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# Non-compliant products in the South African economy: The role of the National Regulator for Compulsory Specifications (NRCS)

**Makhoba, Portia**

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University of the Witwatersrand, Johannesburg

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# Non-compliant products in the South African economy: The role of the National Regulator for Compulsory Specifications (NRCS)


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| Name | : | Portia Simangele |
| Surname | : | Makhoba |
| Student number | : | 2554130 |
| Supervisor | : | Dr Lumkile Mondi |
| E-mail address | : | 2554130@students.wits.ac.za |

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## 1. Background

The study on non-compliant products in the South African economy aims to explore the prevalence, causes, and implications thereof. Non-compliant products refer to goods or services that do not meet the established regulations, standards, or requirements set by regulatory bodies or authorities (NRCS Act 5 of 2008). These regulations are put in place to ensure consumer safety, protect the environment, maintain fair competition, and ensure product quality. Understanding the background and context of this issue is crucial for developing effective regulatory strategies and interventions to ensure compliance and protect the interests of stakeholders. This study specifically investigates the role of the National Regulator for Compulsory Specifications (NRCS) in minimizing the inflow of non-compliant products in the South African economy within its jurisdiction.

The NRCS holds great importance in protecting the South African public from non-compliant products by implementing regulations and standards, the NRCS ensures that all manufactured goods within its jurisdiction meet the required minimum specifications, this is deployed through the NRCS diligent enforcement of the regulations, which effectively decrease the influx of non-compliant products into the South African economy.

In the context of this study it will explores the role of the regulator in minimizing non-compliant products, which is possibly conquered through the enforcement of regulations, implementing inspection procedures, and promoting compliance among manufacturers, importers, and distributors in plight of promoting a safe economy for all.

According to Christopher (2022), the South African economy is the largest on the African continent, characterized by its diverse sectors, trade relationships, and the importance of regulatory compliance in maintaining a fair and competitive market. South Africa is further well established in trade relationships with both African and global partners. The country is a member of the Southern African Customs Union (SACU), which promotes trade integration and cooperation within the region. South Africa is a signatory to numerous bilateral and multilateral trade agreements, including the Southern African Development Community (SADC) and the African Continental Free Trade Area (AfCFTA). The strategic relationship that SA possess in trade requires that all times, there should be compliance and the inflow of non-compliant products in the South African economy is one of the challenges that negatively affects our economy. The study will explore the impact such products has and the deterrence instruments that the NRCS enforces in decreasing the inflow of non-compliant products.

## 1.2 Research problem

The research problem that motivated the study on non-compliant products in the South African economy and the role of the National Regulator for Compulsory Specifications (NRCS) is the persistent presence of non-compliant products despite existing regulatory frameworks within the jurisdiction of the NRCS.

The exploration of non-compliant products within the South African economy and the regulatory oversight by the National Regulator for Compulsory Specifications (NRCS) can be categorised into multiple sub-research problems, each serving as a critical component in understanding and addressing the overarching issue, as stated below:

**Regulatory Framework**

- How effective is the existing regulatory framework in curbing the inflow of non-compliant products?

**Factors contributing to non-compliant products**

- What are the underlying factors contributing to the prevalence of non-compliant products?.

**Impact of non-compliant products**

- What is the impact of non-compliant products economically and effects on consumer safety?

**Recommendations to improve product compliance?**

- What strategies can be deployed in curbing the presence of non-compliant products?

## 1.3 Research Objectives

- To analyze the dominance and impact of non-compliant products on the South African economy.
- To identify factors contributing to non-compliant products, its potential consequences on market dynamics, consumer safety, and regulatory effectiveness.
- To evaluate the effectiveness of the National Regulator for Compulsory Specifications (NRCS) in regulating and mitigating non-compliant products.
- To propose recommendations for enhancing the NRCS's effectiveness in combating non-compliant products.

## 1.4 Rational of the study

The rational is implemented on the basis of the scarcity of comprehensive research data on the topic, while some studies have been conducted, there is still a need for more extensive and detailed research to understand the full impact of non-compliance, furthermore limited availability of up-to-date data on non-compliant products, this study will bridge that gap and obtain reliable data from the source within the NRCS.

The rational at its core is an in-depth examination of non-compliant products necessitates an extensive scholarly inquiry into the complex interplay between different variables. The fundamental role played by the NRCS cannot be overstated, as it serves as a pivotal institution responsible for upholding product integrity through stringent enforcement of compulsory specifications. Therefore, understanding this interdependence between non-compliant goods and the regulatory framework establishes a comprehensive foundation for the rational of the study.

Government and policymakers would benefit for setting regulations and policies related to product safety and compliance. The research findings will aim to inform policy development, regulatory improvements, and the allocation of resources to address non-compliant products. This will supports the government's efforts to ensure consumer safety and promote fair competition.

Legitimate businesses and industries stand to benefit from the study as it helps create a level playing field by minimizing the inflow of non-compliant products, the study envisage to contribute to protecting the reputation of businesses that comply with regulations, fostering fair competition, and reducing economic losses resulting from counterfeit or substandard products.

Trade associations and industry will gain from the study by through the insights to their challenges and opportunities related to non-compliant products. The findings can guide these organizations in developing industry-wide standards, best practices, and collaborative initiatives to ensure compliance and protect the interests of their members.

### 1.5 Delimitations of the Study

The delimitations of the study is guided by the NRCS Act no 5 of 2008 as per the products within the compulsory standards as stated below:

| No | INDUSTRY SECTOR | PRODUCTS REGULATED |
|---|---|---|
| 1. | **Automotive** | Vehicles, Replacements components, Manufactures Importers and Builders |
| 2. | **Chemicals, Materials and Mechanicals (CMM)** | Cement, chemicals, detergents, Personal protective equipment, safety shoes, building materials, treated timber, plastic bags, solar water heaters, plumbing equipment |
| 3. | **Electro-technical** | Electrical appliances and products |
| 4. | **Food and Associated Industries (FAI)** | Processed meat, canned meat and canned fish products, frozen fish products, smoked snoek, agricultural live abalone, live and chilled bivalve molluscus which are traded nationally and internationally |
| 5. | **Legal Metrology** | Calibration of measuring instruments, weights, measures and gaming equipment |
| 6. | **Building Regulations** | Ensure uniform interpretation of NBR Act, administer review Board, set minimum regulatory requirements in standards, regulations, Building control officers convention and Building control officers training |

http//:www.nrcs.org.za

### 1.6 Operations Definitions

#### 1.6.1 National Regulator for Compulsory Specifications (NRCS)

The NRCS is a regulatory body in South Africa responsible for ensuring compliance with compulsory specifications. Compulsory specifications are technical regulations that define the minimum requirements for products, processes, and services in order to protect public health, safety, and the environment (NRCS Act 5 of 2008).

#### 1.6.2 Compulsory Specifications

Compulsory specifications aim to promote fair trade practices, consumer protection, and quality control by establishing standards that products must meet before they can be legally sold or used in the country. These specifications cover a wide range of products, including electrical, automotive, building materials, food products, legal metrology, chemical and materials etc (NRCS Act 5 of 2008).

### 1.6.3 Non-compliant products

The NRCS defines non-compliant products as those that do not meet the requirements specified in the relevant compulsory specifications. These specifications outline the minimum standards and criteria that products must meet in terms of safety, performance, quality, labeling, and other essential characteristics. The product is deemed non-compliant by the NRCS, which means that it fails to meet compulsory specifications (NRCS Act 5 of 2008).

### 1.6.4 Market surveillance inspections

These inspections are carried out to monitor the market and identify non-compliant products that may pose risks to consumers, public health, safety, and the environment. The purpose of market surveillance inspections by the NRCS is to verify whether products available on the market meet the requirements set forth in the relevant compulsory specifications. NRCS surveillance inspectors holds the right to visit manufacturing facilities, warehouses, retail stores, or other places where products are produced, stored, or sold (NRCS Act 5 of 2008).

### 1.6.5 Letter of Approval (LOA)

The NRCS issues a Letter of Authority as a document that confirms compliance of a product or service with the relevant compulsory specifications and regulations. It serves as an official acknowledgment that the product or service has met the necessary requirements and can be legally sold or used in the South African market (BUSA 2021).

## 1.7 Structure

The research paper will be structured to provide an analysis of the current situation in the form of the introduction which will provide a conceptual overview of the issue, outlining the scope and objectives of the research, following this, a literature review will be conducted to assess the existing academic discourse surrounding this topic, thus providing an empirical basis for exploration. The methodology section would then discuss various methodological approaches and their validity in relation to the research question.

# CHAPTER 2

# LITERATURE REVIEW

The present scholarly unveils a comprehensive literature review that scrutinizes the study of non-compliant products and the pivotal role assumed by the National Regulator for Compulsory Specifications (NRCS) in this context. This endeavor aspires to examine the multifaceted nature of non-compliant products, encompassing their diverse manifestations, ramifications, and regulatory implications, this will be possible through an extensive collection of empirical studies, theoretical frameworks, and legislative provisions, the literature review will aim to offer a nuanced understanding of the complexities surrounding non-compliant products and the complicated web of interactions between stakeholders involved.

An excess of scholarly contributions has unveiled the dire consequences associated with non-compliant products in various sectors, including but not limited to consumer goods, electronics, foods, chemicals, materials, legal metrology and automotive industries. These contributions have examined a wide range of issues such as compromised safety standards, public health hazards, economic losses, erosion of consumer trust, and subsequent market distortions, to address these concerns effectively, it is imperative to recognize the crucial role played by regulatory bodies like NRCS in ensuring compliance with compulsory specifications, as defined by existing literature, NRCS assumes a multifaceted role encompassing monitoring, enforcement, certification accreditation processes while collaborating with relevant industry stakeholders to foster adherence to quality standards.

## 2.1 Regulatory Framework – non compliant products

The effectiveness of regulatory mechanisms in addressing non-compliant products has been a topic of scholarly inquiry in recent years. The intricate nature of this issue necessitates a comprehensive analysis to comprehend the multifaceted dimensions involved. Scholars have examined the efficacy of various regulatory approaches, such as pre-market authorization, post-market surveillance, and enforcement actions, to ensure compliance with product safety standards (Smith et al., 2018), by inspecting the interaction between regulatory bodies and industry stakeholders, researchers seek to understand how these mechanisms influence the prevalence of non-compliant products in the market.

One prominent area of investigation pertains to the role of regulatory agencies' capacity building efforts in countering non-compliant products. Building on existing literature (Anderson et al., 2017) , research have explored how effective training programs and resources

provided by regulatory bodies can enhance their ability to detect and prevent non-compliance. Moreover, studies have also examined the impact of collaboration between regulators and industry actors on combating non-compliance. This line of research investigates strategies such as public-private partnerships and voluntary compliance initiatives (Brown & Wilson, 2021).

Understanding the effectiveness of regulatory measures in addressing non-compliant products requires a nuanced examination that encompasses various dimensions including pre-market authorization, post-market surveillance, enforcement actions, capacity building efforts, interagency collaboration, and industry cooperation (Jones & Smith, 2016).

The effectiveness of the regulatory is the realm of the NRCS which was established in 2008 in terms of the National Regulator For Compulsory Specifications Act, 2008. In terms of Section 35 of the NRCS Act, the terms and conditions of the employees employed within the regulatory division of the South African Bureau of Standards were transferred as a going concern in terms of Section 197 of the Labour Relations Act.

In complying with its mandate, the NRCS performs market surveillance plays a critical role as a 'watchdog' instrument that is discharged by the NRCS in minimizing non-compliant products in line with its mandate of protection of the public, economy, and environment. The NRCS conducts two types of inspections, the first one is market surveillance where inspection is undertaken at source being the premises of the manufacturer or ports of entry , secondly is remote surveillance is documentation based in terms of test reports and other technical information, this process is digital intensive and is conducted at the NRCS premises, the difference between the two market surveillance is the fact that surveillance at source has more probability of detecting and minimizing non-compliant products, where else the remote surveillance is that is it resource intensive and in some instances the NRCS may not have the resources – test laboratories available which may have the possibility of non-compliance due to it technical process (NRCS Act 5 of 2008).

The inspection function finds expression within the ambit of Risk Based Approach where the NRCS will deploy interventions that will pro-actively mitigate the risks of non-compliant products through regulatory interventions. In the eventuality where a non-compliant product is detected, the supplier will be punified in the form of penalties where the products will be obliged to be returned to it country of origin this will assist the NRCS in curbing continuation of sale of non-compliant product, it can further be destroyed and confiscated in order to ensure safety to the customers, , the compliance agencies that would enforce such compliance will be

the South African Police Service in the form of enabling market surveillance inspectors to enter the premises of the manufacturer as per the powers enabled by the NRCS Act no 5 of 2008 , NRCS would further plan unannounced destruction raids which will be accompanied by the SAPS.

The NRCS as the entity is also responsible to operate as an organ of state where support functions will be provided. The support services are within different business units, which will ensure continuity of business, in the form of Human Capital, Procurement, and ICT services, Marketing and Communication, Procurement, Legal Services etc. These business units ensure business continuity in the form of enabling the NRCS to discharge it duties through skilled human capital (NRCS Act 5 of 2008).

On the contrary, there is also an element of ineffectiveness of regulatory mechanisms in addressing non-compliant products has emerged as a prominent concern within academic dialogue. Literature have argued that the persistent failure to curb the proliferation of such products can be attributed to a variety of factors, for instance, inadequate enforcement strategies, limited resources, and bureaucratic inefficiencies have all been identified as key obstacles impeding regulatory efficacy (Smith et al., 2019). Furthermore, the dynamic nature of global markets and constantly evolving production techniques pose significant challenges for regulators attempting to keep pace with emerging non-compliant practices (Jones & Brown, 2018).

