regards to social dynamics as well.

#### **4.4.1 Soweto through the lens of Construction Business**

Soweto has been known for having increasing informal businesses (Njiro *et al*, 2010). These businesses initially began as street trading and home businesses. Informal businesses mostly catered for the lower class, but this has changed over the years and the survival of such businesses is fading out (Ligthelm, 2008). In spite of the change that took place, the informal sector provided a form of self-employment for many (Ligthelm, 2006). The first formal shopping area was established in Dobsonville and this was referred to as a Township Centre (Hichens, 2002: 67). The township centre is located on the corner of Dobsonville's Elias Motsaoleli Drive and Christian Dube Street and it was regarded as the birth of Soweto's economic upsurge in the 90s (Hichens, 2002). This shopping area served a number of areas such as Jabulani, Roodepoort, West Gate, Braamfisher, Leratong and Tshepisong and its growth has resulted in the formation of a taxi rank – making it more accessible for people all around Soweto (Dobsonville Shopping Centre, 2014). The shopping complex itself could be seen as an economic hub that was made available for the people of Soweto to start their businesses.

Moving on to the mid-2000s more shopping precincts were developed, which created potential business opportunities for the people of Soweto. Consumer spending started to increase and more people permanently resided in this area (Ligthelm, 2009). Consequently, the Jabulani Mall was developed in 2006 and the following year Maponya Mall was also established (Gauteng Townships, 2015). Furthermore, Maponya Mall is regarded as the first of its kind in Soweto, because it is the first black owned complex (Gauteng Townships, 2015). This mall is named after Richard Maponya, who is the founder and president of the National African Federated Chamber of Commerce and it is one of the largest malls in South Africa (Gauteng Townships, 2015). This clearly shows that this complex has the potential to create opportunities for black business owners. According to Ligthelm (2009) all these big developments have been and are still taking place due to the competition that small businesses are causing. These small businesses are said to be taking the customer base that these shopping complexes are depending on (Ligthelm, 2009). This clearly indicates that small businesses are growing in the area.

However, what has become more prevalent is the competition between the small businesses and the large business centres and this is evident in the study that Professor Ligthelm conducted in 2007 and 2008. What he did was to identify a number of small businesses in the first year and in the following year he investigated if those particular businesses were still in existence and stable. He found out was that only 56.9% of the businesses were still functioning and 29.7% were closed down (Ligthelm, 2009). He further elucidates that most of the businesses that managed to operate in such a competitive environment were old and the ones that failed were fairly new. In as much as there are opportunities for small businesses to be established, this shows that the competition is very high. What is more interesting is that these stable businesses started from available opportunities as opposed to them responding to unemployment (Ligthelm, 2009). Additionally, the owners of the successful business were found to be involved full-time in the business. It could be concluded that the business sector is very competitive in Soweto and the opportunities are available for some and reasons for why some businesses start vary (for example, the lack of employment). This is solely the reason why this area should be studied even further, as it could serve as a template for other areas that are growing in the business sector.

To add, only 10% of small businesses are located in shopping centres in places such as Soweto (Njiro *et al.*, 2010) and this endorses the fact that small businesses and the large shopping centres have high competition. Shopping centres located in such spaces (townships) could be arguably seen as impediments for the growth of small local businesses. The culture of competitiveness is a good one; conversely there is a need for cooperation, where small black-owned businesses are encouraged to locate within large shopping complexes. Looking at the study conducted by Ligthelm (2009) it reveals that the opportunities to start small businesses are there, but there is a definite need for business owners to formulate an operating mechanism that will enable them to succeed. In spite of the existence of competition, entrepreneurial skills are a necessity because that is what has helped businesses to survive (Ligthelm, 2009). This concurs with the observation made in chapters one and two, that entrepreneurial skills are paramount for the formation and success of businesses.

#### **4.5. Business owner profiles**

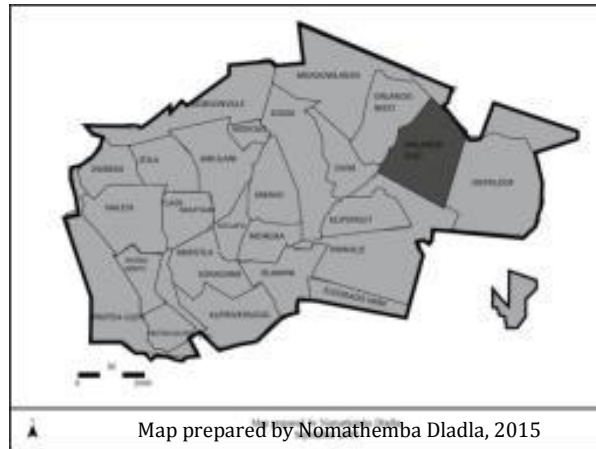


**Figure 4.4:** (above) *Business location in Soweto* – This map shows where Orlando East is located in Soweto.

**Source:** Dladla, 2015

**Figure 4.5:** (above) *The Jetsetter* – This is the founder of Lungaligugulethu Construction.

**Source:** Dladla, 2015.

**Name of business:** Lungaligugulethu Construction

**Qualification:** Higher Certificate in Carpentry from Soweto Builders Training Centre in Rockville.

**Speciality:** carpentry, face grounding, and decking.

**Location of business:** Mooki Street, Soweto

**Age:** 46

**Contact details:** 079 056 2754



**Figure 4.3:** (above) *Street location of business* – This map shows Mooki Street as the location of the Jetsetter's business.

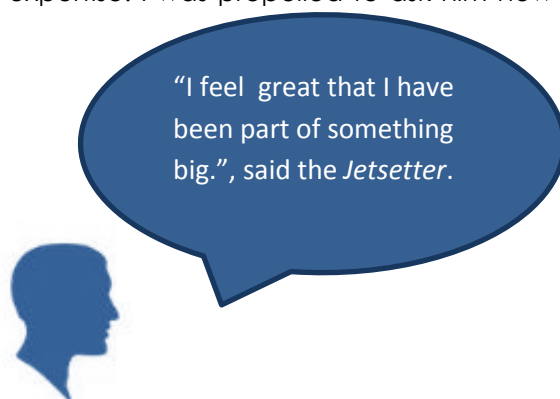
**Source:** Dladla, 2015

#### 4.5.1 Profile 1 – The Jetsetter

### ***The determination that makes a Difference in a Man's Life***

The Jetsetter's journey on embarking to be a business owner only started after he obtained a Higher Certificate in Carpentry in the year 1996. He obtained this qualification through the Soweto Builder's Training Centre in Rockville. This training centre recruited a number of young black South Africans from Soweto who had potential in the various skills that were offered, such as carpentry and plumbing. This was an opportunity that the Jetsetter left untouched. He further communicated that the training centre was established with the help of a German company that worked in collaboration the government. He mentioned a very interesting point about government helping in this respect alone throughout his journey of starting a business. Gradually growing into a young entrepreneur, the Jetsetter decided to then register his business with the Department of Trade and Industry in the year 2012. He also unveiled that from the people that were trained in his group only two small businesses registered – that being his business and another plumbing business. It could be argued that the government and the private company failed to assist the trainees to start their own businesses, but it could also be debated that it is entirely the trainee's responsibility to take initiative for such things. This is what the Jetsetter did – with his determination he took initiative and decided that his business needed to be registered.

After the year 1996 the Jetsetter was privileged to be part of the construction of Maponya Mall and this contract lasted for three months. This work experience increased his grading as a carpenter. This experience did not only elevate his skill, but the payment arrangements were also ideal, which was every fortnight. With this he had the most brilliant idea of saving R500 from his salary to be able to buy his own tools and this is how he acquired his own supply of tools for his business. After his contract ended it seemed as though more opportunities availed themselves. He became one of the hands that contributed to history being made in Orlando East, as he received a job under the construction of the Orlando Stadium and the construction of the Bus Route Transit that is along the main road that leads to the stadium. As soon as these jobs ended he did not have to wait for next opening to appear, as he quickly found a job in Roodepoort where he worked there as a carpenter. The work in Roodepoort allowed him to do work within his skills. This clearly shows that in as much as one is qualified to do something it is not always guaranteed that the first job they find will be within their expertise. I was propelled to ask him how it feels to have been part of these projects.



Finding small jobs here and there truly helped him save money to have capital for his own small business. From the discussion I had with this entrepreneur, it was clear that more than anything else his passion and determination is what has led him to where he is today. SIZA Capital, which is a private entity that assists small businesses in South Africa, also helped the Jetsetter with money to upgrade his business. To add, since he had jobs that provided proper contracts he was able to open a bank account in Standard Bank. This later assisted him to obtain a loan for more business machinery. What is very important to know is that the Jetsetter managed to start his business with his own money and these other entities came in later to boost his business.

In spite of the Jetsetter getting these short contract jobs, he had attempted to start his business in 2007. However, he unveiled that fully establishing his business was not working well because it took long for him to register with the government. With the persistent drive that he has he managed to register his small business with the Department of Trade and Industry in the year 2012. Immediately after registering his business he was involved in the revamping of Thokoza Park. The very interesting part of this is that he managed to register through the help of a friend who had already registered his internet café business. This meant that he had established some form of networks within the DTI and clearly such networks have supported the growth of his business. What is inspiring about this entrepreneur is that he uses his own networks to help other aspiring entrepreneurs as well. With his hard work and determination, the Construction Industry Development Board has graded the level of his work, qualifying him to supervise upcoming carpenters (see annexure A).

By the year 2014, one of the Jetsetter's friends was made their community representative to assist local business owners improve their profiles. This friend contacted him on the day business owners were to submit their profiles and this submission abetted him get a job with a company called Power with no delay. It is evident that this strong-minded business owner has been forging political and economic networks for himself. These political networks are what made him get a job with Power and the economic networks enabled him to obtain more skills. He furthered his skills within carpentry – where he found other entrepreneurs to teach him other carpentry finishing expertise. This led him to get more equipment to expand his business. Once he expanded his business, he also decided to have people working with him. In 2014 he worked with four people; however this year he is only working with one person and this is because of inefficiency and inconsistency that he experienced with many people. It was pointed out that the challenges of being an entrepreneur people do not pay on time, thus making the accumulation of material for the next projects difficult.

Furthermore, the Jetsetter was more than happy to show me some of his projects. He also took pictures of the work he has been doing this year. With the progress in his business he is now obtaining close to R 5000 per month or more. The collage of pictures shows the before and after pictures of his recent projects.

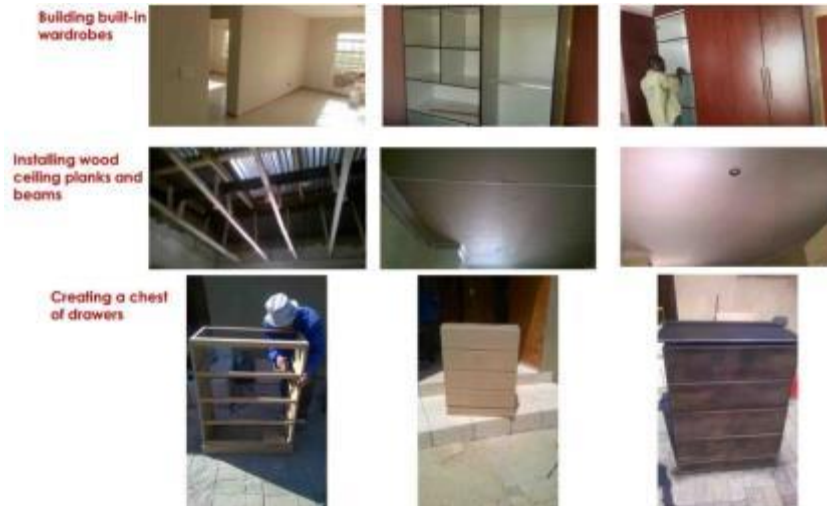


**Figure4.6:** (left) *Recent projects done by Lungaligugulethu Construction* – The series of pictures are meant to demonstrate the different work that Lungaligugulethu Construction does as a carpenter. It is evident that carpenters also do roofing as indicated above.  
**Source:** Hlatshwayo, 2015.

The Jetsetter also explained that his business is unique because he focuses on his skill of carpentry and he has furthered his skills on that instead of trying to be a jack of all trades. On that note, the Jetsetter then mentioned that most small black owned businesses try to provide a wide variety of expertise and this leads to them being experts in none. This could be seen as a weakness of many small businesses.

SIZA Capitals' main vision is to sustain the economic empowerment of poor and low income earning South Africans and they do this through the development of sustainable Small and Micro Enterprises to improve families' livelihoods (Siza Capital, 2015). They offer minimum loans of R 500 and the maximum is R 100 000 (Siza Capital, 2015). This is what aided the Jetsetter to obtain his capital of R 5000 and from this amount he managed to buy more machinery. The procedure that he had to follow in order to obtain a loan from SIZA capital was to first apply for the loan. SIZA Capital then process this application to see if the applicant does qualify based on their criteria. Once the applicant qualifies they register and pay R100 registration fee. The main objectives that this entity has are as follows:

- To have a Microfinance Institution providing microfinance services to low income populations in Gauteng and these services should be cost effective and efficient.
- To provide credit and capacity building support for small business owners and this is aimed at helping these businesses to be able to sustain themselves and grow.
- To upkeep the development of viable pro poor markets for goods and services produced and provided by low income population.

- To link low income populations to mainstream financial sector through the deployment and utilisation of a mobile Payment Platform.

(Siza Capital, 2015)

Mobile payment is referred to as mobile money transfer, where payments are made via a mobile device (Chaix and Torre, 2011). These payments are under financial regulations and technology that is needed has been recently made available across the world (Chaix and Torre, 2011). To further expatiate, this method of transferring money is being used in developing countries to expand financial services in communities, which increases safety and shortens the long distances that people have to take to access a bank (Chaix and Torre, 2011).

