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Assessing the challenges faced by black built environment professionals as business owners

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2022
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Assessing the challenges faced by black built environment professionals as business owners.

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MAY 2022

DECLARATION

I Koketso Nkoana (student:379563), I hereby declare that the work submitted is my own unaided work. I have followed the required conventions in referencing the thoughts and ideas of others. I am aware that plagiarism (the use of someone else's work without their permission and/ or acknowledging the original source) is wrong. I understand that the University of Witwatersrand may take disciplinary action against me if there is a belief that this is not my own unaided work or that I have failed to correctly acknowledge the source of the ideas or words in my writing.

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ABSTRACT

There is a growing concern about the limited representation of black Built Environment Professionals (BEP) as business owners in the industry. This study then attempts to address the imbalance in the industry by highlighting the challenges faced by black BEPs. The greatest challenge that was pointed out by the investigation is the perceptions of economic transformation in the industry. The study further highlights the following challenges, economic structure, racial profiling, monopolisation of industry funding, red tape, corruption, experience, access to market, regulation, subcontracting and policy and industry planning. Thus, there is a limited representation of black BEPs as business owners.

The researcher has observed some positive outputs from the transformative programmes implemented in the industry. As some efforts toward transformation have yielded positive results and managed to create opportunities in the industry for black BEPs. However, the study outlines the lingering concern of the disconnect that exists between the professional experience of these BEPs and the capacity of their businesses. there is also a concern around the efforts of the industry to develop Black BEPs as business owners as opposed to them simply being technical contributors and thus seen as employees. The study outlines the need for BEPs to be seen as businesses as they primarily trade in intellectual property.

Acknowledgements

My sincere gratitude and utmost appreciation to my family, friends and colleagues. This is by far the hardest journey of my life and completing my studies had become almost unreachable. But because of the support, patience, encouragement and love, I got from everyone I have made it to this moment.

My greatest thank you to:

- Mr Dikgang Motsepe my supervisor, thank you for your patience and encouragement, without you this paper wouldn't be what it is. Thank you for being human before all else, your understanding was greatly appreciated by myself and my family.
- To my mother, even in midst of fighting for your life you still encouraged growth and focus and for that, I will eternally be grateful. Rest easy my Alpha queen.
- To my remarkable husband Phuti Nkoana, you have been amazing through this journey thank you for being you.
- To my lovely sister Kamogelo Lemotlo, thank you for stepping into the "Mom" role whenever I need you. Your support means the world to me.
- To my precious babies Tselahale and Thwadi, thank you for encouraging mommy to win.
- To all my research participants thank you so much for your input

DEDICATION

This paper is dedicated to my gorgeous mother Tshenolo Revelation Lemotlo, your strength love and support have always kept me going. I hope this paper is just one more thing you brag about in heaven. So proud of you Mama, love you always sthandwa sam.

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List of Abbreviations

BBBEE- Broad Based Black Economic Empowerment

BEP- Built Environment Professional

BUSA- Business Unity South Africa

CBE-Council of the Built Environment

NEF- National Empowerment Fund

JSE- Johannesburg Stock exchange

SMME- Small Medium Enterprise

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CHAPTER 1: INTRODUCTION

This qualitative study explored the phenomenon of economic transformation concerning implementing the Broad Black Based Economic Empowerment (BBBEE) strategy in the built environment. To understand the concept of economic transformation, it is crucial to analyse the sector's current economic structure. Specifically, the economic structure in terms of the "provisions as well as the strategic plans made for the survival of black-owned businesses in the built environment industry".

To analyse the current economic structure and progress made in terms of transformation in the built environment, it is important to outline the challenges faced by black Built Environment Professionals (BEPs) as business owners. BEPs consist of landscape architects, Architects, Engineers, property developers, construction managers, project managers and quantity surveyors. For this study the participants were not restricted to specific professions, participants are a general representation of BEPs. This study provides a clear view of the ownership trends in the built environment, and progress made in terms of transformation in the built environment sector.

Thus, the paper outlines-built environment professionals' experiences as business owners to understand the shortcomings of the BBBEE strategy and industry plans in promoting transformation. Therefore, this paper answers the question of "What challenges are experienced black built environment professionals, (BEPs) faced with as business owners?"

The sample population of this study consists of (15) participants, which includes (12) black BEP's in business, and (3) industry experts. This includes a BBBEE expert from the BBBEE COMMISSION, a representative from the Built Environment Council (CBE), and a representative from the National Empowerment Fund (NEF). All narratives are important for providing a balanced view of the challenges faced by black BEP'S as business owners.

1.1 Background

Economic transformation has been a priority for the South African government ever since the dawn of democracy (Treasury, 2018). This was in efforts of deracialising the economy (Treasury, 2018). Thus, the implementation of the broad-based black economic empowerment strategy ensures that the mainstream economy's various sectors are transformed (B-BBEE Commission, 2019).