In order to comprehend the gravity of this issue, it is crucial to conceptualize the multifaceted nature of regulatory failure in combatting non-compliant products. Regulatory agencies often face difficulties in effectively monitoring compliance due to informational irregularity between producers and regulators (Johnson, 2015). Additionally, complex supply chains and cross-border trade further complicate efforts to identify and address instances of non-compliance (García-Murillo & Annabi, 2017). Consequently, ineffective regulation not only undermines consumer protection but also hampers fair competition among compliant market players.

To tackle this universal problem, policymakers and regulators must reevaluate existing approaches and adopt a more proactive stance towards ensuring compliance. Strategies could include enhanced collaboration between regulatory agencies at national and international levels, increased investment in technological advancements for detection purposes, as well as streamlined reporting mechanisms for consumers to easily flag non-compliant products (Fontana et al, 2019)

## 2.2 Regulatory Instruments: Enforcement, Sanctions and Fines

The principal aim of this scholarly dissertation is to investigate into the effectiveness of regulatory sanctions and fines as a means to address non-compliant products by the NRCS. The NRCS, being a paramount authority in ensuring adherence to prescribed standards and guidelines pertaining to product quality and safety, necessitates an investigation on the impact of punitive measures such as fines and regulatory sanctions in curbing instances of non-compliance. This analysis endeavors to provide valuable insights into the potential effectiveness of these enforcement strategies in deterring violations and promoting compliance within the specified domain (Michailova & Larimo 2018).

Numerous academic studies have probed into the subject matter at hand, shedding light on various facets associated with regulatory deterrence mechanisms, for instance, Jones et al. (2015) conducted a comprehensive study exploring the role of fines as a deterrent against non-compliant products. Their empirical research revealed that imposing substantial financial penalties could serve as an effective tool in discouraging non-compliance among manufacturers and distributors alike. Similarly, (Garcia-Guerrero et al., 2019) conducted a longitudinal analysis that examined the influence of regulatory sanctions on product compliance levels over a span of five years. The findings indicated that escalating regulatory penalties significantly contributed to higher rates of compliance within the studied sector.

The detailed examination serves as a foundation for understanding the potential impact of regulatory sanctions and fines as instruments for combating non-compliant products by NRCS.

### 2.2.1 Enforcement

The Letter of Authority is an enforcement measure that plays a significant role in demonstrating compliance with compulsory specifications and facilitating trade in regulated products or services. It provides assurance to consumers, businesses, and regulatory authorities that the product or service has undergone the necessary evaluation and meets the required standards for safety, quality, and performance.

It is important for businesses to obtain a valid Letter of Authority from the NRCS before introducing their products or services to the market to ensure compliance with the relevant regulations and avoid potential penalties or enforcement actions.

### 2.2.2 Challenges in obtaining Letter of Authority (LOA)

Industry has faced multi-faced challenges in obtaining a Letter of Authority (LOA), and a number of factors can influence this process, one of the primary challenges faced by importers in obtaining an LOA is the complex regulatory environment in which they operate. In many countries, the process of obtaining an LOA is regulated by multiple government agencies, each with their own set of rules and regulations. Stringent regulatory requirements, the regulators may have strict regulations in place for obtaining a LOA. This can result in a lengthy and complicated application process, which can be difficult for importers to navigate (Garrido-Henriquez & Koole, 2018).

Extensive documentation is another challenge faced by industry in order to support their application for an LOA, the documentation may include product testing results, quality control reports, and other technical information. Gathering this information can be time-consuming and expensive, particularly if the importer is working with a large number of products. The NRCS needs to look closely at this matter by implementing an effective ERP system that will enable customers to seamlessly update documents digitally (Lee & Osei-Bryson, 2018).

Communication is an addition to these challenges, importers may also face difficulties in communicating with the government agencies responsible for issuing LOAs, this can be particularly challenging if the importer is not fluent in the local language or is unfamiliar with the regulatory landscape in the country in which they are seeking to import their products (Yuan et al., 2019).

Lack of expertise, the regulators may have limited resources or expertise in certain areas, which can make it difficult for companies to navigate the regulatory process. This may be particularly true for companies in emerging industries or those that involve complex technologies or processes. Lengthy approval process, the approval process for obtaining a LOA may be time-consuming and involve multiple stages, such as initial application, review, testing, and evaluation. This can delay the commercialization of products and services, which can be a significant disadvantage for companies that need to bring their products or services to market quickly to remain competitive (Garrido-Henriquez & Koole, 2018).

High costs associated with obtaining a LOA, such fees are for the regulatory review process, as well as costs associated with testing, evaluation, and obtaining supporting documentation. These costs may be particularly challenging for small to medium-sized companies with limited resources (Yuan et al., 2019).

Industries may also face challenges in obtaining an LOA if there are political or economic tensions between their country of origin and the country in which they are seeking to import their products. In such cases, the regulatory process may be delayed or complicated by additional layers of bureaucracy. Obtaining an LOA can be a challenging task for importers, due to the complex regulatory environment, the need for extensive documentation, communication difficulties, and political or economic tensions. Importers need to be aware of these challenges and work closely with regulatory agencies to ensure that their products meet all necessary requirements (Humphrey et al., 2019).

### 2.2.3 Sanctions and Fines

The NRCS implements various sanctions to combat non-compliant products in the South African market. These sanctions aim to enforce compliance with the relevant regulations and ensure the safety, quality, and adherence to standards of products available to consumers. Here are some of the sanctions implemented by the NRCS:

*Product recall*, this happens in cases where non-compliant or unsafe products are identified in the market, the NRCS has the authority to issue product recall notices. This requires manufacturers, distributors, or retailers to remove the non-compliant products from circulation and inform consumers about the potential risks associated with those products.

*Penalties and fines*, the NRCS has the power to impose penalties and fines on individuals or companies found to be in violation of the compulsory specifications. These penalties serve as a deterrent and encourage compliance with the regulations. The amount of fines may vary depending on the severity and frequency of non-compliance.

*Suspension or Revocation of Certificates*, the NRCS has the authority to suspend or revoke certificates of conformity (LOA) issued to manufacturers or importers who repeatedly fail to comply with the compulsory specifications. This action prohibits the sale or importation of products from those entities until they demonstrate compliance with the regulations.

*Compliance improvement plans*, the NRCS may require non-compliant manufacturers or importers to develop and implement compliance improvement plans. These plans outline specific actions and timelines to rectify non-compliance issues and bring products in line with the required specifications (Gaur et al, 2021).

*Public awareness and education*, plays an important role in raising public awareness about the importance of purchasing compliant products. Through educational campaigns and consumer

outreach programs, the NRCS aims to inform the public about their rights and the risks associated with non-compliant products. The NRCS acknowledges the importance of industries and customers to have a good understanding of regulatory frameworks related to non-compliant products; hence, the regulator deploys Customer and Industry Awareness for compliance purposes. Furthermore, through its environmental scanning the NRCS acknowledges that more can be achieved through awareness.

It is important to note that the specific sanctions and enforcement measures may vary depending on the nature of the non-compliance and the applicable legislation. The NRCS continuously reviews and updates its sanctioning mechanisms to ensure effectiveness in combating non-compliant products and protecting consumers in the South African market.

### 2.2.4 Technical Committee – Non Compliant Products

The Technical Committee within the National Regulator for Compulsory Specifications (NRCS) assumes a crucial role in overseeing and advising on technical matters, contributing significantly to the effective governance of the organization. One of its primary responsibilities involves reviewing and providing guidance to the Chief Executive Officer (CEO) on proposed compulsory specifications (VCs) or any proposed amendments to existing specifications. This function aligns with Section 13 of the NRCS Act, ensuring that the technical aspects of product standards are thoroughly considered.

In addition to its role in specification development, the Technical Committee plays a pivotal role in recommending actions against non-compliant products, as outlined in Section 15(3) of the NRCS Act. This involves a proactive stance in identifying and addressing products that do not meet the specified standards, contributing to the NRCS's mandate of safeguarding consumer interests and public safety.

The committee extends its influence to regulatory matters, offering valuable insights and recommendations to the CEO concerning regulations published in Government Notice R924. This aligns with Section 36 of the NRCS Act, emphasizing the committee's role in shaping and advising on regulatory frameworks that govern the organization's activities.

Furthermore, the Technical Committee investigates matters outlined in the Trade Metrology Act, advising the CEO on technical aspects and related considerations. This multidimensional role encompasses a comprehensive understanding of metrological standards and practices, ensuring that the NRCS adheres to established technical norms.

The committee's responsibilities extend beyond specific regulatory and technical domains, as it is also tasked with addressing issues deemed to be in the public interest. This may involve responding to inquiries or requests from the Executive Authority, showcasing the committee's adaptability and responsiveness to broader societal concerns.

The Technical Committee demonstrates a commitment to fulfilling its obligations, actively contributing to the administration of non-compliant products, and upholding the NRCS's mission to ensure product safety, standards compliance, and consumer protection.

### 2.2.5 Impact of non-compliant products

The economic impact of non-compliant products is immense, the production, sale, and distribution of these products fuel organized crime. This can lead to an increased cost for law enforcement and government agencies, which further reduces the money available for public services (Mintel, 2018). Regulatory bodies have a difficult time monitoring non-compliant product activity due to its secretive nature, inadequate monitoring has somehow allowed criminals to remain active without facing any serious legal consequences (Garcia-Guerrero et al., 2019), and as a result, it becomes difficult for regulations on legitimate businesses to be enforced.

#### 2.2.5.1 Regulatory Impact

Regulatory Compliance Theory, bases it argument that in order to achieve compliance, companies must be subject to strict regulations and enforcement mechanisms. This includes the use of penalties and sanctions for non-compliance, as well as regular monitoring and inspections to ensure adherence to regulatory standards. The NRCS enforces sanctions through penalties, fines, revoke letter of authority, which is post measures. Risk management is core to this theory where it will identify potential risks associated with products or services and implement measures to mitigate. The NRCS currently implements a risk-based approach in guarding against non-compliance, this is implemented through pre-market surveillance, awarding of the letter of authority, which may request additional testing or quality control procedures, as well as enhanced labelling or other forms of consumer education in order to curb the spread of non-compliance.

Overall, the regulatory compliance theory provides a comprehensive framework for ensuring the products that are safe, effective, and compliant with relevant regulations and standards, by emphasizing the importance of strong enforcement mechanisms and risk management

strategies, this approach offers a practical solution for promoting public health and safety in a variety of industries which is the core mandate of the NRCS as provisioned by the NRCS Act.

#### 2.2.5.2 Economic Impact

Economic Deprivation Theory (EDT) provides a useful framework for understanding the impact of non-compliant products on economic growth and development, at its core, EDT deposits that the presence of non-compliant products can lead to an erosion in consumer confidence, and consequently a gradual decrease in demand for legitimate goods and services. This reduction in demand then leads to a decrease in production and investment activity, resulting in an overall reduction of economic growth and development.

This is further supported by the Demand-Side Economics Model (DSEM), which is a theoretical approach that seeks to analyse consumer behaviour in relation to the market economy, in particular, product demand in relation to its supply. In the context of non-compliant products, this model can help assess the impact on the economy and society. Non-compliant products artificially increase the supply of goods in circulation, thus reducing demand for genuine and original items. This behaviour has serious consequences, since non-compliant products are priced lower than their legitimate counterparts are; it reduces potential revenues from sales that would have gone to manufacturers, innovators or creators. Furthermore, this can also erode brand loyalty and reputation if consumers become aware that they have purchased a fake item as opposed to a genuine on, (Laczko & Gramegna, 2003).

#### 2.2.5.3 Social impact

Non-compliant products, from a social perspective, can be defined as goods and services that are not authorized or sanctioned by the state and which are prohibited because of their potential to cause harm or disrupt the social order (Cook & Moore, 2015). Such products generally include activities such as prostitution, drug trafficking and money laundering. Furthermore, they can also involve trafficking in counterfeit goods as well as illegal trade in endangered species, Social Exchange Theory (SET) clearly states that people make decisions based on what they believe will benefit them the most and engage in those transactions, such as those involving non-compliant products, based on a cost-benefit analysis. In this sense, the individual weighs the perceived costs and benefits of engaging in an exchange to determine whether or not it is a viable option, with respect to non-compliant products, individuals may perceive less tangible costs associated with their purchase (e.g., ethical considerations); however, they may also be drawn to the lower financial cost of these items compared to genuine products.

#### 2.2.5.4 Consumer safety

The Consumer Protection Framework which helps to explain how these harmful products can be regulated in order to protect those who purchase them (Stiglitz, 1998). The Consumer Protection Framework focuses on different aspects of consumer protection. It emphasizes the need for a system that provides accurate information about products, encourages competition among retailers, creates incentives for safe business practices, and establishes remedies for affected consumers, additionally, it highlights the importance of evaluating risks associated with non-compliant products and taking appropriate actions to minimize them. This guidance ensures that those who purchase these items receive fair compensation when something goes wrong and are protected from harm or exploitation by non-compliant sellers.

In essence, the theory suggests that the NRCS has a responsibility to ensure that consumers are not subject to undue harm or exploitation in their pursuit of purchasing goods and services, to this end, regulatory interventions such as labelling requirements, price caps, and product testing standards are deemed necessary to safeguard consumer welfare and promote market efficiency.