CIZA Capital has also created a platform for the Jetsetter to make connections with other companies that want to hire contractors. Not only have they been of assistance in this aspect (in terms of marketing), but they are also helping him to compile a photograph album with all the projects he has done. This will help customers to know what the Jetsetter is skilled at and it will also make it easier for them to have a good vision on what he does.

The Bank allowed this entrepreneur to take a loan of R17 000. This helped him buy a compressor for his business, which is more expensive machinery. He applied for this loan because the different companies that hired him needed him as a sub-contractor to have his own tools. Therefore, one could say that this loan made him more marketable to other companies, knowing that he has his own tools. For the Jetsetter having his own tools has made him more reliable and available and this could be seen as something that has made him maintain his business. This Standard Bank loan could be seen as a key to the various networks that he has obtained.

### **Analysis**

Looking at the experience of the Jetsetter, it is evident that he managed to start this business with his own ambition and he made it clear where the government played a role. From his narration, it is open that the government only played a role by prompting the training centre where he obtained his skills. It is interesting to know that it was argued in chapters 1 and 2 that entrepreneurial education is very important and it was posited that the government was not doing much on that. What is interesting here is that in this man's story the government was the first role player to help him obtain the skills he has. In a nutshell, it is because of the government's support to the training centre that enabled people like the Jetsetter to be skilled in a particular area. The Jetsetter's mind was set on the idea of starting a business because of the fact that he did not have a permanent job. To add, the jobs that he had were short contracts and this caused a lack of stability in his working life. The lack of

permanent employment could therefore be seen as a main reason why the Jetsetter started his own business. This story therefore shows that the government, let alone any institution that would be willing to educate the previously disadvantaged do not really have all the power to instil an entrepreneurial mind-set. The only way that this kind of a mind-set can be established is by teaching such skills at a young age, besides that it is only the ambition of the individual that will create such a mind-set. This goes back to what was discussed in the first two chapters that the entrepreneurial mind-set has to be promoted in high schools, where students have exercises that expose them to thinking in innovative ways of making money (ideas that will both benefit them as individuals and their customers).

Another point of interest from the Jetsetter's story is that of networks. Looking at his story, one could conclude that the networks that he has established are quite a few, but this little track of networks that he managed to forge shows how hard it is to form strong and influential networks. The fact that the Jetsetter had a difficult time registering his business illustrates that he did not have a high level of leverage that would help him get registered in time. He only managed to register through a person who had connections. This reality does support what Southall (2010) mentions about business people only succeeding if they have political connections. As explained in chapter one, the leverage is the connections that one has that would assist them in having a successful business. It could therefore be argued that the Jetsetter's leverage still needs to expand and this indicates how important leverage is in the business sector. The organogram shows the Jetsetter's networks, which are classified into the public and private sector. It is clear that the private sector is one that has helped him more.

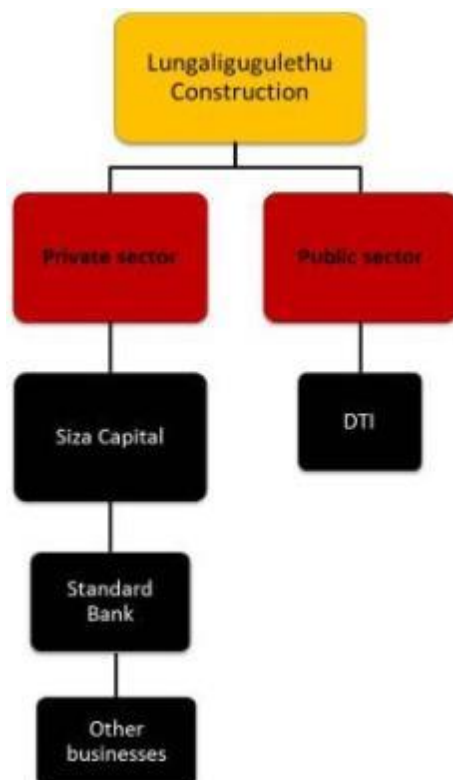


**Figure 4.7:** (left) *Lungaligugulethu networks* – This organogram shows the networks that The Jetsetter has established for his business. The manner in which these networks are arranged is based on how important a role they play in helping the business grow.

**Source:** Dladla, 2015



**Figure 4.10:** (above) *The Submarine* – The owner of Thabiso Jabulani Dlane Plumbing solutions.  
**Source:** Dladla, 2015.

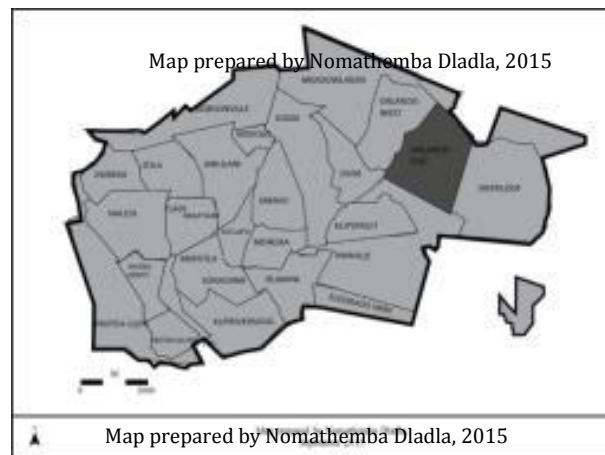


**Figure 4.9:** (above) *Business location in Soweto* – This map shows where Orlando East is located in Soweto.  
**Source:** Dladla, 2015

**Name of business:** Thabiso Jabulani Dlane Plumbing solutions  
**Qualification:** Certificate form Leeukop Correctional Centre in Bryanston  
**Speciality:** Plumping; hard connection etc.  
**Location of business:** Mpane Street, Orlando East  
**Age:** 40  
**Contact details:** 076 413 5382



**Figure 4.8:** (above) *Street location of business* – This map shows Mpane Street as the location of the Submarine’s business.  
**Source:** Dladla, 2015

#### 4.5.2 Profile 2 – The Submarine

### ***Making the Best from the Worst***

The Submarine's story of becoming middle-aged business owner could be said was providence more than a simple decision that he made one good day. He was trained at Leeukop Correctional Centre in Bryanston. After his training he decided to start his own plumbing business in the year 2006. He pointed out that the whole idea of him becoming an entrepreneur started in the year 2001. As the breadwinner in his family, he saw the world of business as a better platform to have a form of stability for himself and his family. He freely stated that the reason he decided to become his own boss was because people are not always trustworthy, especially when it came to payment after the job was done. As a result, he has only been working with one person in his business for the projects he gets. With regards to procurement processes the Submarine had hardly any knowledge on entrepreneurial training or tender applications besides.

Some of the projects that he has done are within Meadolands, Baragwanath Hospital, Ridgeway and at the Leeukop Prison in Bryanston. The Submarine decided to work with only one person in his business. What is interesting is that he did not refer to the young man as his employee, but he openly assured that the young man he was working with was someone he was helping to start his own business. One could say he is in partnership with this young man and whenever one of them has found a job they call the other and work on it together. Looking at the bigger picture, one could say that this is the beginning of the Submarine creating his own network of plumbers. When I asked him what makes his business unique compared to other plumbing contractors in Soweto, he confidently said that he knows that he is very skilled at what he does and he is confident about his end product. This is the one time in the interview that the businessman portrayed confidence and no insecurity in his answer.

There seemed to be a beam of hope in his face when he further informed that he wanted to add onto the skills that he already has. This clearly shows how much he wants to improve himself. The Submarine mentioned that tiling would be the best skill he could add on what he can offer to his customers. He also stated that he wishes to get the opportunity to register with the Department of Trade and Industry. The reason why he has not registered yet is because he first worked with a person who registered his own business then he left to start his own business. It could be debated that this young man has had enough time to get his own business registered, but he mentioned that the registering process has been made a very long and tedious process, that could only be made possible if one has connections within the DTI.

What was interesting to know is that the location of his business (the location being in his house in Soweto) has not done justice for him in terms of gaining more customers. To add, it was ruefully pointed out that the location of his business is not as ideal, thus he wants to leave Soweto. His main reason for this is that he believes that he will get more opportunities and more money than he does currently.

The point about getting opportunities led me to asking him what forms of networks he has. The answer to this question was that he does his own marketing without using business cards or an email. Taking this further into thought, one could conclude that his marketing method would not work even if he located into another area. This is because nowadays people use the internet to get a wide variety of things that they need.

**Did you know?**

According to MyBroadband Statistics (2015), 40.6 per cent of South African households have access to internet and Gauteng covers 54.7 per cent of that.

For example, having a Gmail email would link to other people who have Gmail that are on the similar circle as him – that is, entrepreneurs. This is how I found the first participant who later introduced me to the other entrepreneurs that he has once worked with or that he knows from Soweto. Another method could be having business cards, which help portray a professional image. The fact that his marketing skills are lacking speaks to his entrepreneurial and social skills. Despite the fact that he is very skilled in plumbing, it does not make it easier for him to get more customers. As mentioned in chapter two, the social skills of entrepreneurs are very essential for the growth of one's business, because the manner in which they communicate contributes to their service delivery as well as the creation of one's networks.

The networks that the Submarine has are very little compared to the Jetsetter's. The Jetsetter has become the Submarine's prime form of network, where the Jetsetter gets jobs or shares the jobs that he has with him. The second prime network the Submarine has is obtained from the business partner he had before. The only way the Submarine's networks could be portrayed is by looking at the Jetsetter who has helped him. The diagram below clearly shows that The Jetsetter is the prime network that Jabulani. This is said because within the interview Jabulani continuously mentioned how The Jetsetter has been of great help especially in terms of getting jobs.

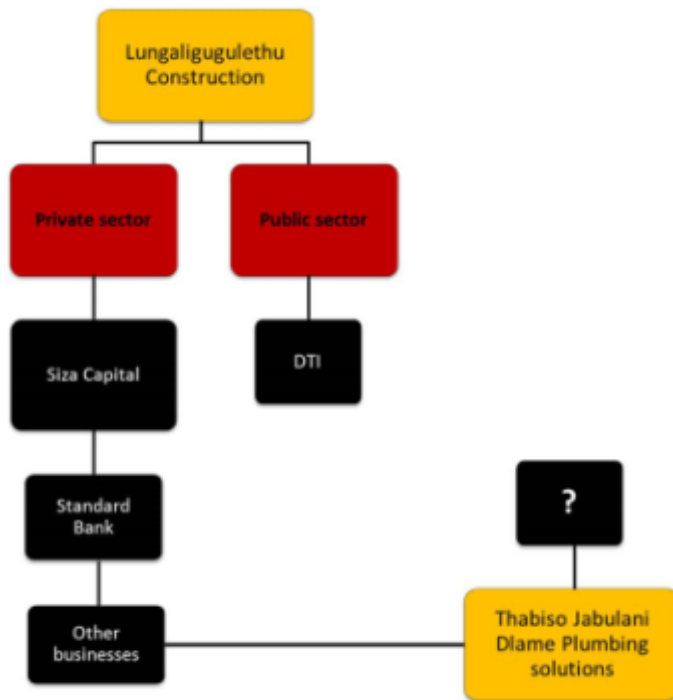


**Figure 4.11:** (above) *Thabiso Jabulani Dlambe Plumbing solutions' networks* – This organogram shows that Plumbing solutions is so far dependent on the networks that Lungaligugulethu Construction has.  
**Source:** Dladla, 2015

This diagram first shows the networks that the Jetsetter has made, SIZA Capital being the main business conduit for him. Standard Bank is also part of this because it is one of the entities that helped him get a loan. Interestingly enough the Department of Trade and Industry is not a major network because this is not how the Jetsetter gets his jobs and it has not connected him to other entrepreneurs. It is only considered as a network because as a department it enabled him to establish his business in terms of registration. The Jetsetter also mentioned that he has connections with other businesses similar to Submarine's business, where they all help each other to get contracts. The diagram above also indicates that the Submarine's business is only connected to the Jetsetter and in terms of other connections; it was not made very clear. As a result, looking at the acquaintances that the Submarine has could only make sense by unpacking the Jetsetter's networks. This could be seen as a negative attribute for the Submarine's business, especially if he wants to expand it.

After my first discussion with the Submarine, he was motivated to make business cards and he finally gave his business a name; *Thabiso Jabulani Dlambe Plumbing Solutions*. This could be seen as a sign of progress in terms of marketing and this will now give him a professional image that will challenge him to deliver what he has specified as his expertise.

### **Analysis**

As this second story is shorter than the first, one could argue that this is because of the level of experience and confidence the each entrepreneur has. The fact that the Submarine made some positive changes in his business after we talked shows that he does have potential, but

needs motivation. One could also conclude that this motivation came through because someone did show interest in what he does. In chapter three it was mentioned that telling the story of an individual reveals what that person understands about what is going on around them. Therefore, this research created a platform for this young man to state the realities of his own world as an entrepreneur. It also gave him the enthusiasm to continue his business and make things better for himself. Seeing how and where he received his training, it could be reasoned that the idea of being an entrepreneur was not his initial path or plan in life. This was evident when I asked him whether he had the idea of being an entrepreneur before he was trained. The manner in which he answered seemed as though the question was irrelevant.

However, when the Submarine was with another business owner in the small focus group discussion he became free. He was open enough to explicitly explain how hard it is to be an entrepreneur in a place so immersed with corruption. It was disclosed that other businessmen have been succeeding in their businesses from the political connection they have. This has caused people like the Submarine to have little opportunities in the business sector because the strategies that are meant to benefit them help others. Moreover, business in the construction sector is hard especially if there are up-coming contractors that have been promoted by the main construction companies of this county. This is indeed a reality they have to battle with in order to be at the same level as these new small construction companies.

