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The impact of CSI initiatives employed by the Contractor Academy at the Eskom Foundation

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368781

**A research article submitted to the Faculty of Commerce, Law and
Management, University of the Witwatersrand, in partial fulfilment of the
requirements for the degree of Master of Business Administration**

Johannesburg, 2019

Protocol number: (WBS/BA368781/752)

DECLARATION

I, Palesa Anna Mocoancoeng, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Signed at: Johannesburg

On the 27th day of May 2019

DEDICATION

This thesis is dedicated to my family, my mom (Bertha Mocoancoeng), brother (Karabo Mocoancoeng) and sister (Lerato Mocoancoeng) who have given me the love and support over the past two years and allowed me to immerse myself in this journey fully. Thank you for your prayers, your unconditional love and understanding of all the different phases in my life which I have come to be and pass as well as being my sanity points when I felt overwhelmed at times.

Thank you to my uncle and aunt (Lungi and Malefane Mocoancoeng) for always checking up on me and seeing if I need anything. Your love and support has meant the world to me over the past few years and have made this journey so bearable.

Thank you to my girlfriends who have been beyond supportive and loving on this journey. I thank you all for your understanding of my lack of participation in some conversations. Thank you for encouraging me along the way and for the random check-ins to see how I am feeling. Your love has been one of the sources of my happiness on a journey that sometimes felt more painful than enjoyable.

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ABSTRACT

The Eskom Contractor Academy is a programme initiated and customised by Eskom Foundation, in collaboration with EduPark and the University of Limpopo, to equip SME's in various sectors with the necessary business skills to enable them to run sustainably. This research aimed to investigate the impact of the Eskom Contractor Academy on SME development, since its inception in 2007/2008.

Thirty individuals were interviewed of which twenty seven were graduates of the academy, and three were facilitators and programme managers of the programme. The research methodology that was conducted was face to face and telephonic interviews. The study was done on graduates who graduated from the programme between 2007 and 2017, across seven provinces in South Africa.

The results from the graduates showed that out of the twenty-seven students who were interviewed, two of them are no longer in business which has resulted in a 92.5% success rate. The other results showed that graduates who completed the programme and are still in business had an increase in their company turnover from before they were in the programme to after their completion of the programme. Results also showed an increase in job creation, depicted by the number of permanent employees from before the programme to after the programme. Results showed continuation of operations by all graduates, except for the two graduates who were no longer in business. The SME's were able to diversify their businesses either within the same sector they were initially operating in, or into completely different sectors. The graduates from the academy acquired business management skills and further transferred skills to other staff in the business.

In summation, the investigation showed that the Eskom was successful in using CSI through the Eskom Development Foundation as a tool to help assist SME's in achieving continued operations. The study also revealed that the programme had a positive impact on the majority of the businesses, as evidenced by an increase in sales, continuation in operations, job creation and diversification.

Keywords: Corporate Social Investment (CSI), small, medium enterprises (SME's), National Development Plan (NDP)

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1. INTRODUCTION

1.1 Purpose of the study

The purpose of this study is to investigate the impact of the Eskom Contractor Academy programme on small and medium enterprises that are suppliers and contractors, which have graduated from the Eskom Corporate Social Responsibility (CSI) programme, the Eskom Contractor Academy.

1.2 Context

South Africa (SA), as a developing country, continues to face challenges in its economy, as a result of the struggles of the past which have contributed to an unequal society through high-income disparities. A high unemployment rate, poverty and lack of skills have been some of the challenges which SA has consistently struggled to overcome. SA sees itself facing an even more significant development problem through the high failure rate of SMEs.

SMEs have contributed over 50% towards South Africa's Gross Domestic Product (GDP) and have the potential to contribute even further, with the right amount of investment and support. Leboea (2017) quotes Millinoux (1997), stating that SMEs contribute more than multinationals in any nation towards employment.

The South African Government developed the National Development Plan (NDP) in 2012 which challenged citizens across the nation, including corporations, to be part of the change to lead South Africa to a better and sustainable nation for all (Republic of South Africa, 2018). The NDP also envisioned that by 2030, poverty, unemployment, lack of access to education and social injustice would be at its lowest point, through coming together in unity and fighting these challenges.

The NDP stipulated a target of 90% of employment opportunities to be created by the SME sector by 2030 and yet, in spite of the commitment from Government to grow and support SMEs, SMEs continue to face challenges

such as business environments which are hostile, lack of staff who are skilled, an eco-system which produces regulations that are burdensome, lack of access to finances, high costs connected to staff employment, as well as severe economic conditions (Brendon, 2012).

It has been shown that SMEs struggle in their first five years due to inadequate support, lack of business know-how, inadequate skills, lack of access to finance and mentorship. This had led to SMEs not reaching their real potential in impacting poverty alleviation, job creation and society at large (Leboea, 2017). Corporate social investment has been on the rise nationally and globally, playing a more prominent role in the attempt to curb unemployment, lack of skills and lack of financial support to welfare organisations. Corporations have begun including CSI as an integral part of the company's strategy to ensure that the communities in which they operate have sustainable opportunities.

One of the companies which have invested in CSI over the past 20 years has been Eskom Holdings SOC. Eskom Holdings Limited was founded in 1923 as the Electricity Supply Commission (ESCOM) power utility, for the public across South Africa, by the Government of the Union of SA in terms of the Electricity Act (1922) (Eskom Holdings Limited, 2018). At the core of its values, Eskom Holdings not only supplies electricity to its consumers across SA but is also committed to impacting the lives of South African citizens through sustainable and developmental growth. This is done through the Eskom Development Foundation which was established in 1998. The Eskom Development Foundation is a not-for-profit company which is solely funded by Eskom, and its sole purpose is to carry out Corporate Social Investment (CSI) on behalf of Eskom Holdings (Eskom, 2018).

Eskom Foundation is driven by its purpose which is to enhance the quality of life of communities where it operates and plans to operate. The Foundation gives grants and donations to registered non-profit organisations (NGOs) country-wide, as well as having its own flagship/ national programmes.

The Foundation is guided by and aligned to the South African National Development Plan (NDP) as it is a state-owned company which reports and is responsible for its stakeholder, the South African government. The Eskom

Development Foundation currently has seven national programmes across different sectors; namely Education, Health, Enterprise Development, Community Development, Energy and Environment, Food Security and Rural Infrastructure, Mathematics and Science programmes for learners at the secondary school level as well as tertiary level (Eskom, 2018).

1.3 Background: Contractor Academy- the case study

For this case study, graduates of the Academy from across South Africa are considered in order to investigate the impact across the board. The focus of the study is from graduates across different years who attended and graduated from the programme as well as in different sectors of business. According to the Eskom Development Foundation Annual Report (2017), Eskom Foundation created the Eskom Contractor Academy programme in 2007 as a way to contribute towards the Government's National Development Plan (NDP) through job creation, poverty alleviation, skills and infrastructure development. The programme aims to train emerging suppliers and contractors of Eskom through empowering them with fundamental skills in order to run their business by cutting out the middle man which most new companies tend to use due to lack of business management skills (knowledge on how to run a business).

As stipulated in the Eskom Development Foundation Annual Report (2017), the purpose of the academy is to focus on the financial, legislative, management, leadership, entrepreneurial and technical skills to successfully manage, and grow a sustainable business. The academy has Individual modules which need to comply with the unit standards and is accredited with the relevant SETAs. The programme is facilitated by Edu-park, a non-profit company of the University of Limpopo, and students who complete the whole programme are awarded a certificate by the University of Limpopo (Eskom Development Foundation, 2017).

The Eskom Contractor Academy requirements, among others, are that students should be South African citizens in a leadership role in the company as well as the company must have been operating for more than two years (Eskom Development Foundation Annual report, 2017).

International and national recognition

Eskom Development Foundation Integrated report (2017) reported the following national and international achievements by the Contractor Academy programme to date:

- The 2013 Institute of Management Consultants and Master Coaches of South Africa Project of the Year – First Runner Up;
- The AmCham Stars of Africa Award in the Community Development and Welfare category at the 2013 American Chamber of Commerce (AMCHAM) Stars of Africa Awards;
- The winner of the 3rd Annual Oliver Tambo Socio-Economic Development Award (for leadership and innovation in the pursuit of empowerment and transformation);
- Trialogue Strategic Corporate Social Investment Award for 2016 (only one award is made in any given year);
- The 2016 Global Best Awards Africa Gold Winner in Entrepreneurship and Enterprise Skills; the 2016 Global Best Awards Overall Global Thematic Winner in Entrepreneurship and Enterprise Skills from the International Education Business Partnership Network (IPN);
- 2018 IPN Global Best Award – Africa - Innovative and Creative Partnerships - Houston Texas USA.

1.4 Problem statement

1.4.1 Main problem

The purpose of this research is to investigate the impact of the Eskom Contractor Academy initiative on SMEs that have gone through the programme from its inception to the end of the 2017 financial year and to determine the

variables that must be measured to demonstrate the value created for SMEs by the CSI intervention.

1.4.2 Sub –Problems

The first sub-problem is to explore the impact of the Corporate Social Investment (CSI) intervention, the Eskom Contactor Academy on Small and Medium Enterprises (SME) development.

The second sub-problem is to investigate what variables can be measured to demonstrate the value created for small and medium enterprises through the CSI intervention.

1.5 Significance of the study

The study fills a gap that stipulates what kind of interventions can be included in customising and developing enterprise development programmes/ initiatives to assist small enterprises to compete and survive in the market place, through equipping them with the skills and business know-how on how to successfully run a business and to be sustainable in the long run.

Quartey (2010) states that, in SA, SMEs have been one of the most significant contributors to the economy with a 52%-57% contribution to GDP. SMEs have been one of the sectors with the least amount of support and one of the most under-reported sectors. This has led to corporations assisting and customising SME programmes in order to curb poverty, the high unemployment rate and to assist in balancing the scales of racial injustice.