In response of the framework, the NRCS executed 27 consumer awareness programs in collaboration with government departments, agencies, and various municipalities nationwide for the financial year 2022/2023. This strategic partnership approach enabled the NRCS to extend its outreach to diverse communities, delivering education on the organization's mandate, regulatory initiatives, and the risks associated with the use of non-compliant products.

In order for the NRCS to enhance its visibility and recognition to consumers, the NRCS launched two multimedia campaigns, incorporating a TV advert and community radio engagement into its marketing strategy. These initiatives aimed to profile the organization effectively, reaching a broader audience and promoting awareness of non-compliant products. A total of 12 media statements and one media response were issued during this timeframe (2022/2023).

The NRCS is cognizant that most customers especially in the rural areas listen to radio stations hence they were media interviews with various radio stations, where there was a robust discussion on the confiscation of non-compliant articles and the broader organizational mandate. This outreach strategy allowed the NRCS to reach millions of customers across the country.

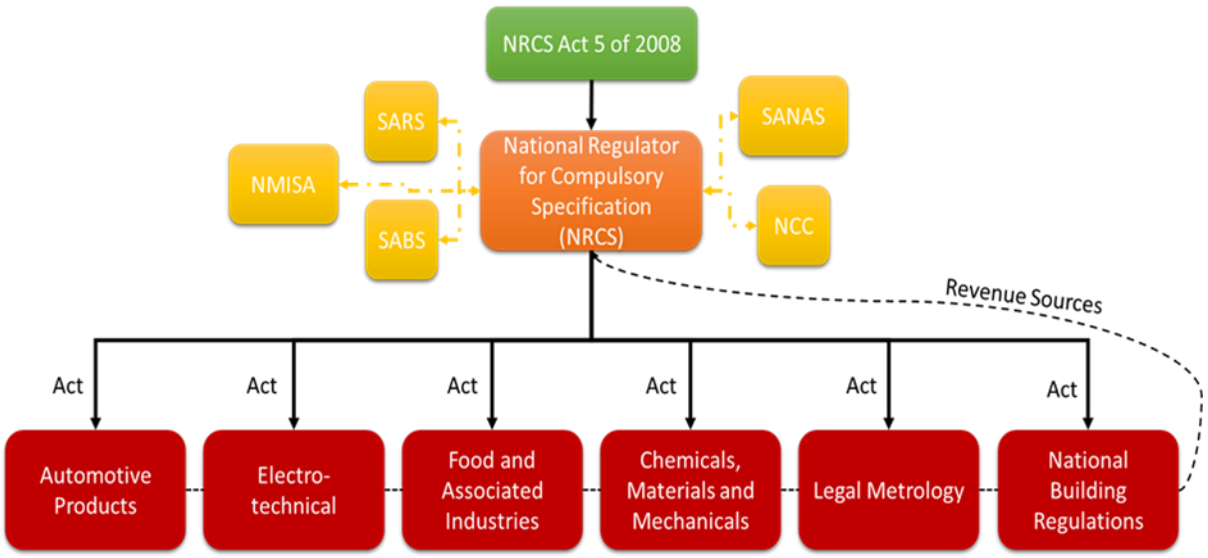
As part of its integrated communication plan, the NRCS developed a comprehensive Social Media Strategy and plan. This included the establishment of media platforms on popular networks such as Facebook, Twitter, Instagram, YouTube, and Google. These platforms served as effective tools for marketing the organization and providing easy access to NRCS information importantly on non-compliant products. Notably, the implementation has resulted in a notable increase in followers (customers) and interaction across all platforms.

### 2.2.5.5 Trade implications

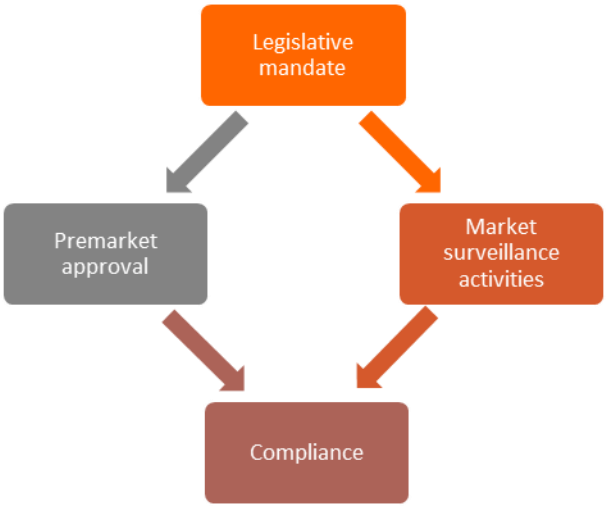
Theory of Illicit Trade Triangle (ITT) is a framework that seeks to explain the complex interactions between criminality, governance, and consumer demand that contribute to the illicit trade of goods. The framework has since been used by policymakers and researchers to understand the complex dynamics of illicit trade and develop strategies to mitigate its negative impact on consumers. This theory suggests that these three factors are interdependent and work together to facilitate the trade of illicit products. Non-compliant products are manifested from illicit trade, which makes it important that this challenge receives attention from the root cause (Stiglitz, 1998).

## 2.6 Regulated products - NRCS

The scope of this study will focus specifically on products falling within the jurisdiction of the NRCS; this will encompass the following product categories: Automotive, Electrical, Legal Metrology, Foods and Associated Industries, and Chemical Mechanical and Materials. Products outside of these categories will be excluded from the scope of the study.




**www.nrcs.org.za**

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### 2.6.1 Automotive products

This industry is leading in terms of revenue loss, safety concerns, and reputational damage due to high non-compliant products. *The NRCS compulsory specifications for automotive industry include the requirements for:*

- Approval of homologation of vehicles
- Approval of registration of commercial vehicles
- Inspection of vehicle components
- Approval of new vehicle model

*Compulsory specifications relevant to motor vehicles:*

- Tyres, safety glass, lamps, lights, brake and clutch fluids and replacement brake lining
- Motorcycle helmets
- Passenger and goods vehicles, as well as agricultural tractors and motorcycles
- Child-restraining devices;

Non-compliant products pose a significant threat to the automotive industry, leading to a loss of revenue, reputational damage, and safety concerns for consumers. According to the South African Revenue Service (SARS), the country loses an estimated R6 billion ($390 million) annually due to non-compliant goods (SARS, 2021). The impact can be seen in the rise of incidents such as car accidents, engine failures, and other mechanical breakdowns. These incidents often result in costly repairs and legal liabilities for automotive companies.

Furthermore, non-compliant products compromise the safety of drivers and passengers, as these products do not undergo the same safety and quality control measures as legitimate products, they further dents the image of legitimate automotive industries, as consumers may associate the poor quality and safety of non-compliant products with the legitimate brand. This reputational damage can lead to a loss of customer trust and loyalty, a decline in sales and ultimately a loss of life, to combat the issue, the NRCS implements measures such as increased border controls, fines, pre-approvals in plight of minimizing non-compliant products, the measures implemented by NRCS are acknowledged, however, there is still a cry in the market for strigent prevention methods in the proliferation of non-compliant products within the automotive industry.

Strategic relationship with other regulatory partners also assist in this regard in combating non-compliant products in the economy within the automotive industry, they are Departments of Transport (DoT), South African Police Services, the dtic, the National Association of Automobile Manufacturers of South Africa (NAAMSA), the Institute of Road Transport Engineers Technical Committee, the South African Bus Operators Association (SABOA) Technical Committee, National Administration Traffic Information System (NaTIS) and various SANS Technical Committees.

**Non-compliant products - Automotive**

The business unit continued its mission to eradicate non-compliance in the market through inspections activities. CEO directives were issued in terms of section 15(1) of the NRCS Act for non-compliant products. The identified non-compliant products and the estimated value were as follows for 2022/2023 FY:

| Compulsory Specification Contravened (VC No) | Products | Directives issued | Estimated value |
|---|---|---|---|
| 8013 | Brake and clutch fluid | 40 | R 3,624,228.00 |
| 8016 | Motorcyclist helmets | 1 | R 310,936.00 |
| 8026 | Light trailers | 4 | R 885,000.00 |
| 8033 | Child restraint systems | 1 | R 568,000.00 |
| 8048/49/50 | Automotive lights | 16 | R 894,927.00 |
| 8053 | Friction material | 5 | R 1,305,644.00 |
| 8056/59 | New tyres | 2 | R 909,102.00 |
| 8057 | Agricultural Trailers | 4 | R 13,353,641.00 |

| | | | |
|---|---|---|---|
| 8080 | Elastomeric cups and seals | 3 | R 306,027.00 |
| 9098 | Motorcycles | 3 | R 4,146,000.00 |
| 8013/48/49/50 | Automotive lights and brake fluid | 5 | R 15,101.00 |
| 8050/8053 | Automotive lights and friction material | 1 | R 16,400.00 |

http//:www.nrcs.org.za

The table above depicts a substantial number of directives issued for hydraulic brake and clutch fluid. Analysis conducted revealed a prevalent lack of understanding among manufacturers, importers, and bottlers of this product regarding marking and labeling requirements. Consequently, all renewals of Letters of Authority (LOAs) for the specific product underwent sample inspections to ensure strict adherence to marking and labeling requirements.

Moreover, it highlights the necessity for increased oversight in the realms of automotive lights and hydraulic brake and clutch products, given the notable frequency of sanctions in these domains. The NRCS also took measures to address non-compliance in the case of imported agricultural tractors and motorcycles found in the South African markets without adhering to the approval process, aligning actions with the NRCS Act. In such instances, products were recommended for return to the country of origin, and if feasible, subjected to a homologation process.

Upon inspection of Motor Vehicle Identification System (NaTIS) database records, it was observed that some Motor Industry Bodies (MIBs) suspected of issuing registration documents for trailers to consumers lacked manufacturing capacity at their premises. Consequently, four MIBs were delinked from the NaTIS database. As part of the cancellation recommendation process for NaTIS registration, a total of 35 MIBs were also delinked from the database.

### 2.6.2 Electro-technical products

Electronic products or equipment's covered by the regulatory scope may not be sold in South Africa unless approved by the NRCS. The regulated products include household appliances, power tools, ICT equipment, audio-visual equipment, lighting products, and electrical components such as plugs, adaptors, and switches. Applications are approved solely when they align with regulatory prerequisites. The division encounters difficulties arising from the scarcity of testing facilities and the influx of applications received from electronic and electrical goods manufacturers and importers. The unit grapples with prolonged testing turnaround times due to the scarcity of accredited laboratories in South Africa available for testing sampled

goods. These delays have a direct impact on the duration required to eliminate non-compliant products from the market.

According to the South African Bureau of Standards (SABS), non-compliant electrical products account for approximately 20% of the South African electrical market (SABS, 2021). The impact of non-compliant products is significantly noted in the form of electrocution, fires, and other electrical hazards. The failures of non-compliant products has potential in resulting in injuries or fatalities for consumers, as well as property damage.

In light of the above statement by SABS, the NRCS created a level playing field by removing approximately R160.4 million worth of non-compliant products. This accomplishment resulted from conducting 5,628 inspections and issuing 417 Section 15.1 directives of the NRCS Act in the financial year 2022/2023.

**Non-compliant products - Electro-technical:**

- Socket outlet adapters,
- Portable power stations,
- Plastic bucket water heaters,
- Cord extension sets,
- Christmas lights,
- Lamp holders,
- Appliance switches,
- Circuit breakers,
- Hotplate stoves,
- Power supplies,
- Electric fans,
- Printers

In its further efforts the NRCS in safeguarding the health and safety of the public, it collaborated with the National Consumer Council (NCC), to seize hundreds of defective portable electric power stations, recognized as a fire risk to consumers. These unsafe products are slated for return to their country of origin. Additionally, the NRCS conducted a raid on a geyser refurbishing/reconditioning facility in Gauteng, impounding several unsafe hot water heaters. In the electro-technical domain, public safety was prioritized by removing

approximately R160.4 million worth of non-compliant products, surpassing the inspections target by 12.6%, and issuing 417 Section 15.1 Directives.

### 2.6.3 Foods and Associated Industries (FAI)

This is one of the largest industries in the country, contributing significantly to the economy; however, the rise of non-compliant food products has threatened the safety and integrity of this industry.

The health implications of consuming non-compliant food products is indeed the most significant impact to the customers, in the context of FAI, non-compliant products are those products which are produced in unsanitary conditions and contain harmful substances that could lead to food poisoning, allergic reactions, and other health issues (NRCS Act 5 of 2008). This poses a serious threat to public health and safety. The regulator has implemented various measures in combating non-compliant products which is guided by the Foodstuffs, Cosmetics, and Disinfectants Act, which regulates the manufacture, importation, and sale of food products.

The market surveillance inspection system emphasizes monitoring and surveillance of factories, processes, and products, employing a preventive approach from the manufacturer or source of products. Product safety management lies with the manufacturer as relying solely on final product testing cannot guarantee safety, there has been stricter penalties imposed by NRCS for those who produce and sell non-compliant food products, the presence of border enforcement greatly assists in eradicating non-compliant products.

The NRCS serves as the competent authority for fish and fishery products in South Africa, acknowledged by entities such as the European Union and the People's Republic of China. Health guarantees, essential certificates issued by competent authorities like the NRCS, align with international food laws (Codex Alimentarius) or the importing country's regulations. These guarantees cover various exported products, including chilled fish, frozen fish, canned fish, canned meat, canned abalone, and live lobster, abalone, and oysters. The NRCS conducted 10,684 inspections on exported product consignments for the financial year 2022/2023, issuing a total of 8,113 health guarantees during this period.