What was interesting is that he asked me if I could get jobs for them with the connections they assumed I already formed from this research. This was interesting because the Submarine was already trying to create a business relationship with me. I then assured him that I am only trying to understand how their networks are formed and how they work. He still emphasised that I should explore the idea of helping up-coming construction business owners to get projects and possibly tenders. This was a thought-provoking idea and it made me realise that thinking and talking like an entrepreneur was becoming easier for him. In the short period of time I have known him he has shown much potential and this is why he is called the submarine. From the way he was talking one could tell that he wants his business to work for him and to enlarge his territory.

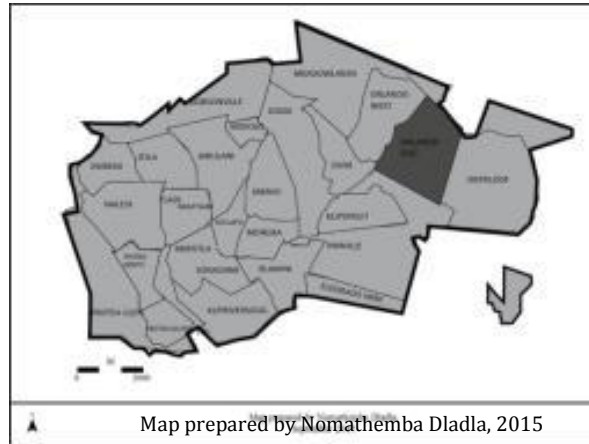


**Figure 4.13:** (above) *Business location in Soweto* – This map shows where Orlando East is located in Soweto.  
**Source:** Dladla, 2015

**Figure 4.14:** (above) *The Hustler* – This is the owner of Bagewu Trading and Contraction Company.  
**Source:** Dladla, 2015

**Name of business:** Bagewu Trading  
**Qualification:** George Thebe Training Centre  
**Speciality:** painting and carpentry  
**Location of business:** Adams Street, Orlando East  
**Contact details:** 083 857 4565



**Figure 4.12:** (above) *Street location of business* – This map shows Adams Street as the location of the Jetsetter's business.  
**Source:** Dladla, 2015

### 4.5.3 Profile 3 – The Hustler

### ***The everyday struggle of a Hustler***

Similarly to most men, the Hustler is a breadwinner to two children and his mother who is a pensioner. He and his sister have been working to keep the family out of the predicament of poverty.

#### ***Did you know?***

The rate of poverty in South Africa by the year 2011 increased to 45.5 per cent (Statistics South Africa, 2011).

One could say that the Hustler was a man with a few options to a bright future because he dropped out of high school and this was due to lack of money. However, he did make something of himself as he managed to obtain training in carpentry and mechanics from George Thebe Training Centre in the late 1990s. This skill created the opportunity for him to work in a plastic factory as the machine operator. In 2005 reality struck when the job could not hold him any longer and he was retrenched. Considering that he had this job from 2002, one could assume that it was hard for him to adjust living without a job. However, the idea of being an entrepreneur sparked immediately because he saw this as the only way out of poverty and dependence. The Hustler had the idea of starting a project and trading business where he offered his services of painting and carpentry.

In terms of registering his business, the Hustler said that it was easy for him to do so with the DTI. This is obviously because he had a friend within the DTI, who made the application process shorter for him, as he managed to register his business in 2005. When the business started and was in demand he would gain close to R5000 in a month after turnover.

In between 2005 and 2008 the Hustler simultaneously worked piece jobs to accumulate money to buy himself tools. This is because he never had the chance to accumulate money for capital while he was working in the factory. The system that he used was to buy a tool with the profit he made and make sure that he still had money to send home. As time went on the Hustler found himself living pay-cheque-to-pay-cheque. As this became the trend throughout the years, this entrepreneur found himself in a dilemma of not being able to pay the annual fee that the DTI required from all registered businesses. The annual fee to be paid is R100 and the reason why the Hustler could not pay this was due to his fixed expenditure. He still had to provide for his mother and his two children as well as accumulate equipment and travelling money for the business to continue. His other justification as to why he did not pay this fee was because in spite of his own struggle, he did not see how the DTI helped him.

According to him, if the DTI does not provide any benefits then paying the fee it requires once suffices.

Eventually he could not find projects for his business. The fact that he did not pay the annual fee and was not getting projects, Bagewu Trading was closed down by the DTI in the year 2010. What is interesting is that the Hustler did receive warnings from the DTI about his business possibly closing down. He gave detail that his business was given exactly eight letters of warning. When one analyses this scenario it could be concluded that he did have much zeal in keeping his business. When I asked him about the networks that he has managed to attain he was honest enough to let me know that he has not been active in this aspect. He also mentioned that he only had a close relationship with the Jetsetter who has been in the sector more than him.

Looking at the networks that he has also shows that not much effort was placed in sustaining this business. As he mentioned before that registering for him was not a problem because he had connections, but it seems that he did not use those connections in this case. What is interesting to know is that he now has been working for another contractor only to make ends meet. The Hustler's story however, does not end on this note, but it should be known he has taken upon this new route in order to start anew to get enough money to buy himself all the tools he needs. This shows that the Hustler is still determined to continue his business and so it is the right time.

In terms of being assisted by the government, what is interesting to know is that the Hustler pointed out that he has not found information on what the government could do for him. He also stated that he has not tried to get information from the government because he knows that the only way one could find help is by having close connections with some government officials. He also said that he has lost hope in the government because the processes to get anything always takes long and at times nothing is achieved. To add to his disappointment on what the government is not doing, he pointed out that the main projects that are being done in Soweto are not given to the local construction business owners. It was also stated that the main contractors are big companies and these main contractors do not even hire the small contractors in Soweto. As a result, he has given up on the thought that the government will help upcoming entrepreneurs in the construction sector.

The Hustler is not only disappointed in government, but he is also despondent about his business taking a standstill. I asked him why he felt this way and he posited that things were slow because his service was no longer in demand – in this case the Hustler was referring to getting major projects. Currently, he is working with another business owner and the pay is not as good as he hoped for. Consequently, he finds himself using most of his money to

support his family and travel to and from work. One could only imagine the strain and the delay this is causing on him re-establishing his business.

### Analysis

Having a conversation with the Hustler brought out two salient traits that are the opposite of each other. The first one is that he portrayed an aloof relationship with his own business. This was made evident when he stated that he has not tried to find any information about how the government could assist him. The fact that he received eight letters warning him that his business would close down is another indication that his motivation was slowly failing. In spite of the reality that he has been losing motivation, he still tries to find piece jobs through his friends (other business owners).

The second personality trait he portrayed was that of commitment. When he shared that he is currently working with another contractor, he also stated that he has been doing all the major activities such administration and management of the business. This shows that when he sets his mind to doing something that yields results, he does commit himself to seeing the work being done and this is why he has been called the Hustler. This also indicates what he has been doing recently in terms of working.

What also stood out in the discussions is that the Hustler honestly gave his reason why he became an entrepreneur. He pointed out the he did not want to be subject to poverty or unemployment. This gives one the impression that entrepreneurship was not something he immediately considered himself doing. Looking at the unemployment rate in South Africa it could be concluded that most people decide the start their own businesses in order to make ends meet. In as much as this is a generalised comment, South African Breweries Stories (2015) posits that some people found starting a business to be their only option. The fact that people see entrepreneurship as an alternative to employment could become something positive for this country. This is because in the long run, the youth could follow in the footsteps of the people who decided to initiate change instead of waiting for the government to

provide jobs. Looking at the organogram below, it is similar to that of the Submarine's. This is because the Hustler has not established networks of his own. He has been helped mostly by the Jetsetter and the connections that the Jetsetter has.

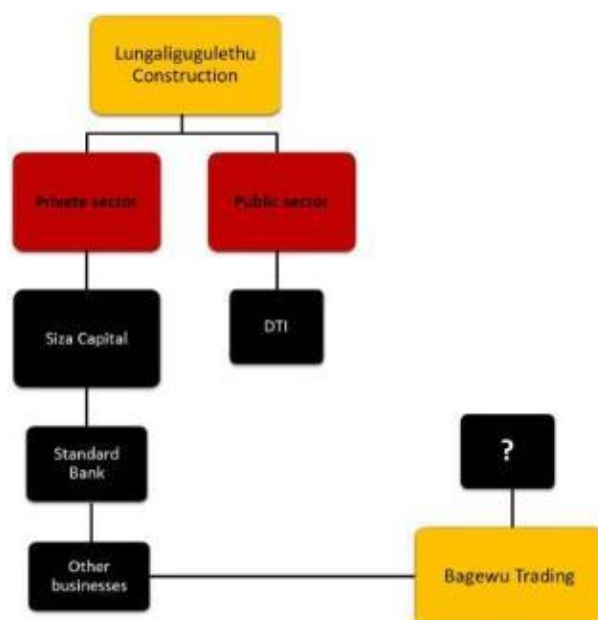


**Figure 4.15:** (left) *Bagewu Trading networks* – The organogram above shows that the Hustler has not established any networks form his business, as he is dependent on Lungaligugulethu Construction networks. This could be seen as a disadvantage for the growth of his business.

**Source:** Dladla, 2015



**Figure4.18:** (above) *The Traditional Trader* – The picture Traditional Trader who has been in the construction industry since the late 1980s.

**Name of business:** No name

**Qualification:** Private training

**Speciality:** Plumbing

**Location of business:** Hlatwayo Street, Orlando East

**Age:** 50

**Contact details:** 076 069 1240

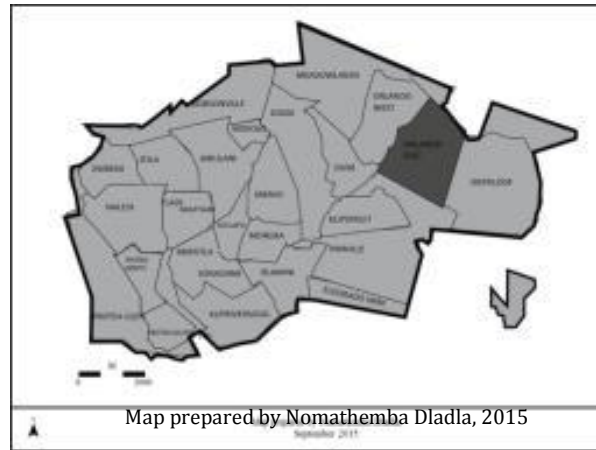


**Figure4.17:** (above) *Business location in Soweto* – This map shows where Orlando East is located in Soweto.

**Source:** Dladla, 2015



**Figure4.16:** (above) *Street location of business* – This map shows Hlatwayo Street as the location of the traditional trader's business.

**Source:** Dladla, 2015

#### 4.5.4 Profile 4 – The traditional trader

### ***Chosen by the Career***

The Traditional Trader took up the entrepreneurial path after he finished his school in 1985. Just like every other young man, he was looking forward to what the future held for him and fortunately enough his potential was noticed by a professional plumber in the late 1980s. He got an opportunity of a life time, as this was during apartheid and the professional plumber that noticed him was a white middle-aged man. This professional plumber trained him for three years and helped him get a good customer base. This became a form of private training and he made it clear that the government was in no way involved in this. After this training he worked with another professional plumber from Zimbabwe. The fact that he got the opportunity to work with these different professionals is a very good thing because as he puts it, "I had the opportunity to learn more practical work."

It is amazing that he obtained the skills of installing underground pipes, installing bulk pipes and as well as water and sanitary plumbing. I further asked what sanitary and water plumbing is and he expatiated that water plumbing deals with the installation and maintaining cold and hot water pipes and fittings. He also explained that sanitary plumbing is similar to that of water plumbing except that the difference is that sanitary plumbing includes the ventilation of those pipes. Later on in our discussion it was revealed that he is skilled in installing geysers. It is fascinating to know that He's training was obtained from one qualified person and this could be considered as an informal form of training. Therefore, one could conclude that there are some informal activities that take place in townships that are beneficial to society. The Traditional Trader then started his business in 1990 and he stayed for a very long time without registering. However, he is still has not registered and he explained that the government is very slow and this becomes time consuming. This was translated from when he said:



In terms of marketing, he thought the idea of having business cards was not necessary. This is because he thought that he has a good customer base due to the exposure he got when he worked with the professional plumbers. When he initially started his business he hired three people and he has kept to this number. He explained that this small number is manageable. It is clear that the Traditional Trader's marketing methods have resulted in him not having

strong networks. The organogram below shows that it has mostly been other entrepreneurs and his older customers that have enabled him to sustain his business. It seems as though this has worked for him, but with the rate at which the construction industry needs to recover and be promoted (Creamer Media, 2015), such small businesses will have to advertise themselves in more innovative ways.

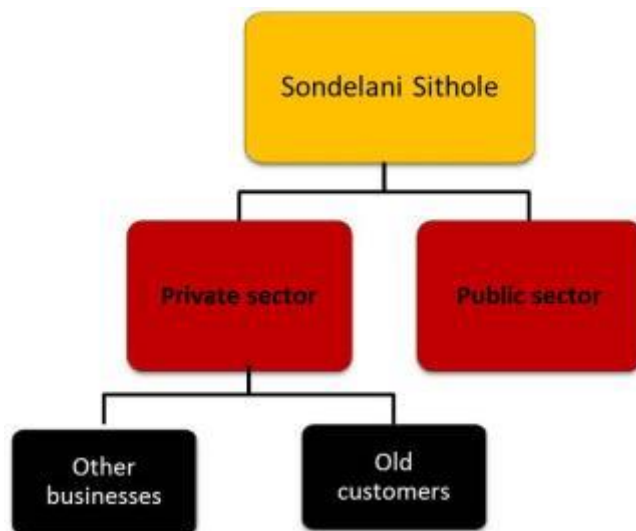


**Figure 4.19:** (above) *The traditional trader's networks* – This organogram shows that this businessman has only created a form of networks through his customer base. This could be regarded as an old fashioned method; however it seems to work for his business.