1.6 Delimitations of the study

This study only looked at the impact of the Contractor Academy without comparing it to all other national enterprise development programmes offered country-wide by other companies. Only the graduates of the Eskom Contractor Academy programme were included. Although other enterprise development programmes are mentioned, the focus is only on Eskom Contractor Academy

graduates. This in turn, only reflects the impact of one of many programmes that have been customised to assist SMEs in running their businesses successfully, country-wide.

1.7 Assumptions

The first assumption is that all businesses which were part of the academy can be classified as small and medium enterprises.

The second assumption is that all businesses have been operating for more than two years.

2. LITERATURE REVIEW:

2.1 Introduction

The Literature review begins by stipulating what Corporate Social Investment (CSI) is, and proceeds to examine how the industry has evolved globally, citing literature from Camilleri (2017) and Guay, Doh and Sinclair (2004).

The second part of the literature review explores the South African National Development Plan (2013) and its link to Corporate Social Investment in South Africa

The third section of the literature review investigates the current state of CSI in South Africa. This section further explores the importance and impact of SME development in South Africa and the potential that investing in SMEs can have, according to Quartey (2010).

The fourth section of the literature review gives an account of Trialogue's review on measuring SME Impact - in terms of Return on Investment (ROI) and also looks at Turyakira et al. (2014), who provides guidance on factors which can be used to measure the impact of SME development programmes.

Lastly, the literature review explores other enterprise development programmes currently being run nationally by other corporates in different sectors.

2.2 What is Corporate Social Investment (CSI)?

Lydenberg (2005) describes Corporate Social Investment (CSI) as an industry which has been on the rise for the past 20 years, with academics interrogating its true meaning and tracing its evolution. Governments across the world, including multinational organisations such as the World Bank and United Nations (UN), have started emphasising CSI through creating guidelines on how companies can become socially responsible, not just by ticking a box, but by measuring and reporting on the impact that they have on communities. Socially Responsible Investing (SRI), also known as socially-conscious or

ethical investing, describes an investment strategy which seeks to maximise both financial return and social good (CSRA, n.d.).

As Camilleri (2017) derives from Guay, Doh and Sinclair (2004), socially responsible investing (SRI) is a strategy that encourages corporate practices that promote social responsibility and laudable initiatives such as impact investing, shareholder advocacy and community investing. Companies are no longer implementing CSI as a once-off practice, as it is not a financial exercise, but rather, as a long term investment, with the intention to measure the impact and sustainability of how far their investment has gone.



Figure 1: CSR pyramid for developing countries

Visser (2008) constructed the CSR pyramid to establish and showcase the reasons why companies conduct CSI by highlighting their responsibilities. This pyramid showcases how corporations view their responsibilities from the highest to the lowest priorities, as depicted in figure 1. Visser (2008) states that developing countries prioritise these responsibilities from the bottom up. The first reason that corporations do CSR is for economic responsibilities. This includes corporations being involved in initiatives such as SME development programmes which assist in bettering and growing the nation's economy at

large. This is linked to the second priority which is the philanthropic responsibility which uses CSI as a way or vehicle to drive initiatives such as education, health, SME development and so forth. The third responsibility is the legal responsibility which can be, e.g. in South Africa, the Broad-Based Black Economic Empowerment Act, which stipulates that corporations with a certain turnover need to be involved and contribute towards CSI in their communities or nation-wide in some form or another. Lastly, the fourth responsibility is an ethical responsibility. Ethical responsibility is inter-linked with legal responsibility. Ethical responsibility speaks to how corporations are seen to be ethical in their conduct of CSR/ CSI and doing so in a transparent and honourable manner towards their communities.

Camilleri (2017) quotes Ooi and Lajbcygier (2013); Capelle-Blancard and Monjon, (2012); Sparkes, (2003); Friedman and Miles (2001), that SRIs goals are based upon environmental issues, human rights, community involvement and labour relations. Corporates now feel a responsibility towards their communities, as external stakeholders are increasingly becoming crucial to the survival of companies' operations; and in order to create a harmonised environment.

It is important to realise that CSI has now become an integral part of the organisations' strategy, is well thought through and carefully implemented and monitored and is no longer considered a good-to-have once-off approach.

CSI/CSR can further be noted by Turyakira (2017) as the way that companies assimilate environmental, social and economic concerns with their values, culture, decision-making, strategy and operations, in a transparent and accountable manner and thereby establishing better practices within the company, to create wealth and improve society (Mourougan, 2015). CSI/CSR can also be found to be subjective as many companies execute and report CSI differently. Both business and society gain when a business actively strives to be socially responsible (Olanrewaju, 2012).

Kramer (2011) states that CSI/ CSR is a concept of shared value, which can be defined as policies and operating practices that determine how competitive a company can be, while simultaneously progressing the economic and social

conditions of the communities in which it operates. It further emphasises that shared value is finding the balance of not only expanding but also identifying the interrelatedness of the progress between society and the economy.

The evolution of CSI has seen it grow tremendously in the workplace and increasingly CSI is becoming part and parcel of the boardroom and strategy. Trialogue (2017) states that CSI will become more integrated into business functions to collectively represent business interactions with societal engagements.

2.3 Corporate Social Investment in South Africa

Corporate Social Responsibility is one of the leading vehicles through which corporates contribute towards sustainable societal initiatives in SA and to uplift communities as a means to redress political injustice and racial inequality.

At an international level, the King III report was compiled and created through wanting to emphasise the importance of corporate governance in organisations. The report was a way to guide organisations world-wide on how leaders can be effective and ethical in their conduct and how they lead. The key principles that the King III report places emphasis on are based on three categories namely leadership, corporate citizenship and sustainability. The report further speaks about the importance of the triple bottom line which is the responsibility of organisations towards social, economic and environmental performance.

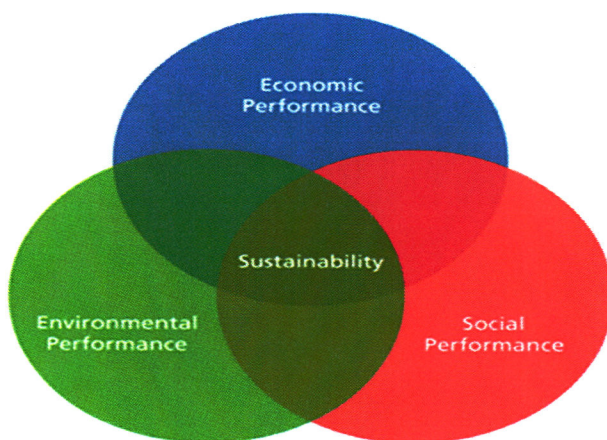


Figure 2: King III triple bottom line factors

At a national level, the South African government developed a vision in 2013 and articulated into the National Development Plan (NDP). The vision states that active citizenry and social activism is necessary for democracy and development to flourish. The state cannot act on behalf of the people; it has to act with the people, working together with other institutions to provide opportunities for the advancement of all communities (Republic of South Africa, 2018). The NDP further emphasises the importance of the South African economy becoming an inclusive economy for all citizens across all income levels. The South African Government envisions that by 2030, the SA economy should be close to full employment status through skills development [empowering] and the provision of resources which can be utilised for investment in physical and human capital. The current status of that vision has seen a decline in the economic growth of the country, coupled with a vast number of citizens who are unskilled and an increasing unemployed youth bulge; which has resulted in over-population in cities, with high crime rates, due to income disparities and an unsteady and unhealthy economy (Republic of South Africa, 2018).

Corporations' attempt to assist the Government with the issues mentioned above have been through investing in the development and support of SMEs, to empower them with skills, financial and human capital and any other means.

Government has facilitated the inclusion of black communities that had been previously excluded from the mainstream economy, and has driven the transformation of the economy through the Broad-Based Black Economic Empowerment (BBBEE) Act in 2003 (DTI, 2013) The Department of Trade and Industry (DTI), finalised the Code of Good Practice in February 2007, to clarify and ensure uniformity in the employment of socially responsible behaviour in the empowerment of previously disadvantaged Black people, within organisations, and across industry sectors (Bassi & Arya, 2009).

The DTI (2013) further introduced the Youth Enterprise Development strategy (2013-2023) in 2013, to further bring about guidelines and tools to assist in providing imaginative and effective strategies in creating employment for millions of young people in SA, which has one of the highest unemployment

rates in the world (Statistics South Africa, 2018). The South African Government, through this strategy instrument, intends to foster youth economic participation, by purposefully enhancing youth entrepreneurship, increasing the growth of youth-owned and managed enterprises capable of contributing to the gross domestic product (GDP) of the country, and increasing youth self-employment and innovation (DTI, 2013).