Furthermore, all imported fish and fishery products and local canned fish and meat productions, compliance certificates are issued by the business unit once adherence to Compulsory Specifications is confirmed before market release. In the review period, a total of 8,185 compliance certificates were issued.

**Non-compliant products**

Certificates of non-compliance were issued for products failing to meet the requirements of relevant Compulsory Specifications, labeling stipulations outlined in the Foodstuffs, Cosmetics, and Disinfectant Act (Act No. 54 of 1972), and applicable SANS standards. Non-compliance certificates were also issued for productions or consignments falling short of certain non-food safety-related quality standards.

The NRCS issued 17 non-compliance certificates for products deemed of substandard quality, and 81 for products not fit for sale. Additionally, 27 directives were issued for products deemed unsafe for human consumption. The non-compliant products underwent actions such as re-labeling, industry-funded destruction (supervised by NRCS), or return to the country of origin. The estimated value of products unfit for human consumption amounted to R26, 673,193.80 million.

### 2.6.4 Legal Metrology

Legal Metrology is responsible for ensuring that all measuring instruments used in trade are accurate and comply with legal requirements. The use of non-compliant measuring instruments can lead to inaccurate measurements; this statement is supported by the Legal Metrology Act which state measurable products and services must be conducted in line with the Act in order to safeguard trade, health, safety, and the environment. The enactment of this act positions South Africa on par with numerous developed nations and well ahead countries, particularly some of its trading partners. The activities that are performed within Legal Metrology are Type Approval of measuring instruments used in trade, health, safety and environment, Type Evaluation of gambling equipment, technical training, calibration services, quantity and measurement mark schemes, quality management systems accreditation.

The responsibility of the NRCS will be to implement a regulatory and compliance system, as well as administering and upholding technical regulations pertaining to legal metrology, which also foster fair trade and safeguard public health, safety, and the environment. Market surveillance inspections are conducted by Legal Metrology inspectorate in order to ensure adherence to the technical regulations.

**Non- compliance**

**Type of Contraventions – Sale of goods**

| Incidents of non-compliance | Number |
|---|---|
| Short measure | 711 |
| Incorrectly marked | 283 |
| Unmarked goods | 165 |
| e-mark used without registration | 58 |
| Other | 5 |
| **Total** | **1 222** |

**Type of Contraventions – Instruments**

| Incidents of non-compliance | Number |
|---|---|
| Verification status lapsed | 2 010 |
| Unapproved | 195 |
| Inaccuracy | 40 |
| Technical, marking and other | 68 |
| **Total** | **2 313** |

The verification status of measuring instruments and the influx of unapproved measuring instruments into the market remain significant factors contributing to incidents of non-compliance. To prevent the circulation of non-compliant goods to consumers and the use of non-compliant instruments in transactions, Legal Metrology market surveillance inspectors took proactive measures. They issued a total of 1,222 embargoes for prepacked goods and 2,313 rejections for measuring instruments. The monetary value of the products tested by Legal Metrology market surveillance inspectors totaled R 1,398 million. The combined value of non-compliant products, either removed from the market or corrected before sale, amounted to R 675 million.

**Compliance Schemes**

The Ǩ-mark (prepacked products) and ɗ-mark (measuring container bottles) compliance schemes serve as regulatory control measures, facilitating greater access for South African

manufactured commodities into regional and international markets while reducing the risk of importing non-compliant commodities, for local companies, this translates into enhanced access to foreign markets with reduced bureaucratic hurdles, thereby solidifying their business presence in foreign markets. The registration of manufacturers or importers under these schemes mandates the implementation of a system for quantity control and traceability for their products. Presently, the NRCS has registered 89 local manufacturers and 111 importers under these mark schemes. During the year under review, 21 new local manufacturers and 14 new importers were either registered or re-registered (www.nrcs.org.za).

### 2.6.5 Chemicals, Mechanicals, and Materials (CMM)

The Chemical, Mechanical, and Materials (CMM) holds the responsibility of overseeing the enforcement of compulsory specifications across diverse industry sectors. These sectors encompass a wide range of products, such as personal protective equipment, firearms, shooting ranges, flame-producing devices, health-related products, construction materials, cement, and items that have an impact on the environment, such as plastic bags. The CMM unit ensures that these products adhere to the relevant regulations and standards within their respective industries.

The CMM unit tackles various challenges related to non-compliance, including imported products, under-declaration of production figures for levy payments, and the practice of clients delaying approval applications until contacted by CMM inspectors. To enhance the division's enforcement capabilities, significant improvements have been implemented. These include the establishment of gazetted levies and fees and obtaining full accreditation from SANAS. These measures have greatly contributed to strengthening the enforcement capacity of the division.

**Non-compliant products : Illegally treated timber**

The NRCS conducted surprise raids targeting illegally treated timber. This action was prompted by the increasing presence of illegally treated timber in the South African market, aligning with the NRCS's mandate to safeguard consumers and the environment, while these non-compliant products are being withdrawn from the market, it remains challenging for consumers to distinguish whether the wood they purchase originates from illegal sources. Many consumers, particularly those in rural areas, may be unaware that their choices contribute to deforestation and global warming when acquiring illegally treated timber from local suppliers.

The escalating dominance of illegally treated timber is a consequence of market demand driven by consumers. Often, suppliers or hardware shop owners allude to concerns about customers' inability to afford higher-priced alternatives. However, in various instances, these businesses have successfully influenced consumers' purchasing behaviors. Given the current economic circumstances, consumers often opt for cheaper products as substitutes for legally treated timber and bricks, which are deemed more expensive.

Investing in legally treated timber remains valuable, even with the presence of cheaper, illegal alternatives undermining the market. Certified timber, even when not explicitly labeled as such due to low demand, ensures that consumers are sourcing wood from well-managed, sustainable origins. Recognizing the crucial role consumers' play, the regulator emphasizes specific requirements for ensuring the safety and compliance of timber products. These include adherence to relevant product specification standards, disclosure of preservative types and hazard classes, and compliance with prescribed preservative treatment processes outlined in the latest edition of SANS 10005. The NRCS prepared customers (Awareness) to be cautious of the increasing prevalence of illegally treated timber, advising against purchasing products of sub-standard quality. Continuous monitoring of product compliance is a commitment of the NRCS, with swift removal of any non-compliant products identified in the market.

**Cement**

The NRCS found that Econo Cement CEM V/A (S-V) 32.5N failed to meet the compulsory specifications for cement strength, leading to the nationwide recall. The NRCS has taken measures, including quarantining some stock, withdrawing the manufacturer's letter of authority, and issuing a directive to halt the production, sale, and supply of the affected cement.

The NRCS declared that the cement is unsuitable for constructing homes, malls, and public facilities, posing a risk due to inadequate strength, particularly in earthquake-prone areas. Despite the NRCS's claims, Econo Cement disputes allegations that its product fails to meet the prescribed strength requirements. The recall affects structures across the country, with experts cautioning that those built with substandard cement may not bear their intended loads.

### 2.7 Strategic alliance – regulatory framework

Collaboration in the form of multi-disciplinary approach where the NRCS will collaborate with other agencies such as law enforcement agencies and customs to curb the production and distribution of non- compliant products. This involves sharing information, intelligence, and

resources to identify and seize non-compliant products. The study by Nyamnjoh and Eno (2018), stipulates that collaboration is an effective way of eradicating non-compliant products.

### 2.7.1 South African Bureau of Standards (SABS)

SABS has a primary objective of developing, promoting, and preserving South African National Standards (SANS). Interestingly, the National Standards Act, which empowers SABS, grants the organization discretionary powers and functions to fulfill its objectives through the use of the term "may" instead of "must" in section 4(2) of the Act. This includes the development, promotion, and maintenance of SANS.

In light of this, there are specific objectives that directly relate to SABS's mandate of developing, promoting, and maintaining SANS, while these objectives are discretionary, SABS has a range of statutory tools at its disposal to minimize non-compliant products in the South African economy, this will include the ability to independently carry out these activities and proactively consider the future impacts on the standards landscape. Additionally, SABS can establish procedures for recognizing other bodies with sectoral expertise as Standards Development Organizations, allowing them to develop SANS on behalf of SABS in order to increase a compliance landscape.

The South African Bureau of Standards (SABS) and the National Regulator for Compulsory Specifications (NRCS) are two distinct regulatory bodies tasked with ensuring that products conform to prescribed standards within the South African market, while both entities focus on promoting quality assurance, there exist significant differences between them in terms of their mandates, functions, and operations.

The SABS is a statutory body that operates under the Department of Trade, Industry, and Competition. Its primary mandate is to develop and promote standards codes for various products and services within South Africa and also the NRCS. SABS carries out product testing and certification as well as monitoring compliance with relevant regulations, where else the NRCS is a regulatory entity mandated by the government to ensure that all imported or locally manufactured products comply with compulsory specifications for health, safety, environmental and consumer protection purposes.

Both entities share the common goal of safeguarding public health and safety through quality assurance measures, they differ significantly in their mandate areas of focus. It is crucial for manufacturers and customers to understand these distinctions to ensure compliance with applicable regulations specific to each body, this distinction may sometimes be a barrier of

compliance due to different mandates from different regulators with the same purpose of minimizing the inflow of non-compliant products.

### 2.7.2 National Nuclear Regulator (NNR)

The ultimate objective of the NNR is to safeguard individuals, property, and the environment against nuclear damage through its mandate, which includes nuclear authorizations, compliance assurance, and enforcement. In pursuit of this goal, the NNR is responsible for establishing safety standards and regulatory practices. The NNR (National Nuclear Regulator) carries the proactive responsibility of anticipating potential future scenarios to ensure the existence of adequate provisions for nuclear emergency planning. The NNR operates based on ten discretionary functions, focusing on the regulation of nuclear authorizations, as well as compliance assurance and enforcement.

The NRCS and the National Nuclear Regulator (NNR) share a common goal of ensuring compliance with regulatory requirements to promote public health and safety. NRCS is responsible for enforcing compulsory specifications that apply to various products in South Africa, while the NNR regulates nuclear activities and materials. Both regulatory bodies employ risk-based approaches to assess potential hazards and monitor compliance with applicable regulations. NRCS employs a broad range of tools, including product testing, inspection, and certification schemes, while the NNR focuses on licensing, inspection, and enforcement of safety standards related to nuclear facilities. It noted that both regulators play critical roles in safeguarding public health and safety by ensuring that regulated products or activities meet stringent quality standards. Collaboration and working towards these shared objectives, NRCS and NNR contribute significantly to maintaining the integrity of regulatory frameworks in South Africa.

### 2.7.3 South African Maritime (SAMSA)

SAMSA role is to ensure the safety of life and property at sea, prevent marine pollution caused by ships, and promote South Africa's maritime interests, SAMSA must comply with relevant international legal obligations in order to function effectively. Additionally, SAMSA is required to establish a written performance agreement with the Minister of Transport, outlining its business practices and operational procedures. SAMSA is empowered to initiate and conduct civil proceedings in all matters related to its statutory functions. It has the authority to undertake any necessary or convenient actions associated with fulfilling its functions. However, they are allegations that SAMSA’s functionality is influenced by vague statutory

obligations and the narrow mandate, which may somehow not be ideal in curbing non-compliance. The alleged lack of clarity in its legal obligations has a potential of causing challenges in SAMSA being an effective regulator.

The NRCS and SAMSA have a common objective in the context of promoting safety, quality and conformity assessment for goods and services in South Africa. This is achieved through the implementation of relevant standards, regulations and compliance measures, which ensure that products are safe, reliable and meet minimum requirements. Importantly these regulators are committed to ensuring that South Africa maintains high standards of safety across various sectors such as manufacturing, transport, trade and other related industries. This is achieved through diligent monitoring, inspection, testing and certification processes, which aim to mitigate risks associated with non-conformity or non-compliance. Ultimately, the shared goal of these two regulators is to foster public confidence in the safety and reliability of goods produced or imported into South Africa while promoting adherence to international best practices.

### 2.7.4 South African Revenue Services (SARS)

The South African Revenue Service (SARS), is tasked with the responsibility of collecting, managing and administering taxes within the country, it has been increasingly involved in cracking down on illicit financial activities in recent times. The NRCS collaborated with SARS on conducting border inspections through customs in order to guard against any non-compliant imported products. SARS further implement levying punishment for those who are involved in non-compliant products such as drugs, cigarettes or alcohol. In accordance to South African law, any individual found guilty of engaging in illicit trading can face severe penalties ranging from hefty fines to imprisonment depending on the severity of their offense (South Africa Department of Justice and Constitutional Development, 2018). Additionally, SARS may decide to levy punitive damages that could be equal to the amount earned through involvement with such activities (Steyn & Botha, 2017). This means that an individual's personal assets could potentially be targeted if they are found guilty.

SARS and NRCS ensures compliance with regulatory requirements in their respective areas of jurisdiction. NRCS is responsible for regulating product standards and safety, while SARS oversees tax administration and revenue collection, despite the obvious differences in their functions, both NRCS and SARS rely on stringent inspection procedures to monitor compliance with applicable regulations. NRCS leverages its product testing capabilities to

ensure that goods destined for the South African market meet minimum quality and safety standards. Similarly, SARS relies on its audit function to verify that taxpayers comply with tax legislation; they rely heavily on data analysis tools to identify non-compliance patterns, which they subsequently use in targeted enforcement efforts.

Ultimately, NRCS and SARS share a critical role in safeguarding public health and economic stability through effective regulation and revenue collection. Their common goal is underpinned by the importance of proper regulatory oversight across all sectors of the economy, as well as the need for coordinated efforts among various government agencies to achieve desired outcomes.