**Source:** Dladla, 2015.

There are various projects that he has done in places such as Sandton, Khayalami, Honeydew, Fourways and in Orlando. He confidently stated that his biggest project has been to do plumbing for the emerging Bed and Breakfast businesses in Soweto and elsewhere. I then asked him what makes his business unique and he gave an assured answer that his business is unique because he has good skill in what he has been doing in past 25 years. Additionally, he pointed out that he always gives his customers credit and people appreciate his generosity. I then was compelled to ask him if he wanted to get a proper qualification in terms of having his skills written on paper. The answer that he gave was more in line with what I was concerned with at the time. He stated that having a certificate would work to his advantage, as it would legitimise his skill. The plausible entrepreneur revealed that the only training centre that was available and willing to train a man his age was the Correctional Services. The fact that a government body is willing to assist in enabling one's skills shows that there is much potential in the government creating these training centres in different parts of the country that would be easily accessible for the locals. However, it should be considered that his information on training centres is to some extent limited and

this is a problem that most people have – not fully exploring their options about certain things.

It was evident that he did not have customers every single day, in as much as construction is in demand. The first time I went to see him he had a job that he received the day before, therefore we had to reschedule our meeting. This clearly indicates that the construction business sector is spontaneous and it requires most to the day. I realised that plumbing needs one to pay attention to detail and to be careful with the equipment, as a result it requires a person who is gentle and patient to do a perfect job. Furthermore, the issue of transportation fee is a continuous problem he experiences like the other entrepreneurs. Another challenge that he has had to overcome is when people make an arrangement with him to meet for a project then decide to cancel at the eleventh hour.

### **Analysis**

In this fourth story we see that the Traditional Trader was open to share his business background and the daily dynamics he experienced. One could conclude that he is old-fashioned, in the sense that he received his training under an individual (who was a professional) and not an educational facility. In addition, his marketing method is based on word-of-mouth instead of using the available technology. This could be detrimental to the development and stability of his business in the long-run. More than anything, his lack of finding enough information on how the government could support him shows that his methods of running a business need to be updated, which involves things like using the internet, joining a business forums or groups to gain networks. His story also conveys that there are business owners that prefer learning from practical applied knowledge and being hands-on. Makura (2008) supports this statement as she shows how various entrepreneurs learn more about business from the practical experiences they have. As a result, the metaphor, Traditional Trader implies that this businessman sees experience as the best learning process for business owners. However, nowadays there is an emphasis of entrepreneurial training alone, yet these two are mutually dependent.

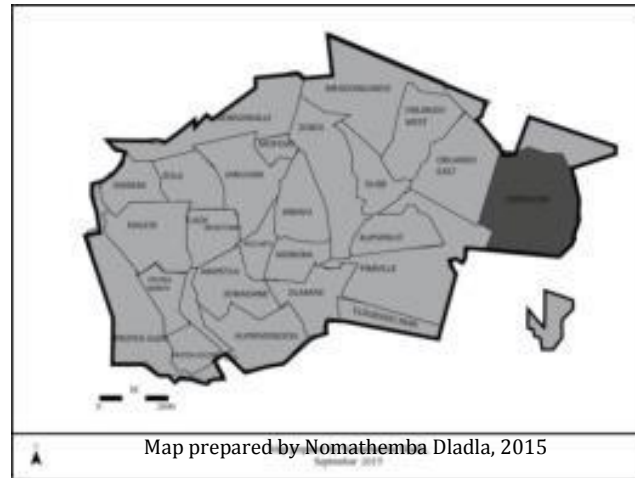


**Figure 4.21:** (above) *Business location in Soweto* – This map shows where Diepkloof is located in Soweto.  
**Source:** Dladla, 2015

**Figure 4.22:** (above) *The Believer* – This is the owner of Khayaelimnandi Construction and Maintenance, which he has made a family business.  
**Source:** Dladla, 2015

**Name of business:** Khayaelimnandi Construction and Maintenance  
**Qualification:** Higher Certificate in Civil and Building from Soweto Builders Training Centre in Rockville.  
**Speciality:** Building  
**Location of business:** Lekanyane Street, Diepkloof  
**Age:** 54  
**Contact details:** 082 428 1466

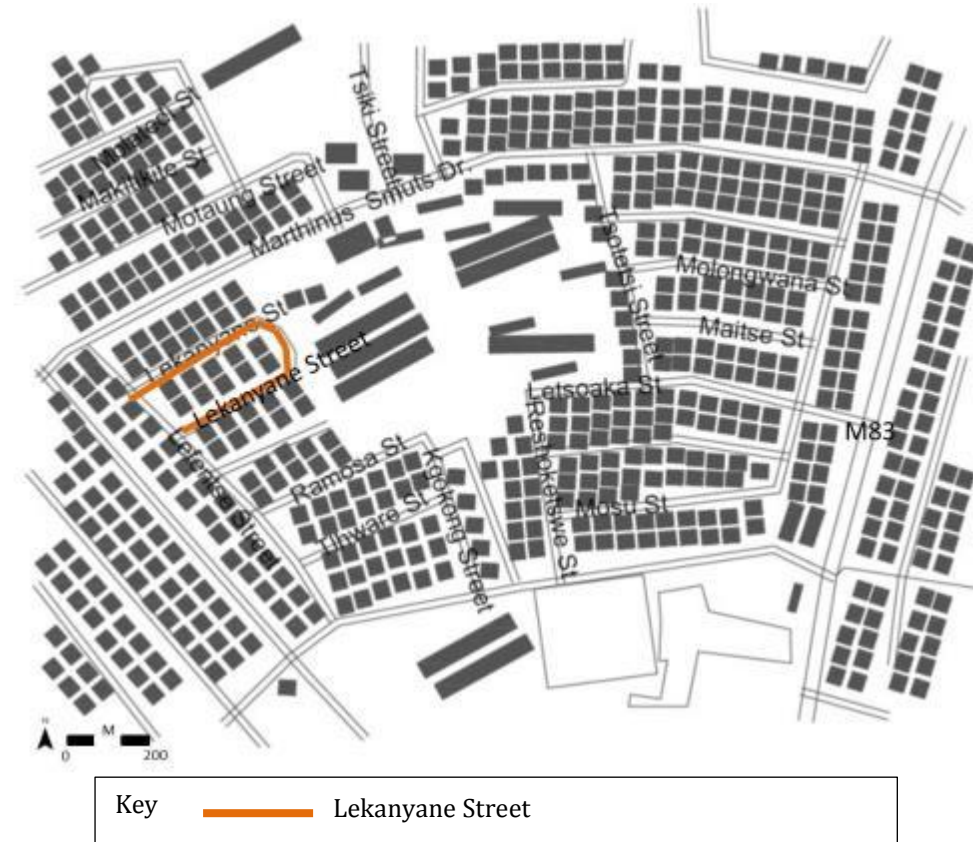


**Figure 4.20:** (above) *Street location of business* – This map shows Lekanyane Street as the location of the Believer's business.  
**Source:** Dladla, 2015

#### 4.5.5. Profile 5 – The Believer

### ***The Undying Ambition of the Believer***

In the early 1990s the Believer worked for Anglo American under the maintenance and repairs department as a plumber, but because of the poor performance this department it was closed. He was later placed under the electrical department within the same company. Similarly to the issues within the maintenance and repairs department as well as political matters, many people were retrenched and the Believer was one of the people to be retrenched. The retrenchment took place exactly in the year 1998 and the Believer had to find a new job to sustain his family and himself.

Fighting the reality of unemployment, he found himself doing piece jobs. He then started a maintenance and plumbing business with a friend of his. They managed to register this business a partners. However, the business failed due to the lack of projects and the tragedy of his business partner passing away. Consequently, the business was de-registered. These series of unfortunate events did not make the Believer throw-in-the-towel, instead he started another business. This business also failed due to the lack of finding any customers and he openly stated that his marketing strategy was very poor. Very few people knew what the Believer's business offered and throughout the years, there was more competition with all the small construction businesses emerging in Soweto. It was also explained that these business owners have qualifications and this made them more legitimate than he was. Not only was this the reason that made his business invisible, but these new business owners had more networks than him. The Believer stated that after he realised the reality of his circumstance, he decided to obtain proper qualifications. In the year 2013 he was privileged to enter into the Soweto Builders Training Centre in Rockville. In a much as he wanted to do plumbing, what was available at that time was civil engineering and building, which is what he ended up taking.

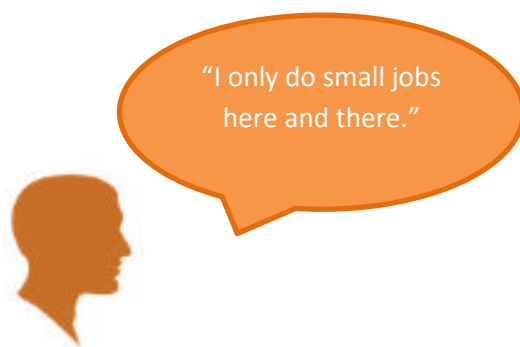
After this three year training the Believer and other trainees were given a six month practical project. He posits that this helped him work better and faster with the tools. After this training he said that he was more excited to start his business. Since he had two businesses before, he had to open a shared business, so he registered his children as sharing partners of the business. It could be argued that the Believer saw that making his business a family business would sustain it for a long time. This is because it will move from one generation to another within the family. From his previously failed businesses, the Believer had to pay off the debt the businesses accumulated, but the re-registering process was not hard for him. The City of Johannesburg at a local government provided means for local businesses to register in Diepkloof. This was called *Joz@Work registrations* and this helped locals in Soweto that wanted to register their businesses. According to the Believer this was beneficial in many ways for the business people; firstly because it was free to register and the locals did not have to travel far to obtain this service. Secondly, the entrepreneurs did not need to submit a

Construction Industry Development Board certificate or a tax clearance. With the information that the Believer gave, I went and did some added research. The City of Johannesburg did this registration for free in Naledi Hall, which is in Region D (Mofokeng, 2014). Furthermore, the facilitators state that the registrations that were made would be placed onto the City of Johannesburg's database and the businesses would commence in 2015 (Mofokeng, 2014). In addition, Mofokeng (2014) states that registration was made possible through the partnership of the City of Johannesburg and the Business Place. Below is a picture of the of the local business owners registering.



**Figure 4.23:** (above) *Jozi@Work business registrations* – Business owners had the opportunity to register their businesses for free at Naledi Hall, Soweto.  
**Source:** Mofokeng, 2014

In spite of the fact that the Believer got to re-register his business and to secure it by making it a family business, he has currently not found any projects to work on. He only managed to find one project in 2010, which was to build some parts of a school in Soweto. Moreover, the Believer openly elucidated on why he thought he was not getting customers. He pointed out that his marketing strategy was the main problem for him, since he did not have cards to advertise his business. Besides, he had very little connections, thus making it hard for him to get projects outside of Diepkloof. Having been told the shortcomings that he experiences, I inquired about how he made a living now. The Believer said:



He also added that the Jetsetter has also been giving him jobs where a plumber is needed. Paying attention to what the Believer said, it makes one realise that he is now using the skill that he has in plumbing and not building. Moreover, this could be seen as the reason why his business as a builder is not growing because customers still know that he offers him plumbing services.

Throughout the conversation the Believer emphasised on the formation of networks. He made it known that he has recently joined the Diepkloof Business Forum. This forum started in 2012 and it currently has less than thirty members. He also pointed out that not only business people are allowed to join this forum. This determines that networks could be well established with the wide variety of sectors in this forum. Moreover, communication could also improve in terms of what is needed for business people. Communication will be made better in the sense that different opinions and ideas will be given resulting in more open minded solutions on how to make black businesses better. This forum is meant to help business owners get projects and it is mainly fighting for business owners in Diepkloof to be given opportunities to work on local projects (projects that take place in Soweto).

In terms of networking, this persevering business owner has made been networking with the Business Place in Diepkloof, Soweto. His main reason for forging a relationship with the Business Place was for him to be assisted with any paperwork order for the administration of his business to run promptly. He also highlighted that the issue of paperwork was something that seemed to be undermined, yet it is one of the core elements that makes a business run efficiently. Furthermore, he suggested that the government must provide training for local business owners to learn how to do paperwork, because this is something he struggled with. At least this was something he saw as a problem for himself. Such suggestions will be further analysed in chapter five. Through his hard work he also managed to make connections with the department of Housing of the City of Johannesburg. This department has offered to support Diepkloof construction business owners to get construction projects.

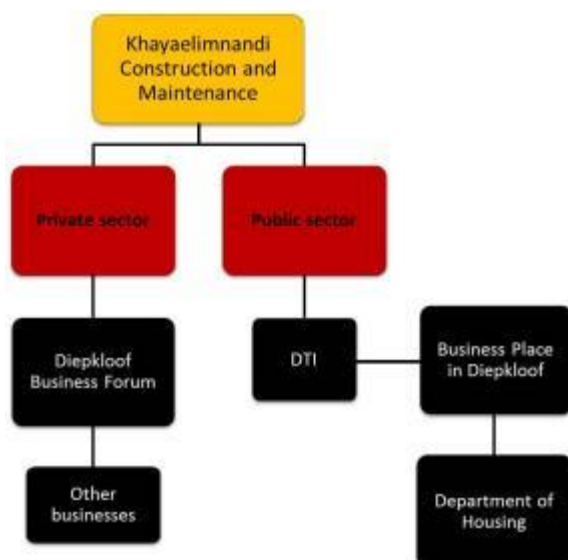


**Figure4.24:** (left) *Khayaelimnandi Construction and Maintenance Organogram networks* – This organogram demonstrates the networks that Khayaelimnandi Construction has established for his business.