Visser (2008) explains the drivers for CSR in developing countries, as shown in figure 2 below:

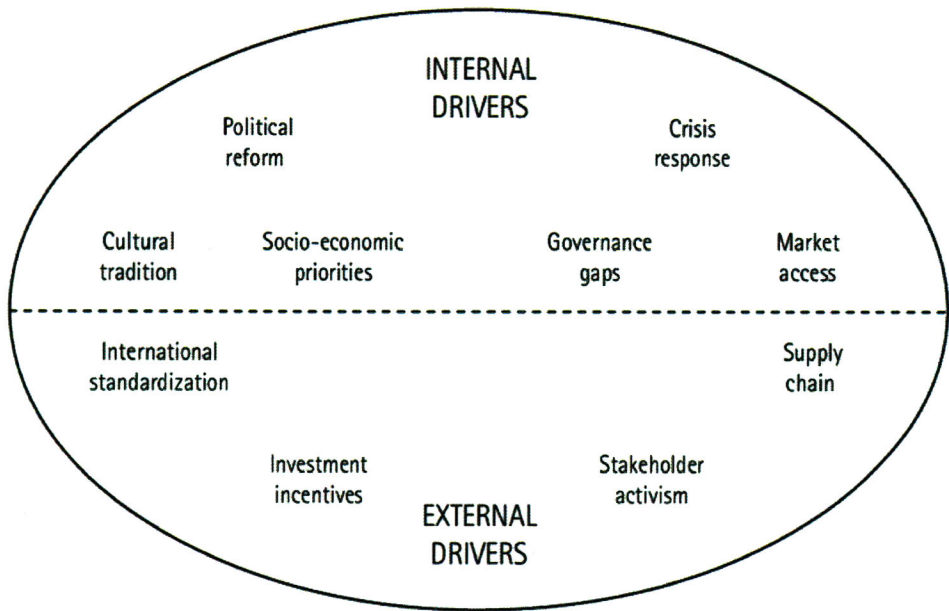


Figure 3: Drivers of CSR in developing countries

Visser (2008) explains that corporations have drivers which lead them to do CSR, specifically in developing countries. From this context, it states that the internal drivers are for corporations from within their countries, while the external drivers are from international pressures. The drivers in developing countries such as South Africa can be used in support of the National Development plan which has been explained above. The internal drivers can, therefore, support the National Development. The NDP is a representation of the political reform as Government has taken a stance in requesting companies to be part of the change. The cultural tradition explains the history of South

Africa which is around the act of "Ubuntu". The socio-economic priorities and crisis response are directly linked as they would be done through citizens and corporations at large being focused on matters such as assisting with health, eradicating poverty and assisting and creating opportunities for SME's in SA to be able to help them access the market and compete in the formal economy. Lastly, internal drivers speak to closing the governance gaps. In the SA context, that would be executing CSR in a manner that eliminates corruption and assisting with creating opportunities which balance out the injustice of the previously disadvantaged citizens in society (Visser, 2008)

2.4 Sub-Problem 1: The Impact of CSI interventions on SME development

SMEs have been one of the most significant contributors to South Africa's economy, contributing an estimated 52%-57% of the country's Gross Domestic Product (GDP), however, in SA, the SME sector is one that is massively under-reported and under-supported (Quartey, 2010). SMEs have stated that their hindrance to growth and success has been lack of access to several factors, including capital/ finances, support from policymakers, information and knowledge on how to run a business (business know how), expert advice through mentors and coaches, foreign markets. Other hindering factors include the inability to compete against well-established larger firms for contracts/ tenders and regulations, including taxes for SMEs (Quartey, 2010). The World Bank ranked SA 74 out of 190 economies in 2017 for ease of doing business; in SA it takes 43 days to start a business (World Bank 2017).

The NDP envisions that by 2030, 90% of all new jobs will have been created in the SMME sector (Republic of South Africa, 2012). According to Trialogue (2017), in the SA context, there are a large number of informal SMEs such as street vendors, community tuck shops, also known as spaza shops, operating from home garages, entrepreneurs who bake for the community on a regular basis, to name a few, who are not recognised as SME's who contribute to the GDP of the country, according to the criteria used by forums such as the Global Economic Index (GEI) or Total Early-stage Entrepreneurial Activity (TEA).

All of these SMEs are overlooked due to not being recognised or due to the lack of access to information. According to the Bureau of Economic Research's report, more than 67% of SMMEs were classified as informal. The GEM report also showed that entrepreneurial intentions in SA declined by half from 2010 to 2016, now sitting at 10%. Also, in 2016, 67% of SMEs closed down due to them not being profitable enough or due to lack of access to finances to sustain the business (Dialogue, 2017).

Internationally, SMEs are recognised as the fuel for a country's job creation, the creation of big businesses and the fuel towards national economic engines (Quartey, 2010). However, in SA, entrepreneurial participation by South Africans between the ages of 25 to 34 years had decreased to 6% in 2016, and SA was ranked 58 out of 65 economies, for entrepreneurial activity by this age group in 2016. In the same breath, an increase in entrepreneurial activity by the age group of 45 to 54-year-olds was observed, and accounted for 28% of the early stage entrepreneurial activity in 2016, according to the GEM report (G.E.M, 2017/18).

Quartey (2010) quotes Cook and Nixon (2000), stating that the development of SMEs is seen as key in fast-tracking the achievement of broader economic and socio-economic objectives, including poverty alleviation. Writer (2016) further reiterates that big corporations should support SMEs through CSI, as SMEs play a vital role in accelerating economic growth and innovation globally. Writer (2016) also states that most SMEs fail in their start-up phase and large corporations need to become vehicles in driving initiatives, such as incubators, to assist.

Turyakira, Venter, and Smith (2014) quote Liu and Fong, (2010) stating that research in respect of qualitative and quantitative analysis, regarding CSR in SMEs for countries that are developing is limited. Luetkenhorst (2004), states that it is essential for corporations to promote SMEs in order for individual countries and communities at large to make progress towards achieving the millennium development goals of job creation and poverty alleviation. Luetkenhorst (2004) further reiterates that SMEs assist in absorbing productive resources at all levels of the economy and in turn, contribute to the creation of

systems where large and smaller corporations are interlinked. These links lead to the ultimate ability to be able to attract foreign investments in that country.

Luetkenhorst (2004) further highlights the need for companies to contribute and support SMEs through a stronger implementation of support to its members. He also acknowledges that developing countries, such as South Africa and Brazil, have shown an increase in initiatives to drive SME development through CSI initiatives. The World Bank (2017) conducted a survey with over 200 supply chain business specialists and found that big companies' present practices to support SMEs, are not sustainable, as they are based on a hierarchical structure of top-down approach, with emphasis on standards of high quality and yet the SMEs that supply big companies have little support given to them to achieve those standards which have been set (Luetkenhorst, 2004). It is therefore in the interest of large corporations to not only pursue high-quality standards from suppliers but as part of CSI, to assist in that regard. This would create a win-win situation while being a contributor to the society and economy at large in an ethical and socially responsible manner.

Proposition 1

Corporate Social Investment can be used as a mechanism to drive SME development.

2.5 Sub-Problem 2: What variables should be measured to demonstrate the value created for SMEs by CSI interventions?

Dialogue (2017) in its handbook - states that companies in SA have contributed approximately R137 billion towards CSI over the past 20 years with 2017 figures showing a total of R9,1 billion. This expenditure is inclusive of large South African companies, including state-owned companies/ enterprises. However, how does one truly measure the impact of the money invested through CSI?

Countless community initiatives that have been reported show money and time spent through volunteering by employees, but do not report the outcomes of the particular initiatives which had been intended for the community. A gap has

been realised in companies reporting only on money spent on CSI and not speaking of the negative or unintended consequences that might have occurred (Zappalà & Lyons, 2009).

It is also worth noting that corporations across the board do not use the same methods to measure CSI outcomes, thus rendering the assessment of the impact of CSI a significant challenge,

Turyakira, et al. (2014) state that there are corporate social responsibility activities which can be influential towards the competitiveness of SMEs in developing countries. The hypothesis of this model has argued that the CSR activities which are workforce-oriented, society-oriented, market-oriented and environmentally-oriented have an impact on improved competitiveness (the variable on which it is dependent), and this impact can be measured by looking at the rise in profit, market share, sales volume and growth rate.

Lampadarios (2013) shares the views that an SME is successful once it has gone through a programme and can show sales growth, successful continuation of SMEs operations as well as profitability, while the discontinuation of business indicates the failure of an SME programme. From a different angle, Fatoki (2014) supports Okpara & Kabongo, (2009) through exploring the reasons for SME's failing, and mentions that two of the factors is the bankruptcy of the business which is due to lack of financial skills, ultimately leading to discontinuation of the company. Okpara & Kabongo, (2009) further state that one of the hindrances to SME's growth and survival is lack of financial support. This further supports Lampadarios, (2013) in his findings that suggest the success factors to measure in order to determine the impact of an SME programme.

Bahmani (2014) states that successful SME development programmes yield management skills that lead to further growth and expansion of the SME into success.

Elmuti, D., Khoury, G., & Omran, O. (2012) all support the notion that there are variables which speak to the success of entrepreneurs, which in this instance would be SME's. They state that those variables are the external environment,

the training of entrepreneurs and managerial skills as well as the psychological and entrepreneurial traits of the entrepreneurs themselves. These variables are further supported by quoting Ibrahim and Goodwin (1986) that there are four success factors to succeed, and names them as the environmental characteristics, managerial skills, entrepreneurial values as well as interpersonal skills.

Proposition 2

From the literature review, the proposition is that the impact of a CSI intervention on SME development can be measured by growth in sales, market share, skills development for management, the continuation of operations for the SME and increased profitability.

2.6 Other enterprise development programmes currently being run nationally

The current South African entrepreneurial activity has been recorded as low by Gender Equality Index (GEI). This has led to corporations investing in enterprise development initiatives in order to assist in alleviating the lack of entrepreneurial activity that has led to high levels of unemployment in the country, as well as an economic downturn.

ArcelorMittal is one of the mining companies that have an enterprise development programme which caters for qualifying small enterprises (QSEs) as well as Exempt Micro Enterprises (EMEs) with the majority of the business is black owned. Businesses that get through the programme participate in the enterprise or supplier development programme (ArcelorMittal, 2018).

Royal Fields Finance is an SME Finance Specialist company that provides debt funding to SMEs and start-up ventures. Royal Fields Finance has an Enterprise Development Programme which strives to assist SMEs in their journey to creating value, job creation, and self-sufficiency (Royal Fields, 2018). The Royal Fields Enterprise Development Programme targets SMEs that have been operating for a minimum of one year, excluding start-up innovation businesses; that have the potential to sustainably grow by 20% and employ five people over

five years. The programme caters specifically for businesses in the following sectors: agribusiness, manufacturing, tourism, telecommunications, clean and renewable energy, infrastructure development and waste management. The programme also offers an entrepreneurship course through the University of the Witwatersrand. In essence, this programme gives full support in terms of funding, networking, mentorship, and overall assistance that enables SMEs to be sustainable in the future (Royal Fields, 2018). The Royal Fields SME programme has impacted entrepreneurs through creating financial support where they otherwise would not have obtained assistance through allowing them to have the ability to have better working capital and financial bridging. This allows SMEs a chance to participate in the formal economy.