### 2.7.5 Department of Justice and Constitutional Development (DOJCD)

In South Africa, non-compliant products are often dealt with strong enforcement measures, therefore, it is important that specific punishments for those involved in non-compliant products should be established. To ensure justice and to keep the public safe from these activities, specific punishments by DOJCD include monetary fines, community service hours and jail time depending on the severity of the crime (Department of Justice and Constitutional Development [DOJCD], 2021). These sanctions would help discourage people from partaking in such activities by showing that they are serious consequences associated with it, for example, someone engaging in drug trafficking or selling illegal cigarettes could face up to 15 years in prison as per South Africa's Criminal Procedure Act (CPA) of 1977 (Department of Justice and Constitutional Development [DOJCD], 2021).This could greatly assist the NRCS in curbing non-compliant products.

Both NRCS and DOJCD uphold regulatory compliance and ensuring legal adherence in their respective domains, while the NRCS is tasked with setting standards for products, services, and processes to protect public health and safety, the DOJCD is responsible for administering justice and upholding the rule of law in South Africa. These regulators have further a common vision of maintaining order through effective regulation and enforcement mechanisms that promote fairness, transparency, and accountability. They work collaboratively to ensure that individuals and organizations comply with regulations, standards, and laws while safeguarding the rights of all stakeholders. Importantly, they play a crucial role in promoting social cohesion, economic growth, and sustainable development within South Africa's legal framework.

## 2.8 International perspective – non compliant products

The increasingly globalized nature of businesses has led to the increase of non-compliant products in the market, in India, The Central Drugs Standard Control Organization (CDSCO) has been criticized for its failure to prevent the distribution of counterfeit drugs. According to a study by the Indian Journal of Pharmaceutical Sciences, the CDSCO lacks the necessary resources and expertise to effectively regulate the pharmaceutical industry, resulting in the circulation of substandard and counterfeit drugs (Singh & Singh, 2010).

Similarly, in the United States, the Food and Drug Administration (FDA) has faced criticism for its inability to prevent the distribution of counterfeit medical devices, a report by the US Government Accountability Office (GAO) found that the FDA's efforts to prevent the entry of counterfeit medical devices into the country were inadequate, and that the agency lacked the resources and authority necessary to effectively address the problem (US Government Accountability Office, 2011).

In China, the State Administration for Industry and Commerce (SAIC) has faced challenges in deterring the production and distribution of counterfeit goods. The SAIC has implemented various measures to address the problem, such as imposing fines and conducting raids on non-compliant production facilities. However, the problem persists due to a lack of resources, corruption, and inadequate enforcement mechanisms. Furthermore, in Nigeria, the National Agency for Food and Drug Administration and Control (NAFDAC) has struggled to deter the production and distribution of counterfeit drugs. Despite efforts to improve regulation and enforcement, the prevalence of counterfeit drugs in Nigeria remains high (Okonta & Ross-Degnan, 2016).

## 2.9 Conceptual Framework –Regulatory Compliance Theory

A conceptual framework guides the understanding and analysis of non-compliant products and the regulatory compliance process in particular within NRCS as the regulator. This will help the study to examine the factors contributing to non-compliance and the effectiveness of regulatory agencies in addressing the issue. The below will be the focus areas (Dasgupta & Mitra 2019).:

- *Regulatory Framework* this will focus on the legal and regulatory framework in which the NRCS operates. It involves understanding the compulsory specifications, regulations, and standards that define the requirements for products and services, it also

examines the roles and responsibilities of regulatory bodies and their enforcement mechanisms.

- *Compliance Determinants* this concept explores the factors that influence compliance behavior among businesses and individuals. It includes aspects such as economic incentives, organizational culture, ethical considerations, perceived risks and benefits, and the level of awareness and understanding of regulatory requirements. Understanding these determinants helps identify why non-compliant products exist in the market.
- *Compliance Monitoring and Enforcement* where it examines the mechanisms employed by the NRCS to monitor compliance and enforce regulations. It includes activities such as market surveillance inspections, product testing, certification processes, and the use of penalties and sanctions for non-compliance. Evaluating the effectiveness of these monitoring and enforcement strategies provides insights into the NRCS's ability to identify and address non-compliant products.
- *Impact and Consequences:* This component analyzes the consequences of non-compliant products on public health, safety, the environment, and the economy. It assesses the risks and harms associated with non-compliance, including potential injuries, financial losses, and reputational damage. Understanding the impact helps highlight the importance of regulatory compliance and the role of the NRCS in mitigating these risks.
- *Stakeholder Engagement:* This component focuses on the involvement of various stakeholders in the regulatory compliance process. Analyzing stakeholder interactions helps identify collaboration opportunities, challenges, and potential strategies for enhancing compliance.
- *Enforcement and sanctions* by considering the role of enforcement agencies and the effectiveness of sanctions in promoting compliance behavior, including deterrence theory and the role of enforcement discretion.

### 2.10 Hypothesis

**Hypothesis 1**: Increased enforcement efforts by the NRCS lead to a reduction in the prevalence of non-compliant products in the economy.

**Hypothesis 2**: The effectiveness of compliance mechanisms employed by the NRCS positively influences the level of product compliance among businesses.

**Hypothesis 3**: The severity of penalties imposed by the NRCS for non-compliance acts as a deterrent and reduces the occurrence of non-compliant products.

### 2.11 Regulatory Compliance Theory

The Regulatory Compliance Theory emphasizes that organizations have a legal and ethical responsibility to ensure compliance with relevant regulatory frameworks governing their products or services. This theory emphasizes the importance of transparency, accountability, and adherence to established regulations in preventing non-compliant products from entering the market. Failure to comply with these regulations can result in significant consequences, including financial penalties and reputational damage (Nyamnjoh & Eno 2018).

Non-compliant products pose a significant threat to public health and safety, as they may contain harmful substances, lack necessary warnings, or fail to meet established safety standards. The Regulatory Compliance Theory advocates for a proactive approach to preventing non-compliant products through effective risk management strategies and ongoing monitoring processes, by prioritizing regulatory compliance, organizations can mitigate the risks associated with non-compliant products and demonstrate their commitment to responsible business practices (He & Wei, 2019).

The NRCS has a key role in ensuring compliance with technical regulations and standards in South Africa. In light of this theory, NRCS plays a critical role in promoting compliance with regulatory requirements by identifying non-compliant products and taking appropriate action to mitigate risks. NRCS is responsible for enforcing technical regulations on a wide range of products including electrical appliances, automotive components etc., through its monitoring and enforcement activities, NRCS ensures that manufacturers comply with technical standards and specifications, thereby safeguarding public health and safety (Thebe & Molefe, 2019).

Furthermore, NRCS's role extends beyond enforcement to include advisory services aimed at educating manufacturers on regulatory requirements, by providing guidance on technical regulations and standards, NRCS assists manufacturers in understanding their obligations under the law. This approach can help facilitate greater compliance among manufacturers, thereby reducing the incidence of non-compliant products that pose risks to public health and safety. Overall, the Regulatory Compliance Theory provides a useful framework for understanding how NRCS's efforts to promote compliance can help mitigate risk associated with non-compliant products (Mwamwenda & Sangweni, 2016).

# Deductive use of Theory in Research

**REGULATORY COMPLIANCE THEORY**

**REGULATORY FRAMEWORK (NRCS)**

- Compulsory product specifications
- Enforcement
- Sanctions
- Monitoring and Evaluation

**NON-COMPLIANT PRODUCTS**

**MINIMUM INFLOW AND DETERENCE**

**PROMOTION FOCUS**

- Compliance through market surveillance, Letter of Approval, Testing,

**PREVENTION FOCUS**

- Prevention in the form of sanctions and penalties implemented

**Aim of the Study:**

- Examination of the impact of non-compliant products and the role of the NRCS in minimizing and deterring such products

**Research Problem:**

- Inflow of non-compliant product in the South African market

# Chapter 3

# RESEARCH METHODOLOGY

## Introduction

The study of non-compliant products within the South African economy is a crucial attempt, as it impacts consumer safety, industry reputation, and economic growth. To gain insights into the complex factors contributing to non-compliance and to understand the role of regulatory body such as the National Regulator for Compulsory Specifications (NRCS), the use of qualitative research methods is justified. Qualitative research methods are particularly suited for exploring the multifaceted nature of non-compliance, the underlying reasons and the impact thereof.

## Objective of the study

The primary objective of this research is to conduct a thorough investigation and analysis of the characteristics, determinants, and implications of non-compliant products within the economy and among consumers, by examining into these aspects, the study aims to achieve a comprehensive understanding of the underlying reasons behind non-compliance and to elucidate its potential consequences on various facets, including market dynamics, consumer safety, and regulatory effectiveness.

### *3.1 Research Approach*

Qualitative research method is justified by its ability to provide in-depth, contextual understanding of the complex factors contributing to non-compliant products. Qualitative methods such as interviews, focus groups, and participant observation enable researchers to explore the perspectives and experiences of stakeholders involved in the fight of non-compliant products, by investigating into these deep insights, qualitative research can uncover the underlying social, cultural, economic, and institutional dynamics that perpetuate non-compliance within the SA economy (Miles et al., 2019).

Furthermore, a qualitative approach is particularly well-suited for studying non-compliant products as it allows researchers to capture subjective viewpoints and diverse narratives that quantitative methods may overlook. Through open-ended interview with subject matter experts, qualitative research can explain attitudes towards compliance regulations, perceptions of risk associated with non-compliant products, and barriers to effective regulation or

enforcement. Furthermore, qualitative methods offer flexibility in adapting research design based on emergent themes or unexpected findings during data collection.

The role of the NRCS in addressing non-compliant products within the SA economy presents another compelling rationale for employing qualitative research methods. The NRCS operates within a complex regulatory landscape where legal frameworks intersect with industry practices and consumer behaviors (Sroka, & Zielinska, 2021).

*Qualitative research and the benefits to the study (*Denzin & Lincoln, 2017):

- **In-Depth Insight:**

  Qualitative approaches such as interviews, focus groups, and content analysis empower researchers to delve deeply into the experiences, opinions, and motivations surrounding the regulatory framework for product compliance and the associated challenges.

- **Contextual Understanding**

  Non-compliance often stems from contextual factors like economic conditions, regulatory frameworks, and industry practices. Qualitative research serves as a valuable tool to capture these contextual nuances, providing a more nuanced understanding of the elements contributing to non-compliance within the South African economy.

- **Exploration of Diverse Perspectives**

  Qualitative methods facilitate the exploration of a myriad of perspectives and perceptions. Researchers can uncover varying viewpoints on issues related to compliance, regulatory enforcement, and the effectiveness of the NRCS, fostering a more comprehensive comprehension of the problem at hand.

- **Flexibility and Adaptability**

  Given the multifaceted and evolving nature of the non-compliance landscape, qualitative research offers the flexibility to adjust research questions and methods based on emerging insights. This adaptability ensures that the study remains pertinent and responsive to the dynamic situations inherent in the realm of non-compliance.

### *3.2 Research Paradigm*

The suitable research paradigm within qualitative research is the constructivist paradigm .The constructivist paradigm is grounded in the belief that reality is socially constructed and subjective, emphasizing the importance of understanding the perspectives and experiences of individuals involved in a particular phenomenon. In the context of studying non-compliant products and regulatory practices, a constructivist approach would entail exploring the perceptions, beliefs, and experiences of the NRCS as the regulator in combating non-compliant products (Alvesson & Skoldberg, 2009).

In adopting a constructivist perspective, the researcher can investigate the social, cultural, and institutional factors that influence compliance behavior, regulatory enforcement, and the effectiveness of the NRCS in ensuring product quality and safety standards. Qualitative methods such as interviews, focus groups, and participant observation can be employed to gather rich data and capture the complexities of the issue (Addas & Teddlie, 2003).

Constructivist research paradigm will provide valuable insights into the dynamics of non-compliant products in the South African economy and the role played by regulatory agencies like the NRCS. This approach facilitates a deeper understanding of the socio-cultural and institutional factors shaping compliance behavior, regulatory enforcement strategies, and the challenges inherent in ensuring product quality and safety within a specific context (Charmaz & Bryant, 2019).

### *3.3 Research Design*

The researcher employed case study research design, which offers a comprehensive approach to investigating the issue of non-compliant products within the South African economy, with a specific focus on the NRCS. Through this design, the researcher can dive deeply into real-world case involving the NRCS's regulatory activities and their outcomes, providing rich insights into the complications of product compliance and enforcement mechanisms.

This case study research design would involve an in-depth analysis of the NRCS's regulatory framework, including its legal authority, inspection procedures, and collaboration with industry stakeholders. The researchers can explore specific instances of non-compliance and assess the NRCS's response in terms of investigation, enforcement actions, and consumer protection measures.

Additionally, researchers could analyze regulatory documents, inspection reports, and legal proceedings related to non-compliant products. the case. The researcher can even construct a detailed narrative of the regulatory challenges faced by the NRCS, the strategies employed to address non-compliance, and the effectiveness of these measures in safeguarding public safety and promoting regulatory compliance.

The findings from the case study research can inform policy recommendations aimed at strengthening regulatory oversight, enhancing enforcement mechanisms, and ultimately mitigating the risks associated with non-compliant products in the SA economy. Moreover, the lessons learned from the case study may have broader implications for regulatory governance and consumer protection efforts in other jurisdictions facing similar challenges.