**Source:** Dladla, 2015.

## **Analysis**

What was very interesting about the Believer's interview was that he saw business as one of the solutions to making Soweto (particularly Diepkloof) a better place. He sees the Business Place and the Diepkloof Business Forum as some of the conduits that could help Soweto's community with regards to business. The Believer showed positivity especially when he talked about the Diepkloof Business Forum. Nonetheless, he seems well aware of the negative things that take place in the construction business, but he is determined on working out solutions. In addition, looking at his age, one could conclude that there are things that would not be easily available for him, such as education. It could also be argued that he is not in his prime years to be given any form of training, but Soweto Builders Training Centre did not see his age as a problem. This clearly indicates that within the business sector age cannot be a limitation just like obtaining education in any field. On the contrary, it could be argued that age should be considered in the construction sector because of the work that construction workers do. The Believer pointed out that it is not only a person's qualification or their skill and experience that make their business to grow, but it is also the extent of networks that they develop within the business sector. This discussion helped me understand that networks within the business sector can be established from a wide variety of industries. Furthermore, this form of networking can easily enlarge one's business territory.

### **4.6. Extended scenes – Overall Analysis**

What economic empowerment interventions did for business owners in a context like Soweto is to bring about awareness, the sense that they know what preferential procurement is meant to do. They are also aware of the fact the BBEE is meant to help establish their business, but this is not happening because of corruption. The policy is great on paper but the implementation is not followed through to see whether the main contractor has employed sub-contractors from the local areas where the development is taking place. For example, there is a big project for the indoor sports facility in Soweto and what has happened is that government has hired a major contractor who is meant to hire sub-contractors from within Soweto. Instead, the main contractor is getting other construction businesses from outside that have connections. Despite the fact that there are a few training centres that the government has helped establish, the main question is if these training centres are consistent. Looking at what The Believer went through, he had to do civil and building instead of plumbing because it was not available at that time.

What also stood out is the fact that all the participants were not that concerned about their businesses not being registered. The issue of registering was something that seemed to be a waste of time because of the tedious process it entailed. They were more concerned about the availability of training centres within the local area. Another concern that they brought up was about the idle youth within Soweto and they mentioned that their skills need to be

taught to the next generation. The recommendations that were brought up will be discussed in chapter five, but what is critical is that they were not concerned about government's economic empowerment interventions.

This group of entrepreneurs gave more attention to what could be improved for small construction businesses in Soweto, instead of what the government has done wrong. I found this to be a very positive mentality. In as much as they did talk about issues of corruption within the public sector, they have come to a point where they acknowledge that this issue of corruption is bigger than them (Chipkin and Meny-Gibert, 2011). Therefore, they are giving their time to creating their own networks and bettering their skills. However, what could be dangerous here is that they could easily become part of this corrupt structure. Why such an allegation is being made is because the public sector is responsible for registering these businesses. The New Business Bill that was placed in April 2013 indicates that every business (formal or informal) should register in their local municipalities (SME Toolkit, South Africa, 2015). Some of the participants point out how long it takes to register and that at times they have to do it in Pretoria, it shows that this Bill is not being followed through. As a result out of frustration the business owners will have to give the local official money in order to get a quicker way of registering. This ends up making the business owners comply with the corrupt structure.

Networks are also another important to these business owners. It was highlighted in the group discussions that the training centres must offer the trainees practical work as well as a start-up job. The Believer is one of the business owners that were given six months practical training where he got to learn how to do hands-on work. This is a very critical point because it adds on to what was discussed in chapter two. It was emphasised that there is a need for entrepreneurial should not be disputed. However, after this fieldwork it was made clear to me that practical education is as important. This a point that Makura (2008) also highlights in her book, *South Africa's Greatest Entrepreneurs*, that most of the successful entrepreneurs has no special education, but all they had was drive (CNBC Africa, 2010). As a matter of fact drive is what gets people connected and gets them exposure in their field of work. Therefore emphasising on entrepreneurial education alone does not suffice. The small group discussions that were conducted led to a number of suggestions being made and these will be discussed and analysed in the following chapter.

As a result, my own understanding of the literature discussed in chapter two has also changed. This is because of the discussion I had with the participants and my continuous research within the construction business sector in townships. Therefore, the relationship between the different concepts has slightly changed, resulting in a new conceptual framework diagram.

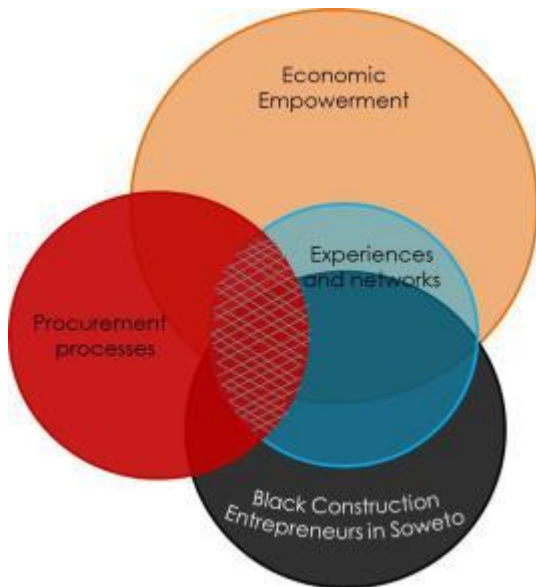


**Figure 4 26:** (top left) *Conceptual framework* – This diagram is the initial diagram that us presented in chapters one and two. Once again it is presented in this chapter for comparative purposes.

**Source:** Dladla, 2015

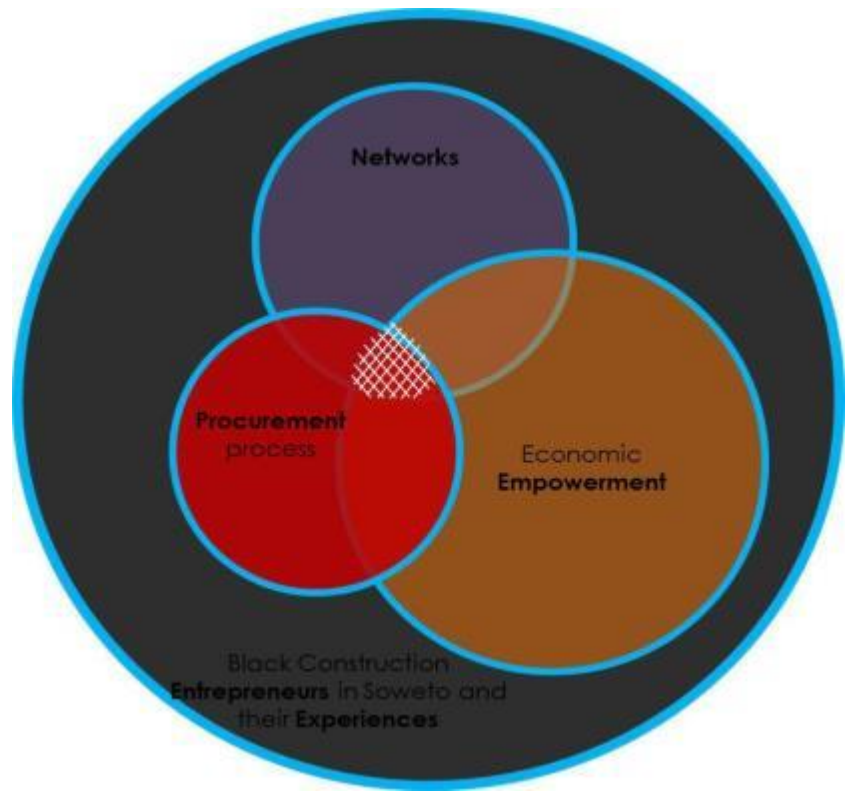


**Figure 4 25:** (top right) *Revised Conceptual framework* – The new conceptual diagram shows the revised conceptual framework and this diagram depicts how the relationships between the different concepts. The manner in which these concepts have been arranged is based on the research findings.

**Source:** Dladla, 2015.

The concept economic empowerment remains the same, in the sense that it is still the major concept. This is based on the research question that looks at the impact of the economic empowerment policies at a local scale. As a result, the impact of economic empowerment was to be explored within the experiences of the construction business owners in Soweto. Procurement processes were also meant to be looked at in relation to what these business owners have experienced. Instead of the experiences of the business owners being placed separately, it has been made clear that their experiences are as a result of what takes place when the other concepts are materialised in reality and how they are affected. This is because the experiences of an individual are intrinsically linked to the location that they are in at that particular moment; the manner in which they forge networks and the contribution or the lack thereof of economic empowerment. The blue circle that was meant to represent experiences has now been replaced by blue rings around every concept. Throughout the interviews it has been mentioned how important networks are. Therefore this revised conceptual framework indicates that the experiences of the construction entrepreneurs could be well understood through these three concepts. it also has networks as a separate concept, indicating how important they are

#### **4.6.1 Entrepreneurship**

The conversations that took place with the Soweto business owners proved that it is hard for an entrepreneur to have a well-established business if they expect to be boosted up by empowerment strategies in South Africa. This firmly supports Mahabane's (2007) argument on how economic empowerment was not the ANC led-government's priority initially. The government was mainly keen on creating a black capitalist society and it gave the responsibility of empowerment to the private sector (Mahabane, 2007). The life stories of these construction business owners have indeed indicated that waiting on the government to do something is unfortunately time wrongly invested.

Mahabane (2007) explicitly accounts how Mostepe seemed to have effortlessly climbed the business ladder. He further details that Motspe's business deals were profoundly for commercial purposes and empowerment purposes were hardly the reason. Motsepe's success has been evidently pushed forward by the private sector; now when looking at small scale businesses, it is not likely that the private sector could openly invest in them because it is not guaranteed that it would profit from such investments. Considering this, the elasticity and growth of these small construction business owners is eventually short-lived. It is true that there are businesses that have benefited from economic empowerment strategies, but have gained through the use of political power (Southall, 2007). Political power is not the only way in which some entrepreneurs have succeeded, but their full ownership of certain assets has given them more leverage (Mahabane, 2007). If one therefore has no political power or ownership do they then qualify to be part of the black capitalist society?

What these stories also reveal about being an entrepreneur in the construction sector, is that there is a high level of competition with the existence of well-known companies such as Murray and Roberts and Big Five. The competition for small business is to be sub-contracted with these large companies, but the reality is that these high ranked construction companies will give contracts to compatible sub-contractors. This business is clearly not about giving new people chances to prove themselves, which is very unfortunate because it closes opportunities for aspiring entrepreneurs. In as much as the state of South Africa claims to have a liberal market method, it is disputably distributing economic opportunities according to class and political connection (Mahabane, 2007). This therefore, results in the perpetuation of separation.

#### **4.6.2 Procurement**

What was intriguing throughout the findings was that the entrepreneurs interviewed had an understanding of what procurement is. In one of the focus groups it was disclosed that the government has indeed placed strategies that could help black seeking entrepreneurs to

speed up their development process. They also observed that these strategies are implemented, but do not target the right people. In the context of South Africa it is a predicament that entrepreneurs that are still in the initial stages of forming their businesses have very little options for alternatives. This is because the alternative to government is the private sector that also has its restrictions.

#### **4.6.3 Networks**

Having discussed the different contexts in which networks are created in chapter two, the findings have given rise to a different translation of how networks are formed and why they are important. The reason why these business owners establish networks is because they all have the need of maintaining and growing their businesses. Looking at the business owners that were interviewed, it could be argued that society regards these business owners as people within the previously disadvantaged population of the country. In this regard, their position as the vulnerable or disadvantaged has allowed them to find aid from entities such as, SIZA Capital or to join black business forums. For example, some of the participants such as the Jetsetter and the Believer have used the position given to them by society to their advantage, where they have made connections with people who have the ability to exercise their power to get things done. Considering the arguments placed by Innes and Flyvbjerg and Richardson (2002) in chapter two, it could be said that these business owners are working within a network of positionality. This is because upon entering business forums or being beneficiaries to private entities, they have to become stakeholders within those bodies. Therefore, they must be considered in decisions that are to be made in these networks. However, people like the Hustler regard themselves as powerless and this is why he has not tried to establish networks beyond connecting with his colleagues.

#### **4.7. Conclusion**

In conclusion, the findings did eventually change my views on what is important within the construction business industry. Within the interviews conducted, networks were emphasised. Based on this fieldwork, one could determine that economic empowerment interventions have not made a great impact on the small construction business sector in Soweto. This is because the set interventions have not been followed through in reality and clearly not everyone has been exposed to these interventions. It could be debated that only one out of the five participants benefitted from Preferential Procurement, where he was hired by the major contractor for the development of Orlando Stadium. The profiles of these construction business owners have portrayed that the government's economic empowerment strategies are still far-fetched ideas for others. However, these construction businesses owners are empowering themselves. What made this process enlightening is that these men have the

skills, the passion and the qualifications and what they are asking for is not money, but for projects as sub-contractors. It is ironic that these entrepreneurs still need jobs from major contractors if they want to succeed greatly, which makes this business sector very complex. This is because they need to be recognised in their own industry and the question is; how do they reach the point of recognition and what are the criteria for this recognition?