SAB Foundation is an independent trust conducted by South African Breweries Ltd that invests funds towards the development of entrepreneurship in South Africa (SAB Foundation, 2018). SAB Foundation has an initiative called the Tholoana Enterprise Programme which runs over a two year period which was established to assist entrepreneurs, especially those who are living with disabilities with the full solution of giving them mentorship, access to tools and templates as well as facilitate in connecting businesses to markets and financial instruments. The Foundation concentrates on businesses in the food processing, energy, export and waste management sectors. The Foundation further gives support to businesses in their developmental (not registered yet) and growth phases (SAB Foundation, 2018). The SAB Foundation has impacted entrepreneurs to better utilise the resources that they currently have and to be more creative with their ideas in order to create sustainable business ideas. This, in turn, has led entrepreneurs coming up with social business ideas which have further contributed to changing citizen's lives.

Telkom SA Limited is a leading information and communications technology (ICT) services provider in South Africa (Telkom, 2018). Telkom SA Limited started an enterprise and supplier development programme called the FutureMakers, in 2015, which provides business support to SMEs and start-ups in the technology sector. Their 2020 vision is to invest over R100 million towards growing black-owned enterprises. The FutureMakers enterprise development programme supports businesses in the media, agriculture, health,

education, ICT services, e-commerce, construction, manufacturing, agriculture, health and retail sectors (Telkom, 2018). The impact of FutureMakers has been through creating support and resources to SMEs by giving them access to the internet in under-serviced areas and directly and indirectly creating jobs. This, in turn, has resulted in contributing towards technological solutions for SMEs.

Gordon Institute of Business Science (GIBS), one of the leading business schools in South Africa, established a unit in 2012 called the Entrepreneurship Development Academy (EDA), for growing small businesses, with a focus on women, townships, green and social entrepreneurship (GIBS, 2018). Since its inception, the Academy has trained over 2000 businesses. The academy was the first to lead the national mapping study of social enterprises in SA. The academy also assists entrepreneurs at all levels of the business growth path, from start-up to high growth phases. The Academy is focused on making business education accessible to start-up, micro and small business entrepreneurs, specifically those who have been disadvantaged, marginalised and underserved (GIBS, 2018). The impact of the EDA has been to enable SMEs to better understand their environment in which they are operating so that they may succeed in their environment.

2.7 Conclusion

The unemployment rate in SA has been a growing concern, and CSI has assisted by implementing SME initiatives which in turn, will contribute towards job creation and poverty alleviation to name a couple. Return on investment is being measured by businesses to ensure that they are accountable for every cent spent.

SMEs in SA have the potential to contribute towards a prosperous economy. However, there is a lack of support for informal businesses in the eco-system. Corporations have taken it upon themselves to contribute through customising SME development initiatives in order to close the gap. These programmes have been set up to cater for SMEs across all sectors of the economy, through equipping SMEs with business skills and providing mentorship programmes for entrepreneurs to enable them to run sustainable business ventures.

The literature states that in order to measure the impact of CSI on SME development, SMEs should show an increase in profit, market share and job creation. That is where the real value and impact lies in a successful SME development programme.

3. RESEARCH METHODOLOGY

The research methodology of any study gives guidance on how one will delve into the crux of the work. This is done by stipulating the kind of research that will be done as well as how it will be analysed into meaningful interpretations. This particular section first looks at the chosen methodology, which is qualitative, and then looks into the research design, followed by the population and sample size, data analysis, as well as its interpretation. This is then followed by explaining the data accuracy, reliability, validity, ethical consideration and lastly, it discusses the limitations of the chosen study.

3.1 Qualitative Research Method

Qualitative research has been deemed as the process or research strategy in which an individual is observed. The process of qualitative research is through interpreting either conversations, interviews, field notes, photographs or memos to oneself. This means that the researcher observes and studies all these materials in their most natural state and tries to bring meaning to them from the people from whom they have received them from (Creswell & Poth, 2018).

The chosen method of gathering information for this specific study was to do interviews which are face-to-face and telephonic. Conducting interviews allows participants the opportunity to emphasise meanings, their views and experiences of the academy (Creswell, 2008).

3.2 Research theory

Creswell and Poth (2018) describe five qualitative approaches to assess one's research needs and study. The five approaches comprise the following methods: narrative research, phenomenal research, grounded theory research, ethnographic research and lastly, case study research. For this specific research of the Contractor academy, the case study research theory was utilised. The case study research aimed to address and provide an in-depth

understanding of a case, and in this instance, the impact of the Eskom contractor academy.

3.3 Research Design

The qualitative section is made up of face-to-face and telephonic interviews with graduates chosen since the programme's inception to date (specifically 2007 to 2017/18). The face-to-face interviews took approximately 20 minutes to conduct, comprising categorical questions, being the first half of the questionnaire followed by in-depth, open-ended questions in the latter half of the questionnaire. Telephonically, the interviews also took approximately 20 minutes.

3.4 Population and sample size

As of July 2018, 1311 students have graduated from the programme. The sample size utilised for this study was twenty-seven (27) graduates. Interviews were also conducted with the programme manager from Eskom who is responsible for running the programme, the CEO of the NPO that Eskom is in collaboration within this programme, through Corporate Social Investment (CSI) and lastly, a facilitator/ lecturer who teaches two of the subjects offered on the programme. The total number sampled for this study was thirty.

Creswell and Poth (2018) describe that the average number of interviews is twenty to thirty people; however, they describe a saturation point that interviews reach where no new information starts to emerge but that participants start saying similar information. This then justifies the number of participants which is thirty.

Survey Methods (2017) discusses the number of respondents relative to the approximate sample size per margin of error. The number of respondents selected depends on how confident one wants to be of the accuracy of the data. Hence, twenty seven graduates across South Africa have been chosen.

The demographics of the sample population were as follows; youth (between the ages of 18 and 35), and black. The criteria for entry into the Academy is to have a registered business operating for a minimum of two years, and the graduate must have a matriculation (grade 12) certificate and basic computer literacy skills. The graduate must also be a director or owner of the company or preferably in a management position within the company.

For the face-to-face interviews, twenty seven participants were selected randomly from the graduates of the academy. Malterud (2015) states that information power is the term used to indicate and guide the sample size which will be adequate to the topic and according to what the aim of the study is.

In terms of geographic spread, the majority of the graduates were from Gauteng and Mpumalanga while the rest were from the Western Cape, Eastern Cape, Kwa-Zulu Natal, Free-State and Limpopo.

3.5 Data analysis and interpretation/ representation

The type of data analysis that was applied in the qualitative part of the research is content analysis, described by Henning (2004), as a method whereby the researcher goes through the answers of the interviews, followed by process of coding, where the researcher reviews the information and codes the data according to common themes emerging from the data which eventually lead to the interpretation of the data. Statements that convey similar meanings are coded with the same colour. When all the data has been coded, the different themes are allocated to different categories. Once the data has been analysed, it can then be presented in the form of either chart, figures, tables or just discussions (Creswell & Poth, 2018).

3.6 Data accuracy

It is to be noted that not all SMEs had tremendous success stories to tell, as the SME environment is made up of various factors and barriers which are not all foreseeable. Not only does the macro-environment (e.g. economic status and performance of the country) play a role, but so does the micro-environment

such as home setting, financial status, whether being a business owner was a result of a form of survival or the passion of the entrepreneur. Other factors included whether the business owner needed money urgently and when offered a job, did they take it or not, family support, relocation, if there was any. All these factors could have come into play and had a bearing on the impact of the initiative.

3.7 Reliability

Creswell and Poth (2018) point out that there are reliability perspectives and procedures which can be adhered to in order to ensure the reliability of the information that has been gained through qualitative research. One measure that can be put into place is through recording the interviews or taping them. The recordings should be clear and audible enough to interpret. This will ensure that transcribing can be done where clear information can be extracted.

The researcher ensured the reliability of the study by personally conducting the interviews and transcribing the interview recordings personally to ensure that understanding and reliability were adhered to by all means.

3.8 Validity

Creswell and Poth (2018) suggest that there are ways to check the validity of a researcher's work. One is through the person who has conducted the research, looking through their lens. This includes the researcher clarifying any biased interpretations which they may have, of the respondents' information, for example, experiences which the graduates might have gone through.

The researcher documented all of the telephonic and face-to-face interviews in order for the work to be clear and to be able to pick up if any bias has arisen. The questions that were asked were categorical and did not leave much room for misinterpretation. The open-ended question section in the questionnaire was also formulated in a manner which was direct and did not leave much room for bias or misinterpretation.

The validity of this specific research refers to the extent to which the data collection instrument measures what it is intended to measure, which is the impact of this specific CSI programme on SMEs. The findings from the data allow any other researcher to get to the same point given that the model/ subjects used have the same characteristics as those in the contractor academy. The framework is also applicable to all ages, all races, and all genders and for any business across various sectors.

3.9 Ethical Considerations

Potential ethical concerns may be respondents worrying about the confidentiality of their information. This was mitigated by the provision of an option for the respondents to answer the questionnaires anonymously, and a written declaration that their information would be kept confidential. During the last part of the disclosure of information, it was then the researcher's responsibility to include checking strategies to ensure that confidence in the data interpretations was correct and adequate (Creswell & Poth, 2018).

Another form of ethical dilemma could be the disclosure of comprehensive findings, resulting in the researcher being biased or siding with graduates in their responses. The researcher mitigated this ethical concern through interviewing people from not only different years who participated in the programme but interviewing graduates from different provinces (Creswell & Poth, 2018).

3.10 Limitations of the study

A limitation of this study is that participants could try and exaggerate their success as a result of the programme. This could, in turn, lead to skewed results. The best way to mitigate this from happening was to pose the questions in a manner that enabled the researcher, through the interviews, to deduce the actual sense of the experience. Another method was through observing respondents as they answered the questions during face-to-face interviews. For

the telephonic interviews, the method was to frame the same question differently and observe for consistency in the answers.

Another limitation which could be present was where respondents do not entirely disclose the truth from their experiences in the academy, due to the researcher being from Eskom. This could result in respondents feeling like they cannot complain or be truthful in their response to someone from the very same company that gave them the opportunity to be part of the SME development programme.