### *3.4 Data Collection*

The study utilized an electronic questionnaire as the primary data collection method. This approach involved designing and distributing a structured open-ended through digital platforms to gather information from participants. The electronic questionnaire was tailored to elicit specific details about the prevalence, types, and sources of non-compliant products in various sectors of the economy. It also sought to understand the impact of non-compliance on consumer safety, market competitiveness, and regulatory enforcement (Maxwell, 2013).

The benefits of using an electronic questionnaire for this study were multiple. Firstly, it allowed for wide-reaching data collection by enabling remote participation from diverse geographic locations (Pretoria, Bloemfontein, Western Cape and KwaZulu-Natal regional offices) within South Africa. This contributed to a more comprehensive understanding of non-compliant products across different regions and industries. Additionally, the electronic format facilitated efficient data processing and analysis through automated tools, reducing the time and resources required for manual data entry. Moreover, it provided a secure platform for respondents to anonymously share sensitive information about their experiences with non-compliant products without fear of reprisal or disclosure (Becker & Strauss, 2019).

The use of electronic questionnaire in the study as a data collection method offered several advantages over traditional paper-based. Its ability to reach a broad audience, streamline data processing, and ensure respondent anonymity made it an effective tool for gathering detailed insights into this critical issue. As technology continues to advance, leveraging electronic questionnaires holds promise for enhancing research methodologies in similar studies and

contributing valuable insights into complex economic challenges like product compliance (Smith & Casteel, 2019).

### *3.4.1 Population and Sample*

In this study selecting the correct population is essential for obtaining accurate and reliable data as it directly impacts the validity and generalizability of research findings, by targeting specific groups or segments within the population, researchers can better identify patterns and trends related to non-compliance, enabling more effective interventions and regulatory measures (Lohr, 2019).

Targeted population will be subject matter experts who will play a crucial role in providing valuable insights and expertise, with a targeted population size ranging from 15 to 45 employees all from NRCS.

The researcher deliberately selected a targeted population size ranging from a minimum of 15 to 40 participants from the management level (MANCO). This strategic decision was strengthened by a careful consideration of the composition of the management tier, which encompassed a total of 56 employees, the researcher ensured both adequacy and representativeness, thereby enhancing the study's credibility and generalizability (Dawson, 2009).

A comprehensive distribution of 56 questionnaires was conducted among the target population, deliberately encompassing diverse subject matter expert in the NRCS. This careful approach to population selection was deemed appropriate given the study's objectives (Kumar, 2019) by ensuring the acquisition of substantial insights and the potential extrapolation of findings to the wider South African market landscape. Ultimately, the return of 30 questionnaires yielded a response rate of 54%, reflecting a significant level of engagement from the participants.

Morgan (2017) agrees with the researcher’s approach as it will be bale to capture a diverse range of perspectives and insights from subject matter experts who are part of management but also facilitated a nuanced understanding of the complexities surrounding non-compliant products and the regulatory landscape governed by the NRCS within the South African context. In striking a judicious balance between sample size and the scope of the study, the researcher was able to navigate the complexities of empirical research while generating valuable insights into the pertinent issues at hand.

### *3.4.2 Sampling Design*

In conducting a study on non-compliant products in South Africa, with a focus of one sub-group of subject matter experts from the NRCS, careful consideration must be given to the sampling method chosen. Given the specialized knowledge and expertise of this particular group, a purposive or judgmental sampling method would be most appropriate. This approach involves selecting participants based on their specific characteristics or expertise relevant to the study, ensuring that only those with direct knowledge of non-compliant products and related regulations are included (Dieker & Wu, 2018).

Morgan (1997) emphasizes the importance of purposeful sampling and outlines how purposeful sampling allows researchers to intentionally select participants who can provide rich, diverse perspectives on the research topic, thus enhancing the depth and breadth of qualitative data.

Tracy (2019) supports the view that purposeful sampling enables researchers to strategically identify and recruit participants based on specific criteria relevant to their research objectives, by selecting participants who possess relevant knowledge and experiences, researchers can gain a more comprehensive understanding of the phenomenon under investigation.

In opting for a purposive sampling method, the researcher can ensure that the study includes subject matter experts who possess deep insight into the issue at hand while also allowing us to reach a level of saturation where new participants do not significantly change the findings. Additionally, this targeted approach will help in reducing potential bias by only including individuals with relevant expertise and experience within NRCS. Creswell & Porth (2017) emphasises the importance of focusing on individuals who possess specialized knowledge and experience within regulatory compliance, the researcher can obtain valuable insights and perspectives that are crucial for addressing non-compliance issues effectively, from the perspective of those directly involved in enforcing regulations.

### *3.4.3 Research Instruments & Data Collection Procedures*

In this study, designing an open-ended questionnaire requires careful consideration to ensure comprehensive data collection. The guidelines for creating such a questionnaire begin with clearly defining the research objectives and scope of inquiry. This involves identifying specific non-compliant products, understanding their impact on consumers and the economy, and exploring the factors contributing to their dominance (Creswell & Clark, 2017).

Additionally, it is important to consider the target audience for the questionnaire and tailor questions that are relevant and accessible to them. The questionnaire incorporate a mix of broad, exploratory questions as well as more focused inquiries to dig deeper into specific issues related to non-compliant products. It is crucial to avoid leading or biased questions that may influence respondents' answers, thereby compromising the validity of the data collected. Furthermore, utilizing open-ended questions encourages participants to provide detailed insights and perspectives, enabling researchers to gain a nuanced understanding of consumer experiences with non-compliant products (Mathew et al., 2019) The sections on the questionnaire were:

- **Section 1: Regulatory Framework** and the effectiveness of the NRCS in addressing non- compliant products within the South African economy
- **Section 2: Factors contributing to non-compliant products,** exploration of diverse factors such as regulatory gaps, consumer behaviour patterns, market pressures etc.
- **Section 3: Industries vulnerable to non-compliant products,** which sectors within the jurisdiction of NRCS experience more of non-compliant products.
- **Section 4: Consumer Safety,** critical need to assess and improve consumer protection measures.
- **Section 5: Emerging trends in non-compliant products**, what to look out for and pro-actively deploy preventative mechanism.
- **Section 6: Challenges faced by the NRCS**, potential loopholes or challenges within the current regulatory system that may impede effective monitoring and enforcement efforts by the NRCS.
- **Section 7: Stakeholder and Collaboration**, possibilities of collaboration with stakeholders in the fight of non-compliant products.
- **Section 8: Recommendations**, how can the NRCS enhance it approach in addressing non- compliant products.

### *3.5 Data Analysis*

The data collected from the open-ended questionnaires was meticulously analyzed using thematic analysis as the primary qualitative research method. This involved systematically identifying patterns, themes, and recurring concepts within the responses to gain a deeper understanding of the underlying issues related to non-compliant products in South Africa. Through a rigorous process of coding and categorization, key themes emerged that shed light

on the various factors contributing to product non-compliance and its impact thereof on consumers, businesses, and regulatory bodies within the SA economy (Denzin & Lincoln, 2017)

Ultimately, this method of data analysis provided an invaluable platform for capturing diverse perspectives on non-compliant products while paving the way for potential policy interventions aimed at addressing these issues within the SA economy. The investigation into participants' narratives through open-ended questions and employing thematic analysis techniques, this research approach offered a comprehensive understanding of non-compliance phenomena (Lohr, 2019).

### *3.6 Ethical Considerations*

In conducting a study on non-compliant products, ethical considerations play a pivotal role in ensuring the integrity and credibility of the research. The following sections discuss the importance of ethical considerations and how these will be ensured in the study:

#### *3.6.1 Permission to Conduct the Study*

Requesting permission from the NRCS prior to commencing the study is an important step towards establishing transparency and collaboration with this regulatory authority, by engaging with them at an early stage, it allows for open communication regarding potential risks or challenges associated with studying non-compliant products. Furthermore, involving the NRCS in discussions about protocol design and data collection methods can contribute to more robust research outcomes that align with industry standards and regulations. Ultimately, gaining approval from both the NRCS and Ethics Committee reflects a commitment to conducting research that adheres to legal requirements while prioritizing participant safety and ethical considerations (Reichardt & Schou, 2000).

#### *3.6.2 Informed Consent*

Informed consent plays a crucial role in ensuring that participants are fully aware of what their involvement entails. The informed consent process for this particular study would involve providing detailed information about the nature of the non-compliant products being studied, potential health and safety implications, and the purpose and methodology of the research. Additionally, participants would be informed about their rights, including confidentiality and the option to withdraw from the study at any time without consequence.

### *3.6.3 Voluntary Participation*

Research participation in the study on non-compliant products in the South African economy will be entirely voluntary, emphasizing the importance of respecting individuals' autonomy and decision-making. Potential participants will be provided with comprehensive information about the nature of the study, its objectives, and any potential risks or benefits associated with their involvement. Informed consent forms will be distributed and thoroughly explained to ensure that participants fully understand what they are agreeing to by taking part in the research. It is imperative that all individuals involved in the study feel empowered to make an informed choice regarding their participation, without any form of coercion or pressure.

### *3.6.4 Confidentiality and Anonymity*

Participating in research on non-compliant products in South Africa comes with the assurance of anonymity and confidentiality. Participants personal information will be safeguarded to ensure that their privacy is protected throughout the study. The researcher conducting the study is committed to upholding ethical standards and will not disclose any identifying information tied to participation. This level of confidentiality is essential for creating a safe space for participants to share their experiences and insights without fear of repercussions (Buchanan & Jennings, 2002).

### *3.6.5 Data Management*

Data management and protection plays a pivotal role in upholding confidentiality and privacy rights for all individuals involved in the research process. This involves restricting access to authorized personnel only, and adopting strict policies governing data retention and disposal. Compliance with relevant legislation such as the Protection of Personal Information Act (POPIA) further call for attention to the importance of upholding stringent data protection standards throughout the study's duration. The researcher will bear a fundamental responsibility in ensuring that all aspects of data management and protection align with industry best practices and legal frameworks.

# Chapter 4

# ANALYSIS OF DATA

## 4.1 Introduction

The research study on non-compliant products in the South African economy, the role of the NRCS is an in-depth analysis of the data obtained through the utilization of open-ended questionnaires. The methodology employed involved administering these questionnaires to individuals with subject matter expertise in relevant fields within the NRCS, thereby stimulating rich qualitative insights into the nature and implications of non-compliant products within the South African economy. Saldana (2015) expresses the view that through a systematic examination of the responses provided, significant themes and patterns were identified, resonating light on the underlying factors contributing to non-compliant products and its impacts thereof.

Moreover, Patton (2014) highlights the notion that by engaging subject matter experts through open-ended questionnaires, the researchers were able to tap into specialized knowledge and expertise that provided invaluable insights into non-compliance within the SA economy. These professionals were able to offer contextualized perspectives on various aspects of non-compliant products, shedding light on industry-specific challenges and potential solutions. Their contributions added depth and credibility to the study's findings, enhancing its overall objectivity and relevance. In essence, the open-ended questionnaires facilitated a rich exchange of information between researcher and subject matter experts, offering a comprehensive understanding of non-compliant products in the dynamic landscape of South Africa's economy.

Data analysis has been an essential component in advancing our comprehension of non-compliant products within the SA economy by connecting qualitative data obtained through open-ended questionnaires administered to subject matter experts.

The assertions by Richard (2015) states that an open-ended questionnaire is a strategic approach that allows for a deeper exploration of respondents' perspectives and experiences, it further allows participants to freely express their thoughts, opinions, and experiences related to non-compliant products without being confined by pre-determined response options. This approach enabled a more comprehensive understanding of the complex issues surrounding non-compliant products in the SA economy. Furthermore, through analysis of the responses gathered from the open-ended questionnaire, patterns and themes emerged, shedding light on

underlying reasons for non-compliant products and potential avenues for intervention. The use of an open-ended questionnaire was instrumental in addressing the research problem by capturing diverse perspectives and generating valuable qualitative data crucial for informing policy decisions and industry interventions.

### 4.2 Ethical considerations – Open ended questionnaire

#### 4.2.1 Anonymous

The researcher implemented data collection process through open-ended questionnaires sent electronically through email and anonymous responses were received. This method was chosen to ensure a wide reach and to solicit honest feedback from participants without their identities being disclosed. The decision to use open-ended questions was motivated by the need to capture peculiar perspectives and elaborate details about non-compliant products that may not be captured by closed-ended questionnaire, by using email as a platform for distribution, the researcher intended to leverage technology and enable participants to respond at their convenience, thereby increasing response rates, this is also in line with the perspective of Reichardt & Schou (2000).

Bryan & Bell (2015) supports the fact that utilization of open-ended questionnaires allowed for a deep exploration of participant experiences with non-compliant products in the SA economy. Through qualitative analysis of the responses received, trends and patterns began to emerge, shedding light on various issues such as product safety concerns, ethical considerations, and regulatory challenges. The anonymity offered by this method also encouraged honesty among respondents who might have been hesitant to openly discuss sensitive or controversial topics related to non-compliant products. Additionally, utilizing email as the mode of questionnaire distribution enabled me to reach a diverse pool of participants across different NRCS regional offices (KwaZulu- Natal, Port Elizabeth, Bloemfontein, Western Cape and Pretoria) still within South Africa. The respondent personal details were not disclosed when responses were received, the responses were anonymous which was in line with Ethical Clearance conditions of ensuring confidentiality.

#### 4.2.2 Response rate

The researcher targeted minimum 15 participants and maximum of 40 participants for the study, and ultimately received responses from 30 participants. The increased participation

provided opportunities in deriving comprehensive insights regarding the prevalence and impact of non-compliant products in the South African economy.