The South African built environment/construction sector has been identified as the most compliant industry. In 2017, the BBBEE policy was reviewed regarding the construction sector's concerns (Act, 2017). These concerns were based on the lack of representation of females in leadership roles within the industry. Moreover, the BBBEE policy has been employed in strategic planning of the sector through skills development. This has effectively produced black built environment professionals (BEP) as new entrants in the industry.

Even with the transformation steps, the industry still needs change in terms of ownership trends (B-BBEE Commission, 2019). This is to ensure significant participation in the mainstream economy by black built environment professionals (BEP).

Thus, the Broad-Based Black Economic Empowerment policy is a strategy towards economic justice amongst South Africans (Act, 2017). It aims to empower those previously disadvantaged by the economic structures of apartheid South Africa (Act, 2017). The government has continued to advocate for the implementation and compliance of B-BBEE in the private sector to achieve the policy's skills development and career advancement focus (Treasury, 2018).

However, what economic empowerment means or how the policy aims to transform the economy is still unclear. Having financial control entails owning businesses (Ward & Muller, 2018).

Therefore, the focus on skills development and employment for beneficiaries is no longer sufficient or independently relevant (B-BBEE Commission, 2019). It has not brought about significant change to the structure of the South African economy.

Concerns around corruption in the form of "fronting", which is a way for companies to get B-BBEE scoring under pretence, have been highlighted (Tshetu, 2014). Fronting has been declared a criminal offence, by the government (Tshetu, 2014). Even with efforts made to regulate this practice, it remains a real problem as it takes a more sophisticated approach to challenge the regulators. South Africa's economic power and control remain in the hands of the minority controlled private sector, leaving the vast majority in poverty (Gazette & Notice, 2009).

The government largely depends on the private sector to create jobs, but this does not bring about sufficient economic growth unless executed adequately. Specifically, the construction sector has been identified as the greatest job-creating industry, indirectly creating jobs in other industries (Africa et al., 2017). Thus, transforming the construction industry, is a good opportunity to transform the economy.

Recent events in the country have proven that business creation is one of the most excellent economic stimulants as it will generate new meaningful jobs. Since the construction / built environment sector has been identified to be the most important industry for the South African economy, it is the most suitable industry to prioritize when coming to economic transformation. This is because the industry creates jobs across various sectors in the economy, another reason for prioritizing the built environment sector is its close links with the government as the government is the sector's biggest client(Africa et al., 2017; For et al., 2017; Mpanza, 2016).

In B-BBEE terms, this provides an opportunity to introduce previously excluded South Africans in the private sector and contribute to the much-needed economic restructure. While the policy has successfully created jobs for the previously disadvantaged, there are limited studies regarding what happens after the professionals have gained experience (Treasury, 2018). Moreover, the current strategic plan in the construction sector focuses on the skills development for BEP's. This opinion is from the perspective of having new entrants in the professional space, and this is to address the shortage of black built environment professionals (BEP) in the industry (CBE, 2015).

The industry has made significant progress by successfully increasing the number of new entrants in the industry. However, not enough to register as professionals, and there is no clear plan for BEP's career advancement (CBE, 2015). This initiative stems from the statistical makeup of built environment professionals in the industry, 76% white, 15 %African, 1% Indian and 3% coloured registered professionals. The council has further recorded 35% White, 52%African, 10% Indian and 3% coloured at the candidate level (CBE, 2015). The above data proves that the industry is moving in the right direction in terms of skills development. Therefore, this study aims to identify the challenges that hinder experienced black BEP’s when trying to participate in the mainstream economy as business owners.

Moreover, the research seeks to encourage the prioritisation of black BEP's as business owners in industry’s strategic planning. This is with a specific focus on the growth and development of BEP’s as business owners. However, due to weak planning, professionals will fail to employ the acquired skill set to promote transformation in the industry through ownership (CBE, 2015). Even with skills development promotion, it does not secure meaningful participation in the mainstream economy by black built environment professionals (CBE, 2015). Even with a handful of managers becoming shareholders in private companies, they still do not have enough control, if any at all, to bring about significant change in the economic structure.

1.2 Research problem statement, Research purpose statement, and Research questions.

1.2.1 Research Problem statement

There has been a growing concern in the built environment, regarding the growth of the industry and the government's focus on transformation in the industry. The industry has embraced economic transformation through skills development, this is reflected by the significant increase in the number of non-white professional candidates the industry produces(CBE, 2015). Thus, the growing concern regarding meaningful transformation in the industry. This is because of the limited representation of black entrepreneurs in the built environment.

The limited representation of black entrepreneurs in the industry is a concern because meaningful participation in the economy and restructuring encourages ownership of enterprises. Professionals who participate in the economy as managers or employees within existing large firms do not have decision making power or control. If this continues, it implies that the economic structures of the old South Africa will remain intact.