*Bridging the Gap between Reality  
and Theory*

### 5.1. Experience is always the best teacher

It is always said that experience is the best teacher and taking part in this research has resulted in many lessons being learnt. This research has shifted my perception about a number of things and these will be later discussed in this chapter. It is for certain that people take part in research with a form of knowledge about certain things. However, the commonality is that one could change their perception about certain things after doing research. This chapter will highlight all the lessons that were learnt in this research. It will reflect on the research question and the conceptual framework of this study. Conclusions on the context of this study as well as the findings will be made. Lastly, recommendations will be made that will serve as the final conclusion to of this research.

### 5.2. Everything Is Not As It Seems



**Figure 5.1:** (Left) *Leaves in the form of a bird* – this picture shows that there are different ways of seeing something.

**Source:** Awesome Inc. © 2015 from

<http://how-----to.blogspot.co.za/2012/05/faces-hidden-in-paintings-hidden.html>

The most important lesson learnt through doing this research this research is that time is of the essence. Moreover, the fact that this research was based on the true life stories there was a need for sensitivity and flexibility, where one had to work around the participant's time. In as much as this study was well prepared for before its initiation, alterations had to be done. For example, all but one of the business owners that were interviewed are under the survivalist type of business, as this was anticipated in the beginning (see definition in chapter one). The population sampling also changed due to the availability of the participants. This shows how important it is for the researcher to be flexible. To add, being open and informal in the conversations I had with the participants made them more open to share their stories with me. Since this study focused on a small group of people, the danger within my analysis would be making large assumptions. However, bearing in mind that this research was to understand the impacts of economic empowerment onto an individual was a continuous guide for me to avoid generalising. On the other hand, working with a small group of people was enlightening in the sense that one gets to understand that people interpret certain concepts according to their own context.

### 5.3. Is Storytelling Worth It? – Unpacking the research question



**Figure 5.2:** (Left) *Storytelling* – this picture demonstrates that storytelling is similar to giving an individual knowledge about another person's experience.

**Source:** Powerful Training © 2015 from <http://www.powerfultesting.net/the-art-of-storytelling/the-art-of-storytelling-2/>

The main aim of the research question was to look at the impacts of economic empowerment within the construction sector in South African townships. The method employed was the use of portraits of business owners that unpacks their daily dynamics. It could be argued that the portraits did not focus on the impacts of economic empowerment strategies provided by the state. This does not mean that the participants were oblivious of government's set strategies. What this indicates is that the capacities of these set interventions and strategies seem not to be targeting the people that are in need of them. This is why some of these small businesses continue to be survivalist businesses and not grow. Having the opportunity to talk to these business owners pointed out what the real issues of economic empowerment are at local level. The reality that economic empowerment interventions are not reaching such business is an impact in itself. This simply means that these business owners are negatively impacted.

It was efficient to use the method of using portraits to analyse the day-to-day experiences of business owners and economic empowerment. This is because portraits give more detail about certain things. Each portrait had its own interpretation of how business in the construction sector is. With these different stories one get to create a timeline of the person's story in conjunction with what the government did at that particular time. For example, The Jetsetter highlights that the government did provide a training centre and he took the opportunity to learn. However, there are people like The Believer who took the opportunity of being trained at a later stage. On the one hand, it could be argued here is that the government does make economic empowerment interventions available for aspiring business owners, but what makes these interventions seem invisible to the public could be caused by personal constraints (this is taking into account constraints such as, poverty and the lack of information). On the other hand, the government may arguably be providing incomplete incentives that leave the beneficiary halfway. For example, once a person has been trained there is no guarantee that they will immediately sign a contract with a main contractor. In a nutshell compiling portraits led to not having a biased view about the

government. Instead it brought together the social (life experiences) and the political (policy), which could have been a different case if one, used a quantitative method (see, Philip, 1998: 265).

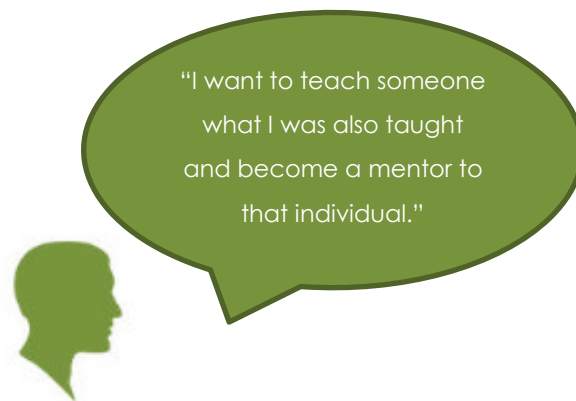
#### **5.4. Conclusions on findings**

What was common throughout the interviews was that the business owners did not have any trust for the government. This is because of the incomplete incentives they have seen the government provide. In addition, the training centres that are available do not provide a holistic entrepreneurial understanding for the trainees. For example, there is no training on the administrative activities of businesses or how one could form networks that would yield positive results for the business. It is true that most things are best learnt in practice, but having workshops on these small activities within a business could help in the long run. It was also observed that business owners no longer search for up-dated information about what the government is doing to improve the construction sector. However, within the joint discussions, they shared information amongst each other. The conversations that took place within the joint interviews led to a conclusion that networks are essential to the business sector.

Three out of the five business owners that were interviewed had weak connections and it is evident that this has affected the growth of their businesses. The Jetsetter's business was the only businesses that had networks with private entities, such as Siza Capital and consequently he is able to get jobs. As a result, the jobs that the Jetsetter got became beneficial to his other fellow businessmen. This therefore shows that the Jetsetter's networks have served as networks for other business owners. Evidently, it is the networks they forge that help them get jobs and stay active in the business sector. It is interesting to know that the government finds the solution to be "up-skilling" subcontractors (PricewaterhouseCoopers, 2013). This is interesting because the government is already providing this "up-skilling" training, yet it has not provided opportunities for these business owners to get better projects and networks.

All the business owners that were interviewed showed concern for the youth of Soweto. These business owners are all in the middle-aged group and they pointed out that they would be more than willing to pass on their knowledge to the next generation. Their focus on the youth demonstrates that these business owners are looking for a solution instead of focusing on what has gone wrong. This seems like a way forward for the next generation; however it was pointed out that the youth are not really interested in starting careers in construction. This is arguably because they have not been educated about construction and the opportunities it has. This also highlights that these business owners want to be involved in improving their community. It was mentioned in chapter four that most of these business owners chose to be entrepreneurs because it was the only way out of poverty and

unemployment. But finding a deeper meaning in their stories made me realise that they want to create a better Soweto for themselves and their children. This is evident from what the Traditional Trader said:



The discussions I had with the business owners led to the curiosity of the relationships between main contractors and sub-contractors (not specifically the interviewed business owners). The main concern was whether these two did have a relationship to begin with and the overall compliance culture of the main construction companies helped in answering this. A good way to investigate this was to look at the competition compliance of the main contractors. This is because the competition compliance will disclose where the companies' priorities are because the BBEE compliance only gives what is expected of these companies. The completion compliance looks at anti- completion, that entails bid-rigging, price fixing and more (COMESA, 2015). According to PricewaterhouseCoopers (2013), all the main construction companies stated that their main aim is to do compliance trading, except for Group Five. Group Five highlighted that they would focus on,

"...wider and equal participation in the industry from aspirant black construction entrepreneurs." (PricewaterhouseCoopers, 2013: 21).

This could lead to the conclusion that these companies are not interested in helping aspiring black entrepreneurs within spaces such as Soweto or forging a relationship with them. Some of the interviewed business owners support this argument, as they explained that the main contractor for the indoor sports facilities project in Orlando East was not hiring local construction businesses as sub-contractors. Eventually, such scenarios become a controversial matter that the government can only intervene through follow-up policies.

### 5.4.1 The Presence of the State



**Figure 5.3:** (Left) *The Presence of the State* – One could ask whether the government is involved in the economic processes that are to help benefit the public.

**Source:** Dladla, 2015

According to the findings and the research conducted for this report, the existence of the state is one thing that is complex. The reason for its complexity is because the business sector is one that is known for the minimal involvement of the government. However, one could argue that in a country such as South Africa there would be a need for the public sector and private sector to work together to assist the previously disadvantaged in being involved in the economy. In relation to what was discussed in the interviews, it seems as though the government is not fully committed to seeing how economic empowerment pans out at a local scale. For example, the B-BBEE was meant to empower all black people, particularly women, youth the disabled and people in rural areas (Broad-Based Black Economic Empowerment Amendment Act, 2013). Moreover, the amended Act specifies that the government will help increase effective economic participation and black-owned and managed enterprises, as well as provide access to financial and non-financial support (Broad-Based Black Economic Empowerment Amendment Act, 2013). This however, is not entirely evident in the stories of the individuals interviewed. The timeline below indicates that there is a large disparity between the written word and practicality, when it comes to economic empowerment. This indicates that the involvement of the state varies in the different chapters of business owners. For instance, a business owner encounters the government's assistance when trying to maintain their businesses differently from when they are in the initial phases of establishing their business.

It could be argued that the B-BBEE did not look closely at the how all the set goals would reach the people it needed to reach. Moreover, in the context of such an Act the government needed to be present in every stage, especially because the B-BBEE was meant to reach people that were excluded from the economy for a long time. It has been stated in chapter two that there are some countries where economic empowerment is driven by the community and in others where the state is the main driver. Consequently, the ANC-led government chose to be the main driver of economic empowerment; therefore its presence needs to be felt throughout the process. Looking at how the stories unveil the outcomes of

economic empowerment, the state has not been present throughout the process. It should be made clear that the government is essential to economic empowerment processes and not to the business itself. Arguably, the state has no say in how a business is run, but it could have a say in terms of providing avenues for the disadvantaged to be involved in the economy.

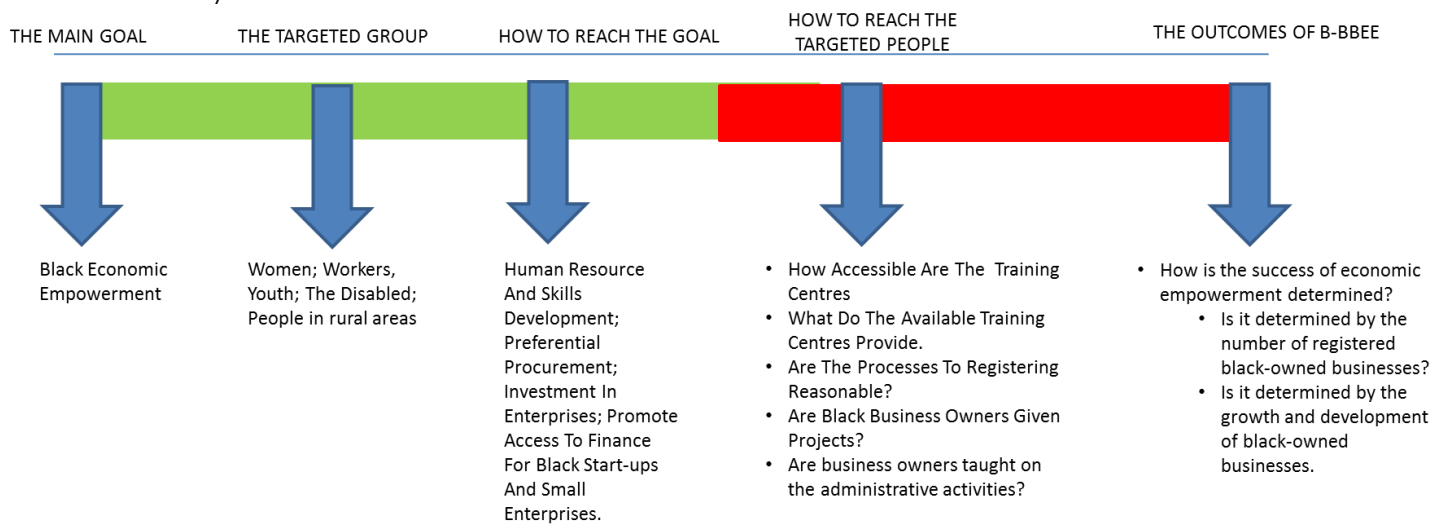


**Figure 5.4:** (Above) *The B-BBEE assessment* – This timeline indicates where the B-BBEE seemed to have lost contact. The red line indicates that the B-BBEE did not further look into how it was going to reach the targeted people and this is evident in the stories told by the business owners interviewed. The green line shows that this Act gave a clear indication of what the main goal was.

**Source:** Dladla, 2015.

## 5.6. The way forward

By looking at the conclusions that have been made above, one could conclude that the construction business sector is not working for everyone within it. Trevor Manuel (News24, 2015) posits that there is a need for one business voice that will look at the needs of all business sectors. To some extent this is true, but what one could contend that the problem is within the concept of ownership, where ownership is still not open to the previously disadvantaged (Mangcu et al. 2007). Shubane (Mangcu et al., 2007) further argues that the idea of placing policy on capital accumulation for black people is biased when white people are not given similar restrictions. What the people in power seem to be doing is participating in trying to make the country's social and economic issues better, yet their participation is to protect their own interests (Mangcu et al., 2007).

In spite of this there are some people in power that want to improve the economic status of the country, especially in townships. I attended the latest Infrastructure Dialogues session at the Development Bank of South Africa and this dialogue was themed 'Township Economies'. Their discussions on how township economies are better. The head of Neighbourhood Development Programme at National Treasury, David Van Niekerk stated that the

establishment of Transit Oriented Development would help in making everything accessible. He also added that TODs would improve the infrastructure in townships and it has been proven in places like Orlando. Through this infrastructure urban hubs could be developed and they could serve as economic spaces for local business owners. Van Niekerk (2015) elucidated that the urban hubs will be established through spatial targeting – which is directing certain development towards a certain location (Todes, 2013). This was a profound recommendation, as these urban hubs would create new spaces within townships for business owners to have their businesses located there. The benefits of having a business located within an urban hub would be accessibility and better marketing. Furthermore, it will become easy for business owners to network with each other in the same area. One could argue that these spaces exist such as Maponya Mall, but Van Niekerk (2015) mentioned that these urban hubs are to help create an agglomeration of small businesses only.