Dillman et al., (2014) shapes the discussion that the higher response rate allowed the more robust exploration of the factors influencing non-compliance, as well as a deeper understanding from subject matter experts towards such an epic topic of non-compliant products. The researcher ensured that the expanded sample size did not skew the findings or compromise their reliability. Additionally, this unanticipated influx of responses demanded greater consistency in blending and interpreting the data, requiring the researcher to scrutinize patterns across a larger pool of information to draw valid conclusions.

Yin (2013) states the importance of flexibility from the researcher in conducting empirical studies, highlighting how unforeseen circumstances can present valuable opportunities for deeper investigation into complex occurrences within economic contexts. The researcher was able to extract rich insights that enhanced the depth and credibility of the research findings on non-compliant products within the South African economy.

## 4.3 Themes

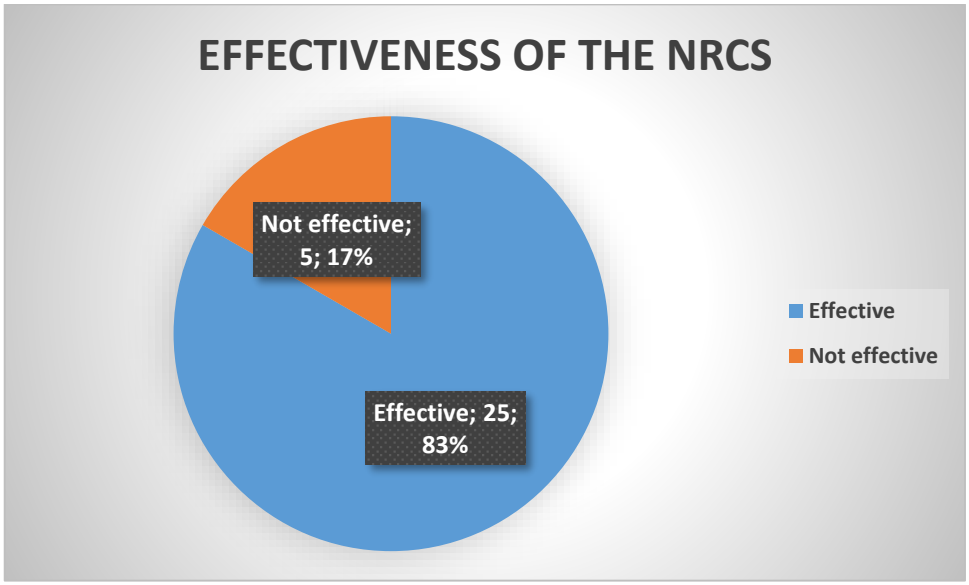
### *4.3.1 Effectiveness of the NRCS*

The research study on non-compliant products in the South African economy, the effectiveness of the NRCS was examined. The study found that 25 respondents agreed with the effectiveness of the NRCS in regulating and monitoring non-compliant products, while 5 respondents disagreed. This indicates a general consensus among the majority of participants regarding the positive impact of NRCS in addressing non-compliant products issues within the SA economy.

The findings revealed that a significant portion of respondents recognize and support the role played by NRCS in enforcing product standards and specifications. The agreement among 25 respondents suggests that there is a prevailing sentiment regarding NRCS's effectiveness, indicating a level of confidence in its ability to address non-compliant products within the SA economy. However, it is important to note that there were also dissenting voices, with 5 respondents expressing disagreement with NRCS's effectiveness. This minority perspective highlights potential areas for improvement and concerns that need to be addressed within NRCS's regulatory framework as alluded by Bester (2018).

There has been valuable insights from respondents into perceptions surrounding NRCS's efficacy in managing non-compliant products in the South African economy, this is by

acknowledging both supportive and dissenting views, this research study offers a comprehensive understanding of respondents' perspectives on regulatory measures and presents opportunities for further investigation into enhancing compliance mechanisms and eradicating non-compliant products in the SA economy.




### *4.3.2 Factors contributing to non-compliant products*

Firestone (2006) explains how the study reveals the complex web of factors contributing to the prevalence of non-compliant products entering the market, additional it revealed that there is a significant correlation between port of entry and the influx of such products, peeling light on the loopholes within import regulations. Moreover, e-commerce emerged as a prominent channel through which non-compliant goods penetrate consumer markets, intensifying concerns around product safety and quality control. Inseparably linked to these issues is poverty and ignorance from industries to comply, with vulnerable communities being disproportionately exposed to substandard products due to limited access to verified information. The lack of intense awareness among consumers further aggravates this problem, as customers may unknowingly purchase non-compliant items, continuing their circulation in the market.

Furthermore, legislative limitations were identified as also a critical aspect impeding effective enforcement against non-compliant products. The research highlighted how existing regulations often struggle to keep pace with evolving market dynamics and technological advancements, creating gaps that enable unprincipled actors to exploit vulnerabilities in supply chains. These findings give emphasis to the urgent need for comprehensive reforms that

address systemic deficiencies while empowering regulatory bodies with robust tools and resources necessary for effective oversight. Ultimately, as supported by Zelle (2018) a comprehensive analysis that emphasizes the multifaceted nature of non-compliance in product markets and advocates for holistic interventions that engage stakeholders across various sectors to mitigate its impact on consumer safety and public health as envisaged by the NRCS mandate.

### *4.3.3 Consumer safety – Distinct mark*

The data unveils a critical finding on the necessity for a distinct mark to identify compliant products. This revelation stems from an in-depth analysis of the data collected from respondents, indicating a pressing need for improved measures to ensure consumer safety. The data explores into the implications of non-compliant products on consumer health and well-being, highlighting the urgency for stricter regulations and clearer identification methods.

Van Heerden & Boshoff (2018) highlights the potential consequences of non-compliant products slipping through regulatory loopholes. These findings serve as a wake-up call for stakeholders in product manufacturing and regulation, urging them to take proactive steps toward enhancing product identification systems. Moreover, the implementing of a distinct mark on compliant products is not only crucial for safeguarding consumers but also holds significant implications for public health at large. The imperative nature of instituting clear identification markers for compliant products as an essential component of ensuring consumer safety in an increasingly complex economy.

The data assumes a compelling evidence that strengthens its argument as also supported by Sampson (2002) regarding the urgent need for distinct marks on compliant products, this is by blending empirical data with insightful analysis, the respondents presents a clear roadmap for policymakers and industry stakeholders to address this critical issue promptly.

### *4.3.4 Dominance of non-compliant products*

The data analysis uncovered a significant correlation between certain industries and a higher prevalence of non-compliant products. Specifically, the automotive, electrical, food, cement, and timber industries emerged as particularly inclined to non-compliant products. This insight brings light on the underlying factors contributing to non-compliant products within these sectors and provides valuable information for regulatory bodies and industry stakeholders.

The viewpoint of Brickhill (2012) brings attention to the need for targeted interventions and robust quality control measures. It highlights the necessity for enhanced monitoring and

enforcement efforts within these sectors to mitigate risks associated with non-compliant products. Furthermore, it highlights the importance of industry-specific regulations and standards tailored to address the unique challenges posed by each sector, by enlightening these correlations, the research study aims to offer actionable insights that can inform policy-making decisions aimed at improving product compliance across multiple industries. Ultimately, this study lays the groundwork for targeted interventions designed to promote consumer safety and uphold regulatory standards within automotive, electrical, food, cement, and timber industries as narrated by Fraser et al., (2002).

### *4.3.5 Challenges faced by the NRCS*

In the investigation of the research study digs into the multi-layered challenges encountered in terms of capacity, technology, resources, awareness, laboratories, and port of entry. This section captures a comprehensive analysis of the complex dynamics surrounding these critical aspects. The examination of challenges related to capacity emphasizes the need for strengthening institutional capabilities to effectively monitor and enforce regulatory standards. Moreover, Alby (2017) states that the examination of technological impediments uncovers the need for innovative solutions to enhance product surveillance and detection mechanisms for non-compliant products.

Vivian (2016) notes the data fragment clarifies the profound scarcity of resources as a fundamental barrier to combatting non-compliant products. Additionally, it endeavors into the jurisdictions of awareness and education, highlighting deficiencies in disseminating information regarding compliance regulations and fostering a culture of adherence among stakeholders. The dialogue on laboratories expounds upon limitations in analytical infrastructure and expertise necessary for severe product testing and verification. Finally, challenges pertaining to port of entry operations, revealing deficiencies in screening processes and inspection protocols that contribute to vulnerabilities in controlling non-compliant products at border checkpoints. Overall, the data analysis provides a severe examination of multidimensional challenges faced by NRCS in combating non-compliant products.

### *4.3.6 Handling of non-compliant products*

The respondents observed that the NRCS handles non-compliant products through a variety of methods including Letters of Authority (LOA), inspections, sanctions, fines, raids, awareness campaigns, and collaborative efforts. The LOA serves as a pre-measure that industries must comply with. Inspections are conducted to ensure that products are in compliance with

regulations and standards set forth by the NRCS. Sanctions may be imposed on those industries found to be non-compliant, serving as a deterrent for future violations, this was further supported by BUSA (2021).

Hartman & Jardins (2020) supports the notion that fines must be imposed against businesses who fail to meet NRCS standards and this will serve as as a financial consequence for non-compliance. Unannounced raids are carried out in cases where there is evidence of deliberate flouting of regulations or illegal activities within the scope of NRCS's jurisdiction. Awareness campaigns are utilized to educate stakeholders about compliance requirements and the potential consequences of non-compliance. Destructive measures such as product confiscation and destruction are taken in cases where there is risk to public health or safety due to non-compliant products. Collaborative efforts with industry stakeholders help enhance understanding and adherence to NRCS guidelines while fostering a culture of compliance.

In the eyes of the respondents, it is clear that the NRCS employs multiple strategies in handling non-compliant products ranging from warnings, fines and more stringent actions like raids and destructions when necessary.

#### *4.3.7 Emerging new trends for non-compliant products*

The respondents perceived that e-commerce is one of the growing trends as far as non-compliant products is concerned. The data analysis highlighted challenges related to ease of access to markets and trade weaknesses, which have substantial implications for regulatory compliance. Respondents noted that the spread of e-commerce has significantly increased market accessibility, leading to a flood of non-compliant products entering the market. This presents a critical issue for regulatory bodies such as NRCS, as they strive to monitor and enforce compliance within this rapidly evolving landscape (Benioff, 2019).

Furthermore, respondents expressed concerns about trade weaknesses exacerbating non-compliance issues. They highlighted discrepancies in standards and regulations across different markets, illustrating how these inconsistencies can lead to confusion and misinterpretation among businesses operating within multiple jurisdictions. These insights emphasize the complex interplay between market dynamics, regulatory oversight, and trade practices in shaping product compliance. It is evident that addressing these challenges requires a comprehensive understanding of not only regulatory frameworks but also market forces and global trading dynamics (van den Boschee, 2017).

Valuable insights were noted from respondents in terms of e - commerce dynamics, market accessibility, and trade weaknesses as they relate to non-compliant products and NRCS perceptions thereof. Mercurio (2017) narrates that the implications drawn from these findings emphasize the need for adaptive regulatory strategies that will need to consider the evolving nature of online markets while addressing cross-border trade complexities.

# Chapter 5

# FINDINGS

## Introduction

The research on non-compliant products in the South African market digs into the complexities of data analysis and the pivotal role played by the NRCS, after meticulously gathering and organizing data pertaining to non-compliant products the researcher embarked on a rigorous analysis process aimed at uncovering patterns, trends, and underlying causes. This involved employing qualitative assessment to gain a comprehensive understanding of the nature and extent of non-compliant products in the South African economy (Boshoff, 2018).

The extensive data analysis, revealed that the NRCS is a key player in addressing non-compliant products within the SA market, its regulatory framework and enforcement mechanisms were scrutinized in relation to their efficiency in curbing the spread of non-compliant products. Moreover, the researcher gained valuable insights from NRCS officials into their challenges, successes, and future strategies for combating non-compliant products. It became evident that while the NRCS has made significant strides in enforcing standards and regulations, however, there were notable challenges faced by the NRCS in effectively curbing non-compliance, including resource constraints and gaps in regulatory enforcement.

The recommended measures such as increased funding for the NRCS to boost their inspection capabilities and enhance collaboration with industry stakeholders and to improve compliance monitoring mechanisms. Moreover, recommendations for streamlining regulatory processes to ensure swift action against non-compliant products while providing support for businesses and consumers, Hartman (2020) emphasizes for effective collaboration between government agencies, industry players, and consumers is imperative for addressing non-compliant products comprehensively.

## 5.1 Effectiveness of NRCS's regulatory framework

### *5.1.1 The authority of the NRCS to enforce*

In the territory of product compliance and regulation, the assumption that strong sanctions and fines would effectively reduce non-compliant products has long been a prevailing hypothesis. Contrary, upon conducting thorough data analysis and supported by Qureshi (2016), the findings reveals that an amendment of the act itself will be key in achieving a substantial reduction in non-compliant products. The initial stance on relying solely on punitive measures to enforce compliance has proven somehow lacking in addressing the root causes of non-compliance within the SA economy.

The NRCS possesses the authority to impose punitive measures in cases of non-compliance, as outlined in Section 34 of the NRCS Act. Offences and penalties are regulated by this section, indicating that individuals who violate or fail to adhere to sections 14(1), (2), or (3) may be considered guilty of an offence. Upon conviction, such individuals may face either a fine or imprisonment for a maximum period of one year. In dissimilarity, SARS has the jurisdiction to investigate criminal complaints and suspicions before transferring the matter to SAPS. However, the NRCS lacks a similar authority, and is bound and limited to perform only those functions prescribed by legislation (NRCS Act 5 of 2008), which are sometimes restrictive to combat non-compliance.