It is to be noted though that the limitations have been acknowledged and unfortunately not much can be done to try and ensure complete honesty in the responses.

4. Chapter four: Results

Graduate data:

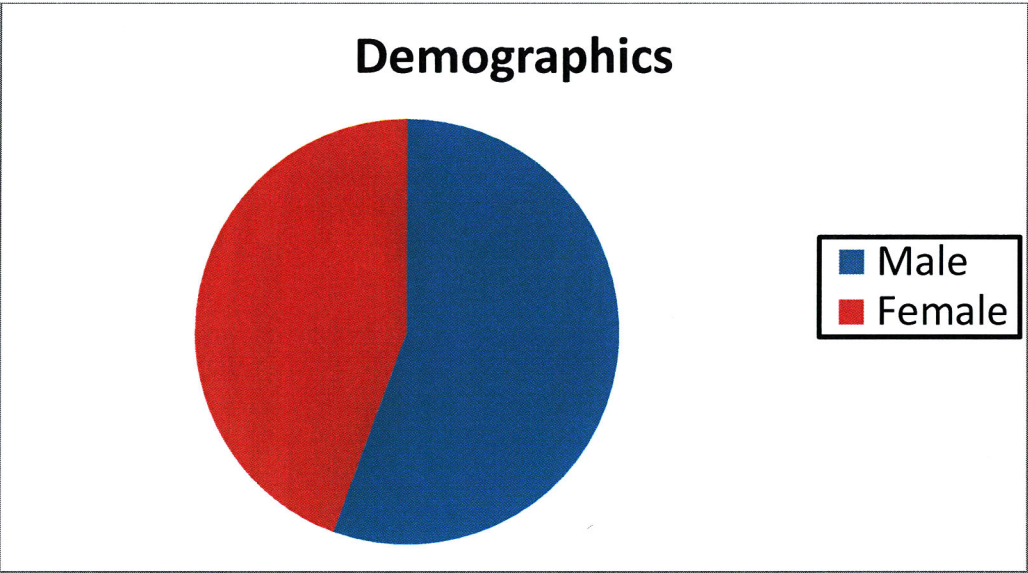


Figure 4: Demographics

The data was collected/ sampled from twenty-seven graduates across the country. In terms of the graduates, twelve (44.4%) of the graduates were female while fifteen (55.5%) were male. In terms of the racial groups, 22 graduates were African, four were coloured and one graduate was Indian.

Continuation of operations/ business after completing the programme



Figure 5: Continuation of operations

Out of the twenty-seven students who were interviewed, two of them are no longer in business which has resulted in a 92.5% success rate.

Geographic spread:

The geographic spread found that 40% of students resided in Gauteng province with 27% residing in Mpumalanga and the remaining equally coming from Free-State, Eastern Cape, KwaZulu-Natal, Western Cape and Limpopo and Northern Cape.

Time spread of graduates

Regarding the year which the sample of students was interviewed, this ranged from 2007, 2009, three from 2011, two from 2013, three from 2015, three students from 2016 and fourteen from 2017.

Number of years to be beneficial

In terms of how long the programme took to be beneficial to the twenty-seven students with regards to the number of years, , two people are no longer in business, three students said the programme has not been beneficial yet, while seventeen people said the programme was beneficial to them from 0-1 year of completing the programme. Four people said the programme took one to two years to be beneficial while one person said that it took two to three years for the programme to be beneficial.

On a scale of one to ten regarding the usefulness of the programme with one being useless and ten being excellent the following was found

One student rated the programme three out of ten, two of the students rated the academy a five out of ten, with one learner rating it seven out of ten, seven people rating eight out of ten, four people rating nine out of ten and ten people rating a ten out of ten.

Job creation

Table 1 depicts how many jobs the graduates were able to create after the programme. The table demonstrates the number of employees employed in each business before and after the programme:

Before the programme	After the programme
3 people	No longer in business
24 people	6 people
3 people	3 people
15 people	6 people
5 people	9 people
12 people	20 people
3 people	24 people
2 people	5 people
1 person	60 people
1 person	10 people
5 people	160 people
20 people	22 people
6 people	20 people
1 person	5 people
2 people	10 people
8 people	10 people
10 people	30 people
9 people	21 people
2 people	5 people
3 people	20 people
5 people	12 people

2 people	2 people
1 people	2 people
2 people	5 people
1 people	450 people
7 people	17 people
1 person	No longer in business

Table 1: Number of permanent and temporary employees before and after the programme in each business

Opportunities

The question that followed was how long it took for ***opportunities that turned their business around*** after attending the academy. The years came back as follows:

- ❖ Two people are out of business completely
- ❖ Two people still has not found any opportunity that has turned their business around
- ❖ Seventeen people say it took 0-1 year for an opportunity to come and turn their business around
- ❖ Four people said that it took between 1-2 years, and
- ❖ One person said it took more than four years for their business to get an opportunity to turn their business around

Themes:

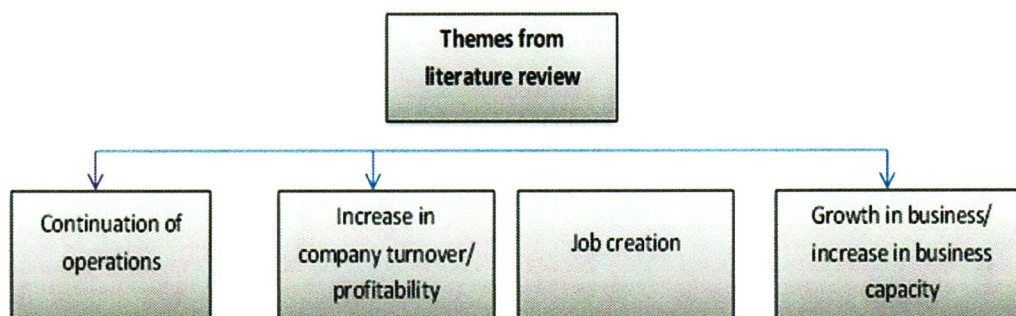


Figure 6: Themes

The following stated findings can be highlighted as what came out from the themes at the core of this study. The themes are as follows:

- ❖ Increase in profitability/ increase in turnover
- ❖ Continuation of operations for the person who has gone through the programme
- ❖ Job creation - this can include market share growth as well
- ❖ The growth of the business/ expansion of the SME

Increase/ decrease in company turnover year on year growth

The survey questions looked at what each entrepreneur's company turnover was before the programme, and the figures came in as follows:

Before graduating/ completing the programme

- ❖ Two people are still out of business,
- ❖ Fifteen people had a year-on-year growth in company turnover between 0%-5% and
- ❖ Nine graduates had a year-on-year company growth in turnover of between 6%-10%.
- ❖ One graduate had a year on year company turnover of 11-20%

After graduating/ completing the programme

After the programme, the following results were extracted from the learners in terms of their company turnover:

- ❖ Two people are out of business
- ❖ Three people are still in the 0%-05% threshold
- ❖ Five people have increased and are now in the 06%-10% increase in turnover
- ❖ Nine people are in the 11%-20% increase in turnover, and
- ❖ Four people have an increase in company turnover of 21%-30%
- ❖ Four people have an increase in company turnover of 31% and above

Company expansion: by expansion, this refers to the number of years it took for the company to be able to grow in capacity and take on more business, e.g. the students mentioned that they had only been able to take on one or two projects at a time, however, after the programme, they could take on more than three projects.

Number of years it took to expand a graduate's business

Regarding the number of years it took for each learner to expand their business, the following was the outcome:

- ❖ Five people have not yet expanded
- ❖ It took 0-1 year for nine people to expand their businesses
- ❖ It took 1-2 years for nine people to expand
- ❖ One person took 2-3 years while,
- ❖ Three people took between 3-4 years after graduating from the programme

Diversifying of the business into different sectors

In terms of ***diversification, this considers how graduates have diversified into either different sectors*** from when they started in the academy or diversified into different categories within the same sector. Nine students out of the 27 have not diversified at all, while the other eighteen (18) have diversified into either different categories or different sectors completely.

The below two themes have emerged as additional themes which came up from the interviews conducted:

- ❖ Skills transfer
- ❖ Development of leadership skills (being a better manager)

The figure below shows themes that have emerged from the research, in addition to the themes derived from the literature review:

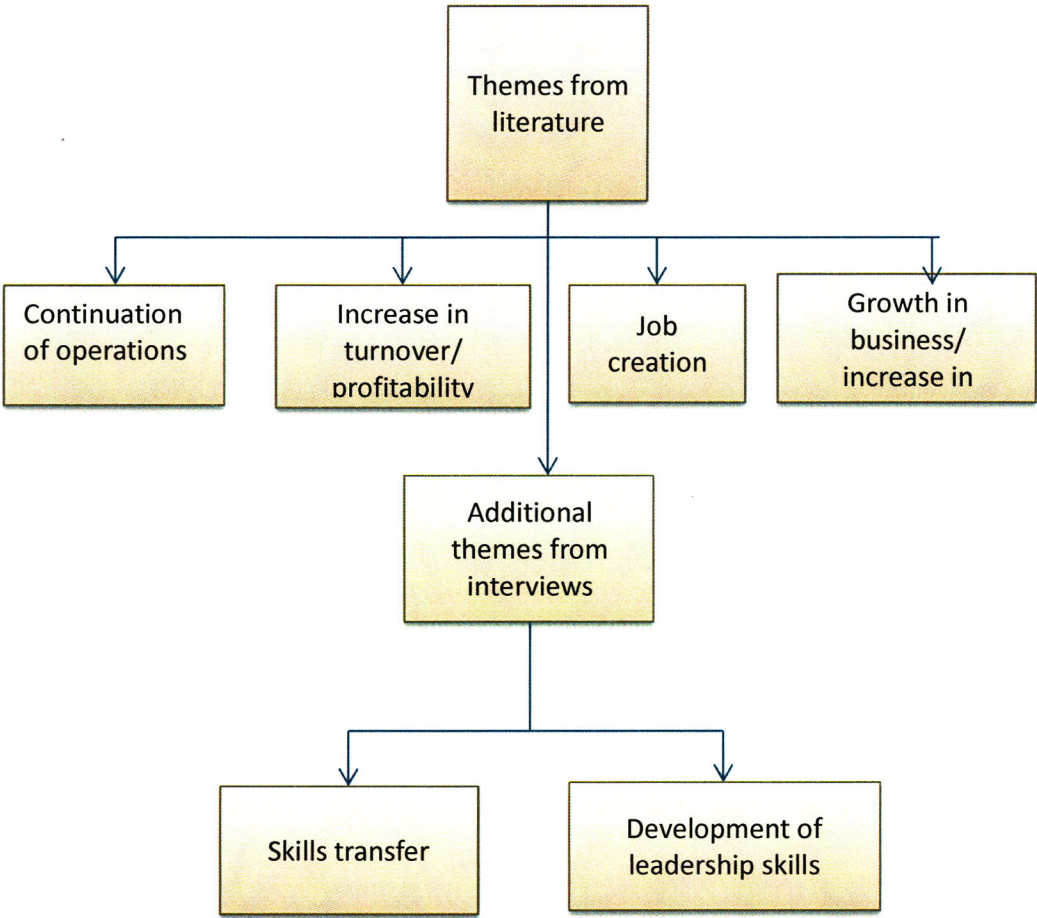


Figure 7: Themes from literature and findings

Skills transfer

Regarding the ability to transfer what the graduates had learnt from the academy to their staff; twenty-one out of the twenty-seven people said they were able to transfer their skills, while four people said they could not transfer skills and two people are still not in business.

Regarding the kind of skills acquired from the academy, the following was the feedback

- ❖ Five people said their skills had not increased tremendously
- ❖ Nine people said their financial and project management skills had increased the most
- ❖ Three people said their management skills had increased tremendously in how they manage their staff and clients
- ❖ Ten graduates said the way that they prepare tender documents and safety files has been the most significant upskilling since going through the academy. This included time management and leadership in the workplace

Being a better manager/ management skills

- ❖ Two graduates said that their past experiences had allowed them to grow as managers and that the Academy was not a direct reason for them being better managers.
- ❖ Twenty-three people said their managerial style had changed tremendously especially in how they handle and give opportunities to their staff, including the way they communicate to their staff

The following question asked graduates why they chose the Eskom contractor Academy:

- ❖ One person said because Eskom approached them
- ❖ Six people said because they wanted to learn how to get business from Eskom through its tenders and thought the academy would give them a better understanding of the Eskom processes
- ❖ Seven people had known people who had gone through the programme and saw how beneficial it was to the people personally and their businesses. These individuals had previously gone through the programme and had told people within their social circles and community about the programme
- ❖ Eleven people said that they chose the academy because of the courses/ subjects offered which were attractive and would help them grow their businesses. Graduates said that they looked at each subject taught and realised that their lack of knowledge in some of the subjects offered was the reason why they had not received more significant contracts. They

lacked knowledge in preparing the paperwork which was needed to do business, such as the safety files.

Section 4.1: Please note that this section excludes the two people who aborted their business.

When asked where the graduates heard about the Academy, the following were the responses

- ❖ Eleven people heard through word of mouth either through someone they knew as a friend or through the community, who had gone through the programme
- ❖ Two people said at a community stakeholder forum
- ❖ Five people heard through telemarketing, such as emails and on the internet and newspapers
- ❖ Seven people came from Eskom directly approaching them to encourage them to enter as they had been recipients of programmes which they had entered through other Eskom Foundation CSI initiatives

The interviewer asked the graduates if they considered other Enterprise Development (ED) programmes nationally, which came back as follows:

- ❖ Twelve people said they had not considered other ED initiatives nationally
- ❖ Thirteen people said they had, which included the GIBS programme and a Government programme, among others

Good and bad experiences in the academy for students

The following were the graduates' responses to their positive experiences in the academy:

- ❖ Three people said they are more confident in their capabilities in how they do business
- ❖ Six people said the practical examples from classes was their highlight
- ❖ Three people said networking within the programme was their highlight

- ❖ Two people said they did not have any positive experience through the academy
- ❖ Three people said that their most positive experience was how they realised that clients viewed them differently when they discovered through their CVs and company profiles that they had attended the academy.
- ❖ Eight people said that they were impressed with the level of quality teachings that they got including how their perspective changed

Weak points/ experiences in the academy

- ❖ Eleven people said they did not have any negative experiences through the academy
- ❖ Seven people said their unmet expectations of getting business after the programme was the negative part
- ❖ Seven people said that the content covered was too much in a short space of time

Regarding any last comments or anything that the graduates gave, the following was the feedback

- ❖ One person spoke about the location of the academy (in Mpumalanga) not being central enough - transporting themselves to the academy was a challenge.
- ❖ Six people said they were expecting to get business from Eskom directly, or that Eskom could give them an opportunity to win contracts through them
- ❖ Seven people said they would not change anything from the course
- ❖ Six people said that the courses should be longer so that they could gain in-depth knowledge from certain subjects
- ❖ Four graduates said that some classes had more older people and wished that their class mates were younger, as well as that they wanted practical on-site examples

- ❖ One graduate said that Eskom departments work in isolation as the Foundation and procurement departments don't seem to be in sync with knowledge of each other's work

The three facilitators/ people interviewed had the following positions within the programme:

- ❖ Programme manager at Eskom Foundation as well as the programme manager for the Contractor academy
- ❖ Facilitator teaching Supply Chain management and people management and Leadership subjects at the academy
- ❖ CEO of the NPO which Eskom works with, called Edu-Park, which Eskom is collaborating with through the University of Limpopo for the academy

All three individuals have been with the programme since its inception in 2007/2008. From the three mentioned people, the following data were extracted:

- ❖ Each course is reviewed each year in order to ensure that it is up-to-date with, e.g. legislation
- ❖ The facilitators were all chosen through an interview process, and each of them came from a lecturing and business background.

The facilitators also revealed that the reason for the course being initiated was due to the lack of skills of contractors. The academy is successful because of the number of participants in each class. Each province has fifteen students per group, whereby Mpumalanga has a group of thirty graduates each year. The aim of the programme is to look at quantity over quality in order to give each student the attention that they need. The programme also focuses in practical examples and application rather than textbook examples.

The facilitators stressed the importance of communicating with students upfront that the programme is meant to empower students and does not guarantee any work will be granted to them from Eskom. The aim of the programme is to ensure that students have the necessary skills to acquire business skills and

knowledge to have a sustainable and continuation of operations. Some of the factors which have attributed to the success of the programme has been choosing the correct partnerships for facilitators and the University of Limpopo which all share the same values of the company and have the same goal of wanting to change lives and businesses.

5. Chapter five: Discussion

Eskom initiated the Eskom contractor academy in 2007 as a way to close a gap for small and medium enterprises as Eskom had seen the lack of tenders being awarded to SME contractors. The question at the time for Eskom was how it, could as a company, support emerging companies that fail or who have not been able to succeed in business. Eskom then took it upon itself to develop and customise an SME development programme as a way to contribute through its Corporate Social Investment stream. The academy aimed to equip contractors with the fundamental business skills to be sustainable in their companies as well as to further expand and grow their companies, which in turn, would contribute to job creation and economic growth.

The programme was first piloted in 2007/2008 in order to see the kind of response it would get from the market. The programme was framed as a form of contribution towards skills development under the Enterprise Development focus area under the Eskom Development Foundation (Eskom Development Foundation Annual report, 2017).

Eskom worked together with a Not-for-Profit Organisation (NPO) called Edu-Park which became the middle man in looking for a University with which they could collaborate. The University of Limpopo became the university with which Eskom would collaborate. The University received approval from their Board in terms of customising a course for SMEs that would be funded entirely by Eskom Development Foundation.

The following curriculum was created and became part of the customised subjects for the SME initiative:

- ❖ People Management and leadership
- ❖ Supply chain management
- ❖ Business sustainability and finance
- ❖ New Engineering Contract (NEC)
- ❖ Project Management
- ❖ SHERQ (Safety, health, environment, risk and quality)
- ❖ HIV/Aids in the workplace

Some modules are individually accredited through the relevant Sector Education Training Authority (SETA) to ensure their quality standards. Upon completing the programme, each graduate is awarded an individual certificate for each module completed, as well as an overall certificate for completing the Eskom Contractor Academy programme (Eskom Development Foundation Annual report, 2018).

Subjects are taught over eight months and class is attended once a week each month. The Eskom Contractor Academy is now available nation-wide with students coming from each province. Currently, the Academy has 150 students each year coming through the programme with a 97% pass rate.

By July of 2018, the Eskom Contractor Academy had trained a total of 1311 students with a 97% pass rate. Out of these, 778 of the graduates were female while 553 were black male graduates. Fifty per cent (50%) of the graduates can be classified as the youth (Eskom Development Foundation Annual report, 2017).

The following findings with discussions can be highlighted as follows:

In the literature review, the first proposition suggested that CSI could be used as a mechanism to drive SME development. The following findings can further support this proposition.

Diversification: Regarding the ability to diversify into different sectors, 70% of graduates had expanded their businesses further through receiving either bigger contracts in the same sectors, while other graduates had diversified into completely different sectors from when they had started at the academy. An example is a graduate who was in the supply of electrical tools sector and has now opened up a chain of restaurants, while another graduate is in the hospitality sector servicing training institutions, and has now entered into a contract to train people nation-wide in hospitality. The exposure to the academy enabled some of the graduates to develop networks and partnerships, which allowed some of the graduates to expand further and diversify their businesses. Diversification is supported in the literature by Visser, (2008) where he speaks of internal drivers for organisations. One of those drivers' elements is market

access. The graduates have been able to access different markets or the same markets but at a grander scale.

The question of diversification of businesses was not originally in the questionnaire; however, this specific category kept coming up when the majority of graduates kept mentioning that before they signed up for the programme, they had actively been running at least one business while their other businesses remained dormant.