Mr Matodzi Rathumbu, the Chief Director for Economic Planning (under Gauteng Department of Economic Development) pointed out that townships should be considered as consumer hubs and not production hubs. One could determine that he is for the development of small businesses in townships, rather than having bigger businesses. This way the small businesses that already exist in the area should not be shut down due to bigger businesses entering the area. He pointed out that the provincial government did a road show and facilitated discussions with local business owners in townships. He also mentioned that this helped them as the government to get information on what they business owners need. As someone who has also had a few discussions with these business owners I would not consider this as a recommendation. This is because such 'invited spaces' give a general understanding of what is needed. In most cases certain people dominate such discussions and others are left out. Instead, the government should create platforms where different business owners come together to network. An individual business owner knows what they need; therefore they will go directly to the next individual who will help them. What is positive about such platforms is that they will be more about proactive. In essence that is all that is needed, especially if the businesses owners are determined to work and stabilise their businesses.

The second most important recommendation in this case would be for all spheres of government to work together in supporting local municipalities in making the training centres more robust and incorporate practical training or internships for the trainees. Local municipalities should target the youth in these townships and the only way to get their attention is through interesting information days (promotions) and having a variety of courses to do. One way in which the youth could be attracted to this is by local municipalities initiating competitions like Hong Kong. Entering these entrepreneurial competitions should be made free for all to have an equal opportunity to participate. Another way to reach out to

the youth is by creating entrepreneurial education camps, where youths from different communities and backgrounds meet. Such created spaces can be beneficial in the long run – where the youth will learn to network amongst themselves. This therefore links education and tacit knowledge together.

### **5.7. Conclusion**

In all contexts of South Africa, the most important thing is to work on changing the mind-set of people. This is the only way change could be instilled and this could help in making the economy better. However, it has to start within the social aspect then everything else will balance. Most importantly, government should consider that it needs to gain back the trust of its citizens. Once trust is built, better communication will take place. If the government and its citizens have a good relationship, this will be manifested in the different programmes and plans of the country, such as the Spatial Development Frameworks and Integrated Development Plans. For this to take place, the mind-set of both government officials and the public needs to change. When referring to the changing of mind-sets, this does not mean that people should be brainwashed into embracing modern ideas that only perpetuate division – which is what Mignolo (2011) calls coloniality. Looking at how planning could contribute in changing people's mind-sets in the context of South Africa could possibly start with more open governance, which looks beyond policy holistically incorporating communities (Salter and Jones, 2006).

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## Annexure A

### Formal Informed Consent Form

Dear participant, my name is Nomathemba Dladla and I am a student at the University of Witwatersrand, currently doing my Honours in Urban and Regional Planning. As a student I will be conducting a form of research in the area of Soweto, specifically, Orlando East, Orlando West, Medolands and Dopsenville. My research is based in the profiling of black business owners of SMMs in these areas. Therefore, I would like to ask for your permission to take pictures of you as the business owner and picture of your shop. Additionally, I will have to record the interviews that we have. This will be of benefit in the sense that it will help in getting accurate quotes. Therefore, I kindly invite you to participate in this research, as each and every interview is significant. Partaking in this research will not expose you to any risk; however, confidentiality is not guaranteed. The reason why confidentiality is not guaranteed is because the findings will be published in the University of Witwatersrand. However, the benefit of taking part in this research is that you gain will recognition as a growing small business owner. I will consult with you once I have edited the report for you to have the opportunity to amend, complement and comment on the draft. For further information please contact Nqobile Malaza my supervisor at (011) 717 7724 and myself at 071 323 8838.

Consent:

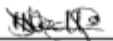
I GERALD HLATSHWAYO fully and willingly/ voluntarily agree to partake in this exercise. I understand that this information will be used for the profiling of business owners. I also understand that this information will be shared with various institutions.

Signature of Interviewee: 

Date: 14/08/15

Witness:

Name: \_\_\_\_\_

Signature: 

Date 14/08/15

### Formal Informed Consent Form

Dear participant, my name is Nomathemba Dladla and I am a student at the University of Witwatersrand, currently doing my Honours in Urban and Regional Planning. As a student I will be conducting a form of research in the area of Soweto, specifically, Orlando East, Orlando West, Medolands and Dopsenville. My research is based in the profiling of black business owners of SMMs in these areas. The purpose of this research is to focus on the daily forces at work within these businesses and on the understanding of the space economy of Soweto. This information will be of assistance towards the formulation of the businesses owners' profiles. Therefore, I kindly invite you to participate in this research, as each and every interview is significant. Partaking in this research will not expose you to any risk; however, confidentiality is not guaranteed. The reason why confidentiality is not guaranteed is because the findings will be published in the University of Witwatersrand. However, the benefit of taking part in this research is that you gain will recognition as a growing small business owner. I will consult with you once I have edited the report for you to have the opportunity to amend, complement and comment on the draft. For further information please contact Nqobile Malaza my supervisor at (011) 717 7724 and myself at 071 323 8838.

Consent

 fully and willingly/ voluntarily agree to partake in this research and I acknowledge that this information is accurate. I understand that

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Consent

I ZANDILE MESHACK SITHOLE fully and willingly/ voluntarily agree to partake in this research and I acknowledge that this information is accurate. I understand that this information will be used to inform the profiling of business owners. I also understand that this information will be shared with various institutions.

Signature of Interviewee: [Signature]

Date: 26/09/15

Witness:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Formal Informed Consent Form

Dear participant, my name is Nomathemba Dladla and I am a student at the University of Witwatersrand, currently doing my Honours in Urban and Regional Planning. As a student I will be conducting a form of research in the area of Soweto, specifically, Orlando East, Orlando West, Medolands and Dopsenville. My research is based in the profiling of black business owners of SMMEs in these areas. Therefore, I would like to ask for your permission to take pictures of you as the business owner and picture of your shop. Additionally, I will have to record the interviews that we have. This will be of benefit in the sense that it will help in getting accurate quotes. Therefore, I kindly invite you to participate in this research, as each and every interview is significant. Partaking in this research will not expose you to any risk; however, confidentiality is not guaranteed. The reason why confidentiality is not guaranteed is because the findings will be published in the University of Witwatersrand. However, the benefit of taking part in this research is that you gain will recognition as a growing small business owner. I will consult with you once I have edited the report for you to have the opportunity to amend, complement and comment on the draft. For further information please contact Nqobile Malaza my supervisor at (011) 717 7724 and myself at 071 323 8838.

Consent:

I SIYABULELA NDOYI DO fully and willingly/ voluntarily agree to partake in this exercise. I understand that this information will be used for the profiling of business owners. I also understand that this information will be shared with various institutions.

Signature of Interviewee: [Signature]

Date: 13-09-2015

Witness:

Name: \_\_\_\_\_

Signature: [Signature]

Date 13/09/2015

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Dear participant, my name is Nomathemba Dladla and I am a student at the University of Witwatersrand, currently doing my Honours in Urban and Regional Planning. As a student I will be conducting a form of research in the area of Soweto, specifically, Orlando East, Orlando West, Medolands and Dopsenville. My research is based in the profiling of black business owners of SMMEs in these areas. The purpose of this research is to focus on the daily forces at work within these businesses and on the understanding of the space economy of Soweto. This information will be of assistance towards the formulation of the businesses owners' profiles. Therefore, I kindly invite you to participate in this research, as each and every interview is significant. Partaking in this research will not expose you to any risk; however, confidentiality is not guaranteed. The reason why confidentiality is not guaranteed is because the findings will be published in the University of Witwatersrand. However, the benefit of taking part in this research is that you gain will recognition as a growing small business owner. I will consult with you once I have edited the report for you to have the opportunity to amend, complement and comment on the draft. For further information please contact Nqobile Malaza my supervisor at (011) 717 7724 and myself at 071 323 8838.

#### Consent

I SONDELAN SITHOLE fully and willingly/ voluntarily agree to partake in this research and I acknowledge that the information is accurate. I understand that this information will be used to inform the profiling of business owners. I also understand that this information will be shared with various institutions.

Signature of Interviewee: SAR

Date: 14/09/2015

Witness:

Name: SONDELANI

Signature: [Signature]

Date: 14/09/15

**Annexure A 2: Table showing the services provided by the Business Place in Diepkloof, Soweto.**

| FRANCHISE NAME: MAJESTY |                                                  |                   |                  |
|-------------------------|--------------------------------------------------|-------------------|------------------|
| CM                      | SERVICES                                         | BEFORE TAX<br>14% | AFTER TAX<br>14% |
| PC                      | New Company (PTY)                                | R795              | R906             |
|                         | Company Name Change                              | R500              | R570             |
|                         | Add Director                                     | R250              | R285             |
|                         | Remove Director                                  | R250              | R285             |
|                         | Change of Auditor                                | R250              | R285             |
|                         | Change of Address                                | R250              | R285             |
|                         | Conversion CC to PTY                             | R650              | R740             |
|                         | Conversion Private to Public                     | R5000             | R5700            |
|                         | Conversion Public to Private                     | R5000             | R5700            |
|                         | Annual Returns (Per Year excluding<br>CIPC fees) | R350              | R400             |
|                         | Certificate Re-Print                             | R100              | R114             |
|                         | Shelf Company                                    | R1200             | R1368            |
| SARS                    | Income Tax Registration-Company                  | R650              | R741             |
|                         | Income Tax Registration-Individual               | R650              | R741             |
|                         | Tax Clearance Certificate                        | R650              | R741             |
|                         | PAYE Application                                 | R350              | R400             |
|                         | UIF Application                                  | R350              | R400             |
|                         | SDL Application                                  | R350              | R400             |
|                         | PAYE-UIF-SDL                                     | R1050             | R1197            |
|                         | Tax Return IT12/IT14 ( Please supply<br>AFS)     | R850              | R970             |
|                         | VAT Application                                  | On Appointment    | On Appointment   |
| LABOUR                  | WORKMANS COMPENSATION/Letter of<br>Good Standing | R550              | R630             |
|                         | UIF                                              | R550              | R630             |
| ORGANISATIONS           | NPC                                              | R900              | R1026            |
|                         | NPO                                              | R1000             | R1140            |
|                         | NGO                                              | R1000             | R1140            |
|                         | CO-OP                                            | R1000             | R1140            |
| ADDITIONAL              | CIDB                                             | R900              | R1026            |
|                         | CIDB+SHARE CERTIFICATE                           | R1200             | R1370            |
|                         | SHARE CERTIFICATE                                | R100              | R114             |
|                         | BBBEE CERTIFICATE (EME)                          | R750              | R855             |
|                         | BBBEE CERTIFICATE (QSE)                          | On Appointment    | On Appointment   |
|                         | BBBEE CERTIFICATE (Generic<br>Scorecard)         | On Appointment    | On Appointment   |
| ACCOUNTING              | ANNUAL FINANCIAL STATEMENTS                      | On Appointment    | On Appointment   |
|                         | AUDIT                                            | On Appointment    | On Appointment   |
|                         | MANAGEMENT ACCOUNTS                              | On Appointment    | On Appointment   |
|                         | BOOKKEEPING                                      | On Appointment    | On Appointment   |
|                         | BUSINESS PLAN                                    | On Appointment    | On Appointment   |
|                         |                                                  |                   |                  |

## **Annexure B:**

### ***Annexure B 1: Questionnaire for individual profiles***

#### **Personal information:**

1. Name and surname:
2. When were you born and where?
3. If not originally from Soweto:
  - a. Where are you from originally?
  - b. When did you settle in Soweto?
  - c. Why did you settle in Soweto?
4. Age:
  - 21 – 26
  - 27 – 35
  - 36 – 40
  - 41 – above
5. Gender:    male                  female
6. What is your household income at the end of each month?
7. Are you the bread-winner in your family?
8. How many people do you provide for?
9. What is your level of education?
  - Tertiary
  - Matric
  - Secondary
  - Primary
10. Do you currently live in this area or you travel here for work purposes?
11. When was your business established?
12. When did you start being an entrepreneur? Why did you choose to do this?

**Business information:**

13. (if you did not do anything linked to business management) Did you have any prior knowledge of entrepreneurship of business before starting this business?
14. Did you have any training on entrepreneurship?  
  
If you did, who facilitated this form of training?
15. Were you once involved in any procurement training, if you were made aware of them?
16. Please give a background of how you started this business?
17. Do you have any other business besides this one?
18. How many employees do have and what are their responsibilities?
19. Where do you get your stock from?
20. Is there always supply of and a demand for your stock?
21. What makes your business unique?
22. What challenges have you faced in terms of starting and maintaining this business?
23. Please tell me the outstanding achievements of your business.
24. Is your aim to grow this business into other areas or your focus is on maintaining the current structure of your business?
25. How has the location of your business affected you?  
  
Is this location ideal for your business?

**Networks:**

26. Do you have any connections with other business people in Soweto and outside of Soweto?  
  
If you do, how is your relationship with these other businesses?
27. Have you worked for a business owner before? / have you been employed before?

28. How did you get to start this business?

29. Who helped you start this business (public or private entity)?

### ***Annexure B 2: Questions for the focus groups interview***

1. Do have a relationship with any of the other business owners?

If so how long have you had this relationship?

Have these relationships benefited you?