This study then seeks to address this problem, through assessing the challenges faced by black BEPs as business owners. This is done in hope of encouraging the prioritization of black BEP's as business owners, particularly in the strategic planning of industry. This study further seeks to assess if there are sufficient opportunities in the mainstream economy for the growth of these black-owned enterprises.

1.2.2 Research purpose statement

The purpose of this study is to highlight the challenges faced by BEP's when trying to participate in the mainstream economy as business owners. Particularly after they have acquired experience as professionals in the industry.

1.2.3 Research Question

What challenges are black experienced BEP's faced with when trying to participate in the mainstream economy as business owners?

1.2.3.1 Secondary Research Questions

1. What are the perceptions of black BEP's and industry officials on economic transformation?
2. Are there sufficient opportunities in mainstream economy for black enterprises?
3. What are the reasons for the limited representation of black BEPs as business owners?
4. How does industry and policy support the growth and development of business owned by BEPs?

1.3 Conclusion

The chapter outlines the lack of representation of black BEPs as business owners in the built environment sector. This directly affects the mandate of the South African government regarding economic transformation. Thus, the interest in outlining the challenges faced by black BEPs as business owners. In order to highlight the challenges faced by black BEPs the chapter proposes the exploration of perceptions of economic transformation in industry, as well as opportunities available in the mainstream economy for black enterprises.

Moreover, finding out reasons for the limited representation of black BEPs as business owners, is outlined as important to answering the main research question. Lastly the chapter evokes the question of what industry and policy support the growth and development of business owned by BEPs.

The next chapter will validate the questions presented in this chapter with literature from previous studies. While chapter 3, will provide the methodology followed for the study.

Chapter 4, presents the findings and chapter 5 analyses the findings. Finally, chapter 6 concludes the study and makes recommendations.

CHAPTER 2: Literature Review and Analytical framework

This chapter provides an analytical framework that provides a structure to the analysis of the interviews and integrates a review of literature including the definition of important concepts and statistical data that supports the argument of limited representation of black entrepreneurs in the built environment sector.

As stated in the introduction the study aims to highlight the challenges faced by experienced black BEPs as business owners. This is done with the intention of finding the link between the challenges faced by black BEP's as business owners and the current limited representation in the industry. Another factor is of course the limited prioritization of black BEP's as business owners in the strategic planning of industry.

Therefore, the chapter begins by defining the concept of economic transformation and focus the study on transformation at sectoral level. The study further assesses economic transformation particularly in the built environment sector. Economic transformation is the central concept for analysis throughout the study, and specifically at sectoral level. The chapter further outlines ownership trends in built environment sector in South Africa. After the analysis of the ownership trends, the chapter assess the influences the South African history has had on the current economic structure in South Africa.

Moreover, the growing concern of the built environment sector shrinking, which may play a role in the growth of industry. This implies limited opportunities for new players in the sector, which in this case refers to black entrepreneurs. Thus, this literature review outlines the possible reasons for the shrinking of the industry and how this links with this study. The chapter elaborates on how transformation is relevant in a shrinking economy.

2.1 Defining Economic transformation

Economic transformation has been defined as the transitioning of labour and other resources from a lower growth rate to a higher growth level (singh&Singh, 2016). Studies suggest that economic transformation and empowerment are interlinked in most developing countries (Oyeyinka et al., 2017). This translates into a different approach to understanding economic transformation, as in economic terms, economic transformation implies more job creation (Oyeyinka et al., 2017). Historically, economic transformation has brought about a complete change to its economic structures (Oyeyinka et al., 2017).

The key driving force behind an economic transformation has been innovation and private sector businesses' development (Singh & Singh, 2016). According to Andrews (2012), organisational planning and structures are what influences how new participants fit in the economy. Although the state has never had an active role in ensuring this transition; it has however, guided the legislature's transition, which creates a conducive environment for businesses to thrive (Singh & Singh, 2016). Moreover, economic transformation and empowerment ought to go hand in hand in most developing countries, particularly in Africa (Oyeyinka et al., 2017).

Transformation takes an entirely different model altogether in African countries, as the economy continues to grow; however, the employment rate continues to decline (Oyeyinka et al., 2017; Treasury, 2018). Thus, a minority of society is in control of the economy, and they continue to reap the rewards, leaving a vast majority of people in poverty (Treasury, 2018). The decline in the employment rate shows that there are not enough companies to provide these much-needed jobs(Mosala et al., 2017). Without the creation of businesses, then transformation cannot be achieved.

In the South African context, economic transformation remains to be at the centre of policymaking. However, minimal transformation has happened in the structure of the economy(Treasury, 2018). According to Andrews (2012), this may be as a result of the South African economy being favourable to large firms as they make the largest investments in the economy.