The data analysis revealed several critical factors that challenge the efficacy of imposing strong sanctions and fines as a standalone solution for reducing non-compliant products. These included systemic gaps within regulatory frameworks, inconsistent enforcement, and limited resources for monitoring and surveillance activities. Furthermore, an amendment of the act could provide an opportunity to shift focus towards preventive measures such as enhancing standards, improving certification processes, and incentivizing voluntary compliance among manufacturers, this will address underlying issues through legislative reform, where the regulator can foster a more sustainable approach to product compliance that goes beyond punitive measures (Stark, 2017).

Rosch (2020) supports the recommendations for a multidimensional approach to tackling non-compliance with product regulations, while strong sanctions and fines may serve as an important deterrent, they are not sufficient on their own. An amendment of the act is essential in order to create a comprehensive framework that addresses both regulatory shortcomings and industry challenges while promoting proactive adherence to product standards.

## 5.2 Factors contributing to non-compliant products

### 5.2.1 *Challenges faced by the NRCS*

The primary data reveals various impediments obstructing the NRCS's mandate accomplishment. Respondents highlighted several challenges faced by the NRCS, such as streamlining processes, regulatory framework, capacity constraints, port of entry etc.

Multiple respondents recommended the need for streamlining processes related to product conformity assessment, testing, certification, and market surveillance, including integrating numerous committees addressing similar issues and harmonizing sales and technical committees, this will assist in implementing a responsive and adaptable regulatory framework that can accommodate evolving market dynamics. The gathered data further makes it clear that the NRCS must allocate resources to monitoring, verification, and enforcement to enhance regulatory compliance (Sroka & Zielinska, 2021).

One of the other primary hurdles identified is the capacity constraints within NRCS, which hinder their ability to effectively scrutinize and regulate a vast array of imported goods. It is recommended that the NRCS must invest in training programs for regulatory personnel to keep them abreast of industry trends and best practices and leverage technology for monitoring and surveillance, enabling more efficient use of resources (Hedergen, 2016).

Moreover, inadequate infrastructure at ports of entry magnifies this issue, resulting in difficulties in conducting thorough inspections and assessments of incoming products and the recommendation will be to inspect at the distribution centres and implement advanced screening technologies to improve the efficiency of inspections (Mercurio, 2017). This comprehensive analysis sheds light on multiple interconnected challenges that must be addressed holistically to reinforce regulatory efficiency and protect consumers from non-compliant products.

### *5.2.2 Port of entry and E- Commerce*

The study also finds and the recommends strong measures in e-commerce and port of entry is a critical area of focus for government agencies and regulatory bodies, with the rise of global trade and e-commerce, there has been an increase in non-compliant practices that pose significant risks to consumer safety, national security, and economic stability, the researcher has closely examined findings in these areas. Reynolds (2004) presents compelling evidence

in support of the research findings that stringent measures must be put in place to address the loopholes that allow non-compliant practices to increase.

Alby (2017) states that e-commerce platforms have become a popular avenue for non-compliant activities, including counterfeit goods, fraudulent transactions, and tax evasion. The unrecognizability and accessibility provided by online marketplaces present unique challenges for regulators seeking to combat these issues effectively. Similarly, ports of entry serve as critical gateways for goods entering a country, making them vulnerable to smuggling, trafficking, and other illicit activities.

The Customs Control Act of 2014 outlines systems and procedures for customs control over goods and individuals entering or leaving South Africa, facilitating the implementation of tax-related Acts and relevant legislation. The Commissioner for SARS has the authority to designate individuals from an organ of state or another institution as customs officers for enforcing tax levying Acts, particularly concerning imported or exported goods. While the NRCS collaborates with SARS by approving regulated products before release at entry points, it still needs to be strengthened in order to ensure maximum inspection for products subject to compulsory specifications.

Under Section 5(2)(b) of the NRCS Act, the NRCS has the capacity to inform the South African commerce industry and the public about compulsory specifications applicable to local online goods. As per Section 14 of the Act, selling or supplying a commodity, product, or service subject to a compulsory specification is prohibited. To regulate local e-commerce effectively, the NRCS is recommended to conduct inspections at the distribution warehouses of online retailers to monitor compliance. Additionally, it could issue sales permits to exempt compliant online retailers from specific requirements.

## 5.3 Recommendations for strengthening product compliance

### *5.3.1 Stakeholder Relations Enhancement*

Strengthening stakeholder relations is crucial for the operational effectiveness of the NRCS. The study of non-compliant products reveals the pressing need for stakeholder enhancement in South Africa's economy to effectively curb the increase of non-compliant products.

Stakeholders such as regulatory bodies, industry associations, and consumer advocacy groups play a crucial role in shaping and enforcing compliance standards, this could be through

information sharing, capacity building programs, and joint enforcement initiatives. Through collaborative efforts with these stakeholders, businesses can be held accountable for adhering to regulations and quality standards, ultimately reducing non-compliant products in the market (Freeman et al., 2007).

This could be developed through a forum with Memorandum of Understanding (MoU) inclusive of industry stakeholders, statutory bodies, SAPS, SARS, Treasury, testing and certification agencies, SIU, NPA, DOJ, SABS etc. should be established for regular reviews of the integrity and relevance of VCs, strategizing on compliance enhancement, and expanding the NRCS's scope. Engaging with stakeholders will assist the NRCS assess readiness and capability to adopt new regulations and encourage industries to register products in order to foster the culture of compliance.

According to van den Bossche (2017), it is undeniable that the collaboration between stakeholders is vital in establishing robust monitoring mechanisms that deter non-compliant products from entering or circulating within the marketplace, investing in stakeholder enhancement programs focused on education, training, and continuous improvement initiatives across industries, SA can build an environment conducive to compliance and ultimately safeguard consumer safety while bolstering economic growth.

### *5.3.2 Consumer Education*

The narrative crafted by Carroll & Buchholtz (2018) emphasised the need for increased education and awareness among customers regarding non-compliant products, this can be through targeted educational campaigns, and consumers can become aware when making purchasing decisions, thus reducing their exposure to non-compliant products. Furthermore, intensified awareness can also empower consumers to report suspicious products to authorities or regulatory bodies like the NRCS, this will foster a culture of informed consumption, and these measures can ultimately contribute to a more transparent marketplace that prioritizes safety and quality.

Additionally, the NRCS must establish and maintain a publicly accessible list or register of non-compliant products. This list would serve as a crucial resource for consumers, businesses, and regulatory bodies to identify and avoid purchasing or using non-compliant products, by

making this information readily available to the public, the NRCS can empower consumers to make informed choices about their purchases while also incentivizing manufacturers to adhere to quality standards. This transparency will enhance accountability within the marketplace and contribute towards building trust between producers and consumers (Gunningham & Sinclair, 2006)

Addressing non-compliant products through education and awareness initiatives aimed at consumers, NRCS can collectively work with other stakeholders in building a more resilient economy with higher standards for product safety and consumer rights (Van Heerden & Boshoff, 2018).

### *5.3.3 Consumer Safety*

The NRCS should implement a distinctive mark as part of the recommendations supported by NRCS Act 5 of 2008, within the term "distinctive mark" which is simply defined as a mark prescribed by the Act and applied to a commodity. The specifics of these marks and their labelling are outlined in Gazette notices. According to section 13(6)(a) of the Act, a 'distinctive mark' serves as a declaration of conformity to the compulsory specification requirements applied to a commodity or product. Section 14(1)(b) prohibits the import, sale, or supply of a commodity, product, or service that does not conform to the relevant compulsory specifications.

Likewise, the Legal Metrology Act, 9 of 2014, section 4(1)(m) mandates the regulator to oversee compliance schemes and control the use of distinctive marks and verification marks. The Act defines "distinctive mark" as a mark indicating compliance with relevant voluntary schemes, and a "verification mark" as an indelible mark signifying that a measuring instrument has been duly authorized and verified. Chapter 8 of the Act regulates the use of distinctive and verification marks, any distinctive mark supporting the effective implementation of the Act's objectives must be published in the Gazette.

The introduction of a quality mark by the NRCS will represent a significant step in ensuring consumer confidence and promoting compliance within the market, by implementing this quality mark, the NRCS will raise awareness among both producers and consumers about the importance of adhering to standards and regulations. This initiative will serve as a powerful tool for distinguishing compliant products from non-compliant ones, providing consumers with

assurance of product quality and safety. Additionally, it sends a strong message to producers that adhere to regulations.

Through increased enforcement efforts by the NRCS (implementation of distinctive mark), there is a good correlation in the hypothesis that non-compliant products will experience reduced presence in the market. Through rigorous monitoring and inspection activities, non-compliant producers are more likely to be identified and held accountable for their actions, as a result, it is envisaged that the implementation of this quality mark coupled with heightened enforcement efforts will act as deterrents for non-compliant products within the economy. The mark will create an environment where compliance is rewarded and non-compliance has consequences, the NRCS can drive positive changes in producer behaviour while safeguarding the interests of consumers.

Introducing a quality mark as part of the enforcement efforts by the NRCS is an ideal mechanism for reducing non-compliant products in the economy while simultaneously enhancing consumer trust in regulated products.

## 6. CONCLUSION

### Introduction

The driving force behind the study on non-compliant products in the South African economy and the role of the National Regulator for Compulsory Specifications (NRCS) is rooted in the pressing research problem surrounding the persistent existence and growth of such products within the economy, despite established regulatory measures.

### 6.1 Summary of the findings

The study on non-compliant products in the South African economy has yielded significant findings that share light on the dominance and impact of non-compliant products in the economy. Through extensive data analysis, the research problem was clearly attained of the on-going presence of non-compliant products irrespective of the current regulatory measures, as it has became evident that a substantial portion of products circulating in the SA economy do not meet regulatory standards set by the NRCS (Brown, 2019).

The implications of this non-compliance extend beyond mere economic concerns, encompassing public health and safety risks, consumer protection issues, and potential damage to domestic industries. These findings give emphasis to the urgency for robust interventions to address non-compliant products effectively in the form of policy reforms (Clark, 2017).

One striking revelation from the study is that certain sectors within the SA economy are particularly vulnerable to non-compliance, with imported goods being a notable area of concern. This emphasizes the need for enhanced monitoring and regulation at ports of entry (Adams & Lee, 2021).

Furthermore, the need to strengthen enforcement mechanisms have been identified as a need which necessitating a re-evaluation of NRCS's capacity to carry out its oversight responsibilities effectively.

Centered on these insights, it is imperative to strengthen resources dedicated to inspections, testing facilities and staff training within NRCS. Additionally, collaboration between regulatory bodies and industry stakeholders should be prioritized to strengthen a more comprehensive approach towards tackling non-compliant products (Williams, 2020).

In light of these findings, recommendations can be made with regards to policy reforms aimed at enhancing regulatory mechanisms and increasing penalties for violations. Ultimately, these efforts aim to restore trust in SA's product ecosystem while ensuring fair market practices that prioritize consumer welfare.

### 6.2 Policy implications and recommendations

Moving forward, it is imperative to consider the policy implications derived from our study. The study reveals significant policy implications with extensive consequences. It is crucial for policymakers to take a proactive stance in addressing these issues of non-compliant product and the consequences thereof. Recommendations from this study in light of policy implications is that policies should support stringent enforcement measures, improved regulatory oversight, and enhanced collaboration among relevant stakeholders (Stark, 2017).

Additionally, there should be a focus on developing comprehensive strategies and policies that address the root causes of non-compliant products in order to create a compliant business environment that upholds standards and safeguards consumer interests in the South African economy (Carroll & Buchholtz, 2018).

Holistical recommendantions in this study in order to address the research problem, is to adopt a multifaceted approach, this includes amending legislation, enhancing regulatory frameworks, allocating sufficient resources, improving infrastructure, fostering stakeholder collaboration, and increasing consumer education (Van Heerden & Boshoff, 2018).

### 6.3 Limitations of the study

Despite these significant insights, our study also encountered limitations that merit acknowledgment. One such limitation is the scope of our research which focused primarily on specific sectors, therefore, there remains a need for comprehensive studies across a broader spectrum of industries to provide a holistic understanding of non-compliance trends (Green, 2018).

Legislative changes have the potential to limit the scope and relevance of a study, as current legislative frameworks may impose limitations that hinder the research process. These restrictions could evolve over time, changing the landscape within which a study operates and influencing its outcomes (Brown & Davis, 2018).

Equally, jurisdictional limitations can constrain the authority of regulatory bodies like the NRCS, limiting their ability to oversee all aspects of product compliance. The confined scope within which the NRCS operate may leave certain areas unaddressed or inadequately covered in terms of regulatory scrutiny (Johnson, 2020).

### 6.4 Areas for further research

In the dynamic landscape of the South African economy, the study of non-compliant products presents a compelling avenue for further research. They are several compelling areas for future research which could yield valuable insights and enhance regulatory efforts. Notable areas for future research are:

- The effectiveness of monitoring and compliance measures (Williams, 2020).
- Rapid technological advancements in product development and the impact thereof in regulatory compliance (Taylor & Roberts, 2019).
- Differences between regulatory intent and actual enforcement practices (Taylor & Roberts, 2019).

- Cultural and social factors influencing consumer behavior and attitudes towards non-compliant products (Green & Davis, 2017).

Another important avenue for future research could center around evaluating international best practices in regulating non-compliant products and adapting them to suit South Africa's unique economic context. Comparative studies with other countries facing similar challenges could provide valuable lessons learned and benchmarking opportunities for improving regulatory efficiency (Adams & Lee, 2021).

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