2. As business owners what do you think you could do to establish better networks with one another?

3. Before starting your business did you know any other people who have established a similar business?

4. Were you familiar with any set government interventions of economic empowerment?

If so did these interventions and strategies help you establish this business?

5. Besides the interventions and strategies of the government, where there any other means that helped successfully establish your business?

6. What are the positive and negative factors of having a small business?

7. As business owners do you know of any workshops and seminars on entrepreneurship and have you made use of them.

8. What is your view on the institutional capacity of improving economic opportunities for black South Africans?

9. As an entrepreneur how do you perceive your role in a society as diverse as Soweto?

10. How do you view the role of small businesses in Soweto and in South Africa? Do they have a future?

11. What is your opinion on economic empowerment policies such as the B-BBEE? Have they been beneficial or detrimental and how?

12. What do you think is the way forward to making black South Africans gain more exposure to the business world?

13. Besides the interventions of the state to help uprising entrepreneurs as business owners are there people that you are personally training within this sector?

### **Annexure B3: Results of questionnaires**

#### **Age:**

**21 – 26:** 0  
**27 – 35:** 0  
**36 – 40:** 4  
**41 – Above:** 1

#### **Gender:**

**Male:** 5  
**Female:** 0

#### **What is your level of education?**

**Tertiary:** 1  
**Matric:** 1  
**Secondary:** 3  
**Primary:** 0

#### **Household income per month**

**Respondents1:** R 5000  
**Respondent 2:** R 7000  
**Respondent 3:** R 5000  
**Respondent 4:** varies  
**Respondent 5:** did not share

#### **Transcripts:**

##### **Respondent 1:**

#### **Where were you born?**

Soweto, but originally from Pietersburg, Limpopo

#### **Are you the bread winner for your family?**

Yes

#### **How many people do you provide for:**

Two children, the mother of his children and his family

#### **Are you part of a board for construction workers?**

Yes, CIBD

**When did you start being an entrepreneur? Why did you choose to do this?**

1996, started because it was what he wanted to do, not to work for anyone

**(If you did not do anything linked to business management) Did you have any prior knowledge of entrepreneurship of business before starting this business?**

**Did you have any training on entrepreneurship?**

No, the government has not done much for this business. It is only the private sector that has helped in establishing this business (SIZA Capital).

**Were you once involved in any procurement training, if you were made aware of them?**

No, I have only learnt more about procurement as I have been working. The government has not provided any workshops concerning procurement.

**Please give a background of how you started this business?**

- ✚ Started business in 1996 after receiving training from the Builder's Training Centre
- ✚ Worked under the construction of Maponya Mall for three months
- ✚ Worked other jobs to gain enough money to buy equipment
- ✚ Officially started Lungaligugulthu Construction in 2007
- ✚ He was part of the construction in Orlando Stadium
- ✚ Registered company in 2012
- ✚ Received grading certificate from CIDB
- ✚ Was involved in the BRT construction in Soweto
- ✚ He was involved in project in Thokoza Park

**Do you have any other business besides this one?**

No, Lungaligugulethu is a priority currently

**How many employees do have and what are their responsibilities?**

He had four people working for him but this became difficult and hard to manage. As a result, he now has one person he works with.

**What makes your business unique?**

He is properly skilled in carpentry and he has the capacity to do indoor and outdoor work that requires a Carpenter.

**What challenges have you faced in terms of starting and maintaining this business?**

- ✚ Having little knowledge about the business sector as a whole makes one behind with the current matters.
- ✚ Customers not paying on time
- ✚ Other suppliers using cheap material

**Please tell me the outstanding achievements of your business.**

- ✚ Being part of the Maponya Mall and the Orlando Stadium projects.
- ✚ Receiving a CIDB grading certificate.
- ✚ Being able to get the machinery that was needed for his business.

**Is your aim to grow this business into other areas or your focus is on maintaining the current structure of your business?**

He wants to focus on maintaining this business; therefore something more manageable is better.

**How has the location of your business affected you? Is this location ideal for your business?**

No it is on one of the main roads in Soweto and it is accessible for people who use both public and private transport.

**Do you have any connections with other business people in Soweto and outside of Soweto?**

Yes

**If you do, how is your relationship with these other businesses?**

- ✚ He has been the one business owner that has helped his colleagues by letting them know about upcoming jobs for contractors.
- ✚ He has made connections with SIZA Capital that helped get capital for him to start his business. SIZA Capital is also helping him in compiling a portfolio with the different projects that Lungaligugulethu has done.

**Have you worked for a business owner before? / have you been employed before?**

Yes

## **Respondent 2:**

**Where were you born?**

Soweto, but originally from Mpumalanga

**Are you the bread winner for your family?**

Yes

**How many people do you provide for?**

Two children and his wife back at Mpumalanga

**Are you part of a board for construction workers?**

No

**When did you start being an entrepreneur? Why did you choose to do this?**

He started in 2001 because he did not want to work for anyone

**(If you did not do anything linked to business management) Did you have any prior knowledge of entrepreneurship of business before starting this business?**

**Did you have any training on entrepreneurship?**

No. The only way he knew about business is from the training he received at Leeukop Correctional Centre, in Bryanston.

**Were you once involved in any procurement training, if you were made aware of them?**

No, I have only learnt more about procurement as I have been working and talking with other business owners.

**Please give a background of how you started this business?**

- ✚ He started doing piece jobs by the year 2001
- ✚ He the officially opened his business in 2006
- ✚ He obtained skills on plumbing at Leeukop Correctional Centre

**Do you have any other business besides this one?**

No

**How many employees do have and what are their responsibilities?**

He has always worked alone except if the job that he found needed more people.

**What makes your business unique?**

He believes that his skill is what makes his business unique.

**What challenges have you faced in terms of starting and maintaining this business?**

- ✚ Corruption
- ✚ Customers not paying on time
- ✚ Not getting projects for long

✚ Transportation to the different sites becomes costly

**Is your aim to grow this business into other areas or your focus is on maintaining the current structure of your business?**

He wants to focus on maintaining and growing this business only.

**How has the location of your business affected you? Is this location ideal for your business?**

No has been inconveniencing for him to work from home because he not accessible for many people who would want to consult.

**Do you have any connections with other business people in Soweto and outside of Soweto?**

He has only had the help from Lungaligugulethu Construction with regards to networking his business.

**If you do, how is your relationship with these other businesses?**

Lungaligugulethu Construction has been helping find jobs, especially where a plumber is needed.

**Have you worked for a business owner before? / have you been employed before?**

No.

### **Respondent 3:**

**Where were you born?**

Soweto and originally from Soweto

**Are you the bread winner for your family?**

His sister helps him provide for their mother

**How many people do you provide for?**

Two children and mother who is a pensioner

**Are you part of a board for construction workers?**

No

**When did you start being an entrepreneur? Why did you choose to do this?**

He started in 2005 mainly because he was retrenched from the factory that had employed him in 2002.

**(If you did not do anything linked to business management) Did you have any prior knowledge of entrepreneurship of business before starting this business?**

**Did you have any training on entrepreneurship?**

The only form of training he received was from the George Thebe Training Centre for carpentry and from CIPRA.

**Were you once involved in any procurement training, if you were made aware of them?**

I have only learnt more about procurement as I have been talking with other business owners.

**Please give a background of how you started this business?**

✚ He received training from George Thebe Training in the late 1990s

✚ He specialised in carpentry and mechanics

✚ He also received training from CIPRA

✚ He then focused on carpentry alone

✚ Between 2005 and 2008 he saved money from the piece jobs that he had to buy himself tools

**Do you have any other business besides this one?**

No

**How many employees do have and what are their responsibilities?**

He has always worked alone except if the job that he found needed more people.

**What makes your business unique?**

He believes that his skill is what makes his business unique.

**What challenges have you faced in terms of starting and maintaining this business?**

- ✚ Corruption
- ✚ Customers not paying on time
- ✚ Not getting projects for long
- ✚ Transportation to the different sites becomes costly

**Is your aim to grow this business into other areas or your focus is on maintaining the current structure of your business?**

Since his business has been deregistered, he wants to focus on establishing it again.

**How has the location of your business affected you? Is this location ideal for your business?**

Not really. The location is not the only problem, but it is the fact that he has not done any projects under his business, so people do not know much about the Bagewu Trading.

**Do you have any connections with other business people in Soweto and outside of Soweto?**

He has only had the help from Lungaligugulethu Construction with regards to networking his business.

**If you do, how is your relationship with these other businesses?**

Lungaligugulethu Construction has been helping find jobs, especially where a plumber is needed.

**Have you worked for a business owner before? / have you been employed before?**

Yes. He is currently doing administrative work for another business owner (Itumeleng). He also work for a factory before in 2002 then he was retrenched from it.

**Respondent 4:**

**Where were you born?**

Soweto and originally from Limpopo

**Are you the bread winner for your family?**

Yes

**How many people do you provide for?**

5 people (his family)

**Are you part of a board for construction workers?**

No

**When did you start being an entrepreneur? Why did you choose to do this?**

He started in 1990. Immediately after Matric he was spotted by a professional plumber who personally trained him. This therefore became something that chose him.

**(If you did not do anything linked to business management) Did you have any prior knowledge of entrepreneurship of business before starting this business?**

**Did you have any training on entrepreneurship?**

The only form of training he received was from the professional plumber.

**Were you once involved in any procurement training, if you were made aware of them?**

He understands what procurement is all about, but he has never attended a workshop where the processes to procurement are discussed.

**Please give a background of how you started this business?**

- ✚ He was trained by a professional plumber for three years since 1989
- ✚ He obtained a wide variety of skills under plumbing
- ✚ He had the opportunity to work with another professional plumber from Zimbabwe

**Do you have any other business besides this one?**

No

**How many employees do you have and what are their responsibilities?**

He usually employs 3 people at the most.

**What makes your business unique?**

He believes that his skill is what makes his business unique, especially that he still does things in an old school method that does not really cost people but still gets the work done.

**What challenges have you faced in terms of starting and maintaining this business?**

- ✚ Corruption
- ✚ Not getting projects for long
- ✚ Transportation to the different sites becomes costly

**Please tell me the outstanding achievements of your business.**

- ✚ He has been involved in projects in Sandton
- ✚ He has done work in municipality buildings within Soweto
- ✚ He has done plumbing for many of the bed and breakfast businesses in Soweto

**Is your aim to grow this business into other areas or your focus is on maintaining the current structure of your business?**

He would love to expand his business to other parts of Johannesburg.

**How has the location of your business affected you? Is this location ideal for your business?**

The location his business is not a problem because he gets his customers through his older customers.

**Do you have any connections with other business people in Soweto and outside of Soweto?**

He has established his networks through his customers. One of his major customers was a bed and breakfast business owner who had asked him to do plumbing for his facilities. Since he did a phenomenal job the bed and breakfast business owner has been giving different people his contacts.

**If you do, how is your relationship with these other businesses?**

He has good relationships with other small construction business owners who are not plumbers. He did this on purpose in case he has big projects that need him to have a variety of contractor businesses.

**Have you worked for a business owner before? / have you been employed before?**

Yes. He is currently doing administrative work for another business owner (Itumeleng).

**Respondent 5:**

**Where were you born?**

Originally from Soweto

**Are you the bread winner for your family?**

Yes.

**How many people do you provide for?**

7 people (his wife and children)

**Are you part of a board for construction workers?**

No, but he is part of the Diepkloof Business Forum and the he received his certificate from the Companies and Intellectual Property Commission (CIPC)

**When did you start being an entrepreneur? Why did you choose to do this?**

He wanted to be an entrepreneur from the year 1998 this is because he was because the first company that he worked for was shut down, then he was retrenched from the second company that employed him.

**(If you did not do anything linked to business management) Did you have any prior knowledge of entrepreneurship of business before starting this business?**

**Did you have any training on entrepreneurship?**

He has attended meetings that have been held by Diepkloof Business forum and workshops that the Business Place in Diepkloof facilitated.

**Were you once involved in any procurement training, if you were made aware of them?**

He understands what procurement is all about and he has attended meetings the Business Place hosts.

**Please give a background of how you started this business?**

- ✚ He was initially trained as a plumber but his business never succeeded
- ✚ He then got to start a business with one of his friends; however the business failed due the tragic death of his business partner
- ✚ He then went to start another business but it also failed due to lack of projects
- ✚ From 2013 to 2014, he received training from Builders Training Centre to be a builder and not a plumber.
- ✚ The training centre then gave him and some of colleagues six months training
- ✚ In 2014 he got the opportunity to register his business through Joz@work and he registered his children as his partners

**Do you have any other business besides this one?**

No

**How many employees do have and what are their responsibilities?**

He usually gets one more person when he has a big project.

**What makes your business unique?**

The fact that he has added more on the skills that he has and this could enable him to get the job done.

**What challenges have you faced in terms of starting and maintaining this business?**

- ✚ Corruption
- ✚ Lack of networks
- ✚ Not getting projects for long
- ✚ Transportation to the different sites becomes costly

**Please tell me the outstanding achievements of your business.**

- ✚ He been part of the building of a school in Naledi, Diepkloof

**Is your aim to grow this business into other areas or your focus is on maintaining the current structure of your business?**

He wants to establish a business that is recognised all-over Johannesburg.

**How has the location of your business affected you? Is this location ideal for your business?**

His business is home based, but he wants to have it in another area, more preferably having an office in a business hub..

**Do you have any connections with other business people in Soweto and outside of Soweto?**

He has established his networks through the Business Place and Diepkloof Business Forum.

**If you do, how is your relationship with these other businesses?**

He has good relationships with other small construction business owners who are not builders. He did this on purpose in case he has big projects that need him to have a variety of contractor businesses.

**Have you worked for a business owner before? / have you been employed before?**

Yes. He worked in the maintenance and repairs department.