Graduates further mentioned that after completing the programme, it no longer made sense to not actively pursue their other business interests; which led to more opportunities opening up for them, and thus allowed them to increase capacity in their companies in order to focus on different sectors, or to scale their business within the same sector.

Skills transfer: The development and transfer of the skills which managers had learnt through the academy is another indication of the impact of the programme. Graduates had been able to transfer their skills further down to their employees in their businesses. This shows that the academy has become a chain reaction in SMEs. As part of the requirements for entering into the programme, the students who enroll in the programme must be in a high position such as the director or CEO of the company. This choice has then resulted in a positive impact as it means that through training of one individual in an organisation, an entire organisation/ SME is up-skilled. The skills transferred include financial skills in order to analyse better and put together company financials, completion of tendering documents from scratch as well as the completion of safety files in their entirety instead of outsourcing the function to a third party.

Skills development: Graduates stated that their skills had increased in the following manner: Being able to complete safety files and tender documents entirely where they no longer need to pay a middle man to do so. Graduates mentioned that it costs approximately on average R15 000 to pay someone to prepare their safety files. This has resulted in graduates being able to save these funds due to them being able to complete their tender documents after completing the academy. The financial management skills acquired have

resulted in graduates adopting a more professional manner of managing the finances of their businesses. They report being more focused and structured in how they organise and manage the finances of their businesses. This particular skill is said to be one of the hardest to master, as although an entrepreneur can have a great idea, if they do not know how to run their company financials, this could be detrimental to the company's success.

Leadership style: The majority of the graduates reported to have changed their leadership style after completing the people management and leadership subject. They acquired a better understanding of how to manage the relationship with their staff. 30% of graduates stated that they now encourage more of their staff to further their studies, so that they may be more educated in their roles. The management style they now employ is that of open communication and an open-door policy.

Graduate experiences: With regards to the positive experiences of the graduates in the academy, 20% of graduates stated that they are more confident in their capabilities in how they do business. This has resulted in them aggressively pursuing business opportunities and not being reactive by waiting on business to come to them. The students also highlighted the value they derived from the practical examples tackled in classes. Graduates mentioned that most of them had never been fully able to complete a tender document or business plan by themselves and that the exercises in class equipped them with the knowledge to be able to do so by themselves. This experience gained has enabled the SMEs to gain business through tenders from big companies, an issue which had always been a hindrance for them.

The credibility of the programme for students: 20% of the graduates mentioned that one of their most positive experiences after the programme was their realisation that when approaching clients for business, clients viewed them favourably because of their CVs showing that they had gone through the Eskom academy. Graduates stated that receiving individual certificates for each subject completed at the academy bolstered their credibility and confidence when engaging with clients, even when they had not completed the whole course.

Lastly, many SME development programmes contain business teachings which are taught in the classroom; however, through this programme, it came across strongly that emotional elements, such as confidence, are just as essential to people in business, specifically SMEs in this case.

Discussion part 2:

The one common trait which was picked up by the learners was their common sentiments in the quality of the lecturers that they had. Over 80% of the graduates mentioned that the facilitators/lecturers had in-depth knowledge of the respective subjects which they taught. Most of the facilitators seem to be in business in the sector of the subjects that they are teaching. They all have extensive years of experience in their respective subjects which made the learning experience for graduates even more valuable.

The practical lessons in class which included filling in actual forms, such as tender documents or business plans, and working on real-life examples allowed the students the exposure to the kind of documents and complexity that comes with real life tendering for businesses.

From the graduates who were interviewed who came from the first cohort, e.g. three years of the programme from its inception, there seems to be a common expectation of these graduates that they would have been granted opportunities of tenders/ winning contracts with Eskom. The graduates from 2011 and onwards seem to have hardly mentioned their expectation of receiving business from Eskom, but instead viewed the programme as an essential and helpful tool in empowering and up-skilling them to be able to tender to more companies nation-wide. Some of the graduates mentioned that they either had or would be willing to do business with international companies. The difference in expectations between the two groups could have possibly resulted from Eskom having changed the message communicated in terms of the purpose of the academy. The facilitators mentioned that from the first orientation session, they communicated with students continuously that although this opportunity came from Eskom, this did not and would not guarantee work or tenders from or through Eskom. The programme aims to equip graduates with the skills and know-how to be able to get business from all businesses nationally and

internationally and to be able to compete in the formal economy. It seemed that some graduates had sentiments that because they were joining an Eskom initiative, this meant that they would be getting business from Eskom.

Literature by Bahmani (2014) considers the notion that, management skills that lead to further growth as well as the expansion of an SME, are the foundation of the success of such business ventures. The interviews conducted, give evidence to this statement by revealing that :

80% of the students mentioned confidence as a value-add gained from the academy. The students mentioned that the ability to understand and better complete forms and no longer have to pay someone to do their financials and safety files, resulted in substantial cost savings for their businesses and their new found confidence stretched further into receiving new contracts.

In determining the extent of job creation by the SMEs, a comparison was drawn between the number of permanent staff that each business had before the programme and by how much that headcount had grown within a three to five-year period. Two graduates revealed that there was a decrease in headcount numbers in their businesses during this period. One of the reasons for this decrease in numbers as stated by a graduate was that they decided that when one of their employees left, they would instead train and up-skill the remaining employees, including investing in further studies for their employees instead of hiring more employees.

73% of graduates increased their profitability and had an increase in company turnover.

40% of the students mentioned how they had taken safety for granted and not realised the importance and depth of information and teaching that came from it. As a small contractor wanting to do business with large companies, one of the most fundamental things to comply with is safety, and this has enabled the graduates to not only be compliant in terms of safety files but also to be conscious of safety in their workplace with their employees, which has added significant value to their businesses. When applying for tenders, graduates who have gone through the academy now also showcase safety in their own

companies, and this indicates high levels of ethical practice by the SMEs, which puts them in a favourable position with their key potential clients.

The findings from the study support the literature, as depicted by proposition one, which states that CSI can be used as a mechanism to drive SME development.

The contractor academy is a corporate social investment programme initiated by Eskom with the aim of closing the gap of under-skilled and underpowered SMEs. The primary objective of the programme is to enhance the quality of the lives of South African citizens. The programme does not entail any form of payment for learners to pay, except for transport to and from classes once a week. All other expenses are fully covered, such as accommodation and food. This element of the programme provides further evidence that CSI interventions can be used to create value for SMEs, as intimated by Qaurtey and Leutkenhorst (2004).

Lamadarios (2013) states that, for the success of an SME development programme to be evident, there needs to be sales growth for the business after it has gone through the programme, the continuation of operations by a company or business, as well as profitability. Turyakira et al. (2014) further suggested that a successful SME programme can be identified by the demonstration of an increase in the following variables, for the beneficiaries of the programme: a rise in profit, a rise in market share, increased growth and increased sales volume.

All of these variables coincide with the findings that majority graduates expanded their businesses either into other sectors and industries or in the same sector but on a greater capacity, 92.5% of graduates have successfully continued operating their businesses as well as over fifty percent of graduates have tremendously increased their profitability and had an increase in company turnover after completing the programme.

From the results of this research, it can be confirmed that the impact of an enterprise development programme can be assessed through the following measures: increased profitability and turnover, increased market share, job

creation, skills development for the management and staff, the continuation of operations and diversification. These findings are therefore aligned with, and authenticate the second proposition. It was further revealed by the study that this programme contributes towards the development of soft skills in the beneficiaries of the programme. A number of respondents reported having gained a boost in self-confidence, and an improvement in their management skills.

Discussion from facilitators section:

The facilitators mentioned that as things in business evolve each year, so does the curriculum - each year the modules are revised in order to stay in line with the latest developments in business. This is especially crucial for subjects which have legislation involved such as Safety, Health, Environment, Risk and Quality (SHERQ) and New Engineering Contract (NEC) subjects. It is then critical that Acts and newly established information are added to the curriculum. In supply chain management, things such as the Fourth Industrial Revolution were not a part of business five years ago, but are threatening to disrupt the way business is done currently and in the future. It, therefore, becomes pertinent for each lecturer/ facilitator to keep up to date with not only the content but the business world as well. Selecting the right facilitators is critical in the programme being a success, as facilitators need to see their role in not just the students' lives but in the bigger picture, which is contributing towards the economy. Facilitators need to have the correct skills and experience to qualify for teaching in such a programme, as it is not a standard academic teaching programme, but rather a practical business course.

The right partnerships with grantmakers and developmental agencies are crucial success factors – partners need to be in agreement on what values and impact each side is trying to develop - especially regarding the success of the programme.

Another factor in the success of the programme has been selecting the correct students. It is crucial to select students who are serious in wanting to turn their business around and want to learn more.

The Eskom Contractor Academy, unlike other institutions which offer SME development programmes, only takes fifteen people per province, except for Mpumalanga where they take two groups of fifteen people each year (due to the most power stations being in this province). Eskom believes that the reason for the success of the programme has been due to the number of learners they take in each year. They believe in quality over quantity. They believe that having fifteen learners per class allows the facilitators the ability to build relationships with every student and give focused attention to each student. Due to the course being content heavy, they believe that a small number of learners per class is far better in creating an impact on the learners.

The facilitator mentioned that the small number of students in each class allowed them to be able to get to know students more closely. It was interesting to find out that the facilitators found that sometimes learners were not performing well, not because of the content being substantial, but because of community pressures and the background which some learners were coming from. Entrepreneurship in some communities is still not held in high esteem, and therefore learners are faced with such issues which could hinder the performance and success of their businesses, including their performance in the classroom.

Learnings for other SME development programmes in the future:

The academy is applicable for any contractor/ SME in any sector. Hence the subjects which constitute this programme were put together carefully to assist any SME to be able to operate and compete in the formal economy.

Of the respondents that had considered other programmes, some mentioned that only Eskom offered an SME development programme free of charge. The CSI element of the programme, which is to make the programme free, was one of the main reasons that graduates stipulated that they chose the Academy over other programmes offered nation-wide. The Academy ensures that accommodation and food are provided for the students for one week a month, over an eight-month period.

Some graduates said their unmet expectations of getting business from Eskom following completion of the programme, was the negative part. The unintended consequence of a company such as Eskom offering a programme of this nature for SMEs is the expectation that is created that once completed; graduates will automatically get tenders/ contracts from the company. It is then key to continually emphasise to students that the programme aims to empower and equip the graduates with the necessary skills to be able to attract and get business from other companies. Governance still needs to be adhered to. Proper communication is vital to manage expectations of the graduates. Lastly, it is to be noted that the importance of collaborations between programmes in an organisation is vital, in order to enable the sharing of information, resources and beneficiaries. The Eskom Academy programme, at its inception, was a collaboration between CSI and Supplier Development and Localisation (SDL). The impact then became more significant for Eskom due to the collaboration between programmes within the organisation.

6. Chapter six: Recommendations and conclusion

Conclusion:

From this study, it can be suggested that the Eskom Contractor Academy can be used to assist SME's to achieve continuation of operations.

In addition, this research supports the literature reviewed, by showing that sales, profitability, market share, growth rate, job creation and a continuation in operations are indeed the variables to measure to demonstrate the value created for SME's by an SME development programme.

The main aim and purpose of Eskom customising an SME programme through its Corporate Social Investment stream were to close the gap of SMEs falling short of competing in the formal market. The aim was to equip and empower SMEs with the fundamental business skills to be able to run their businesses sustainably.

One of the greatest success factors for the Academy is the collaborations between Eskom, the University of Limpopo and Edu-Park. Collaborating with different institutions has allowed each institution to exercise their areas of expertise to bring the best out of the programme. That way each institution can focus on what they are best at.

Recommendation

The purpose of the content taught in an SME development initiative should be to empower and assist contractors in any sector and not limited to the sector within which the company offering the programme is operating. The programme should equip the beneficiaries with practical skills rather than textbook methods. The different sectors within which the participants operated ranged from hospitality to distribution of tools to franchises. From the findings, it materialised that Eskom has been able to achieve their objectives while having a growing demand from SMEs across SA wanting to be a part of this initiative.

The following are recommendations for future research

Due to this study having focused on only one SME development programme, which is from Eskom, the recommendation would be to study more companies with SME development programmes; and to compare variables which have made the initiatives successful. SME development programmes should have the same purpose and values in order to compare apples with apples.

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Appendices

ARP Survey

Good day. My name is Palesa Mocoancoeng and currently undertaking my MBA at Wits Business School.

I am conducting research on the impact of Corporate Social Investment (CSI) initiatives employed by Eskom Development Foundation, with the main focus on the Contractor Academy. The survey will be of great assistance in measuring the impact of Eskom Foundations CSI programme. Therefore, it is of utmost importance that you answer the questions asked to the best of your true understanding and opinion.

All responses will be treated anonymously and will be used purely for research purposes. The survey should take you approximately 5-10 minutes and all the information provided will be treated confidentially.

I thank you in advance for taking time out to conduct the survey.

For students

Beginning of survey

Name (optional):

Surname (option):

Gender

Female	Male	
--------	------	--

Race:

Black	Coloured	Indian	White
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Which year were you part of Contractor Academy:

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
------	------	------	------	------	------	------	------	------	------	------

Are you still in business?

Yes	No
-----	----

If no, please indicate which factors contributed to you no longer being in business:

Started another business (different from the one entered into in the Academy)	Got a job	Went back to school	Pressure from family to get money quickly	Struggled to receive business after completing the programme	Other: Please state
---	-----------	---------------------	---	--	---------------------

How long did it take for the programme to be beneficial- number of years?

Immediately after completion (0-1 year)	1-2 years	2-3 years	3-4 years	More than 4 years
---	-----------	-----------	-----------	-------------------

On a scale of 1-10 how useful was the programme for you?

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Company Turnover:

Please indicate your company turnover (year on year growth) 3 years leading up to the programme and after the completion of the programme:

Before the programme: year on year growth:

0-5%	6%-10%	11%-20%	21%-30%	31% and above
------	--------	---------	---------	---------------

After completing the programme: Starting from your graduation date

0-5%	6%-10%	11%-20%	21%-30%	31% and above
------	--------	---------	---------	---------------

Job creation

How many employees did you have in your company the year before you were part of the initiative and what is your employee head-count right now?

Before:

After:

Company expansion

How long did it take after completing the academy for you to be able to further expand your company?

0-1 year	1-2 years	2-3 years	3-4 years	4 years and above
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Diversification:

Have you diversified into the same sector or different sector since the academy? If yes, which one?

Opportunities

How long did it take before being able to get tenders/ contracts which turned your business around?

0-1 year (6 Months)	1-2 years	3-4 years	4 years and above
---------------------	-----------	-----------	-------------------

Interview questions

1. Where did you hear about the Eskom Foundation Contractor Academy?
2. Why did you choose the Eskom Foundation Contractor Academy programme?
3. Which other Enterprise development programmes offered by other companies nationally did you consider?
4. What business management skills and knowledge have you acquired from the Academy?
5. How are you a better manager because of the academy?
6. Which direct benefits have you obtained since graduating through the programme, for you and your business?

7. What are the weak and strong points of the programme from your experience in the academy?

Weak:

Strong:

8. What improvements would you suggest for the programme? What is the one thing you would change/ add in the programme?

Please let us know of any suggestions that you may have to better the programme as well as your overall experience on the programme. Please let us know good and bad experiences.

Thank you for taking time out to complete the survey.

Kind regards

For facilitators:

Contractor Academy

Name:

Title:

How long have you been working in the programme?

What are the benefits of the collaboration between Eskom and EduPark on this programme?

What subjects are offered in the course and what is the rationale behind offering these specific subjects? :

What criteria are used to select facilitators for the academy ?

Have facilitators changed over the years and why?

What changes and improvements have been introduced to the programme over the years?

How is the Eskom Contractor Academy differentiated from similar programmes offered by other organisations in the country? What have been the lessons learnt so far?

What measure do you evaluate to monitor the progress and learnings of the students during the programme?

How do you monitor the progress of the students who have graduated?

What feedback have you received from the students with regards to the skills and knowledge gained from the academy?

What have you observed to be the impact of the programme on the graduates of the academy?

What future plans are in place for the academy, considering the operational environment Eskom and the economy of the country?

What have been the major successes and failures of the academy?

What factors do you believe have led to the success of the Eskom Contractor Academy

Thank you for taking the time to complete the survey.

Kind regards



Simplicity is the ultimate
sophistication

Dear Sir/Madam

Please take note that Palesa Mocoancoeng made a payment to your account.

The payment details are as follows:

Payment Notification

Notification number 796163
Payment date 27/05/2019 05:13

Payment details

Beneficiary name Wits ETD
Bank name First National Bank
Account number 51360056499
Branch 250655
Account type Current/Cheque Account
Amount R 180.00
Payment reference P Mocoancoeng 368781

IMPORTANT NOTES:

Payments made BEFORE 02:00 PM Monday to Friday, or BEFORE 09:00 AM on a Saturday should reflect in the beneficiary account the following business (work) day.

Payments made AFTER 02:00 PM Monday to Friday, or AFTER 09:00 AM on a Saturday, or on a Sunday, or on a public holiday should reflect in the beneficiary account within 2 business (work) days.

This is a notification that we received instruction to effect a payment and not a representation of any kind or guarantee that the amount has in fact been transferred or shall be available in the account. The processing of the payment may be delayed, which may impact on the timing of the availability of the funds.

Internet Banking Services



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WITWATERSRAND,
JOHANNESBURG

S2017/688

(Replacing A2006/ 269, A2007/26, A2009/39
and A2012/32)

File: T4gen

**FINAL SUBMISSION OF THESIS, DISSERTATION OR RESEARCH
REPORT/PROJECT
(Unbound and Electronic Copies)**

Faculty of Commerce, law and management

School of Wits Business School

Submission of MBA Research/ Project Report (*Note: This form should only be completed at final submission of dissertation or research/project or thesis*)

PLEASE WRITE CLEARLY IN BLOCK LETTERS (*If completing form by hand*)

1. Name (in full): Palesa Anna Mocoanoeng
2. Person Number: 368781
3. Present mailing address: Unit 52, Door 8H, Terra Nova complex, 1 Valley Road, Broadacres, Fourways

Postal code: 2157

Fax: _

E-mail: palli.mocoancoeng@gmail.com Cell: 082 470 2532

Home tell: N/A

Work tell: 011 800 6779

4. If you are likely to move in the next 6 – 12 months please provide the mailing address and effective date of a change in address

Effective date: _____

Contact telephone numbers: _____

5. I hereby submit my MBA research/ project report.
(Delete whichever is NOT applicable)

5.1 If this is research for a Masters by Dissertation or PhD thesis, please provide your
ORCID number _____

(Open Researcher and Contributor ID, ORCID, is an alphanumeric code to uniquely identify academic authors and contributors, it's highly recommended that you register and provide this ID, to register or read more see <http://orcid.org>)

6. Number of unbound copies: 2
(Ensure that you have signed and dated all copies)

“Number of CDs: 1 (**Please note:** an electronic version must be supported by a copy on CD for submission onto the Electronic Theses and Dissertation System (ETD): [http://www.wits.ac.za/library/electronic-theses-and-dissertations-etd/5/electronic theses and dissertations etd.html](http://www.wits.ac.za/library/electronic-theses-and-dissertations-etd/5/electronic%20theses%20and%20dissertations%20etd.html). A payment of **R180** must be made at the Cashiers Office into the account code: 001.408.4221103.8115201 PROJECT: ETDW000, alternatively payment can be made at First National Bank, Braamfontein branch, account number 51360056499, branch code 251905, swift code: firnzajja950. A copy of the payment receipt must be submitted to the faculty with the thesis/dissertation “

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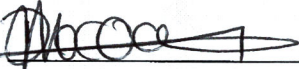
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