The national treasury (2018) further supports this by stating that the greatest economic priority for the South African economy is investments to sustain the growth of the economy. Thus, new entrants are faced with challenges when trying to compete with the old players in the economy (Andrews, 2012).

There are other factors that have been presented as possible reasons for the current economic structure. Such as the "settlement agreement "made in 1990/94, which protects the interests of the apartheid regime (Pillay, Everatt.2017). The settlement agreement and the private sector seem to control how the South African economy is structured, making the transformative policies non-effective (Pillay, Everatt. 2017).

In South Africa democracy is embraced through the promotion of transformation. Thus, the South African government does not only aim to transfer ownership of assets or opportunities to contract with the state but they are looking forward to changing the economic structure of South Africa (Africa et al., 2017b).

Moreover, transformation requires the breakdown of structural impediments to new activities, deconcentrate industries dominated by a few participants, acceleration of the inclusion of black South Africans into jobs and businesses(Africa et al., 2017b).

2.1.1Successful Economic Transformation at sectoral level

At a sectoral level successful economic transformation is determined by the following three elements -:

2.1.1.1 Identification of economic opportunity by both the private sector and government.

This refers to the technical tools that have been developed by economists to assist governments and potential investors to identify emerging and current opportunities for economic transformation (Balchin et al., 2019).

2.1.1.2 Conducive pattern of political-economic interest at sector level

This refers to the political stability in a country and how they have achieved sus sets out to achieve sustainable economic growth. Although this is essential for economic transformation, transformation can still fail within political stability (Balchin et al., 2019).

2.1.1.3Conducive public actions motivating investors.

Investors need to be reassured that their investments are secured and they will not be threatened by unlawful expropriations. An appropriate amount of supply of public goods, including social and physical infrastructure. There should be coordination between public actions and investors/ investments (Balchin et al., 2019). For this study, the definition of the national treasury and that of economic transformation at the sectoral level is most relevant.

2.1.2Transformation and BBBEE strategy in the built environment sector

The broad-based black economic empowerment act (No 53of 2003) serves as a legislative framework for promoting the BBBEE strategy on transformation. This legislative framework is used as a guideline for the construction sector when setting objectives towards transformation(Gazette & Notice, 2009). The Act implement the construction code of good practice and address the sector's inequalities, and ensure that industry follows the legislative framework.

Therefore, this paper will analyse BBBEE policy's implementation in the built environment to understand the industry's objectives in terms of transformation, specifically in deracialising the economy. This paper is informed mainly by racial theories, as the current economic structure results from the apartheid in South Africa.

The recent amendments on the BBBEE strategy were aimed at creating an inclusive environment for black women. This is due to previous observations of the limited representation of black women in the industry (Act, 2017). This has been a success, through the integration of black women into management positions. However, the question of whether this is the transformation South Africa has settled for? remains.

It has been evident that the implementation of the BBBEE policy continues to be a great challenge. This stems from the complexities around democracy and the radical nature of the policy. Moreover, the notion that old industry players have economic control, through ownership and thus prescribe how new players participate in the industry(Andrews, 2012). This is true when considering how the BBBEE policy is received by industry. The “big players” in industry conveniently choose to structure the economy in such a way that a black professional’s career is sustainable through skills development and management control(Twala & John, n.d.).

2.1.2.1 Transformation through management control

The policy adjustments, promote the advancement of employment equity in the sector, embodying the principles of non-racialism and non-sexism (Act, 2017). This adjustment has successfully achieved transformation in terms of meaningful participation by black women in enterprises. Having management control is not sufficient as decision making authority is limited. Moreover, the trend of having black managers in large corporations is for securing BBBEE scores. The managers and directors in these companies are essentially employed by these companies, thus they are required to adhere to the status

quo(Arya & Bassi, 2015). Their decision-making powers are limited by the mandate of the company(B-BBEE Commission, 2019).

The workplace transformation has been a success to a certain degree in South Africa (Mosala et al., 2017). This skills development has translated into more black managers in big companies (Goldberg, 2006). However, the employment rate in South Africa has continued to decline, and the demographics indicate that there are not enough companies to provide these jobs (Treasury, 2018). Therefore, this implies that the BBBEE has not effectively transformed the economy. The economic legacies of the apartheid regime still have a stronghold in the South African economy (Treasury, 2018). Thus, the ownership and control of markets remain the objective of the BBBEE strategy.

Furthermore, it has been evident that B-BBEE compliant companies' performance on the Johannesburg Stock exchange (JSE) is positively affected (Ward & Muller, 2018). Companies that are compliant turn to get preferential procurement of government tenders; however, the policy's transformation mandate is still unmet (Ward & Muller, 2018). Granted, B-BBEE has achieved a part of its mandate to reduce poverty levels (Andrews, 2012).

The B-BBEE beneficiaries continue to systematically participate in an economy to benefit those who have always been in charge(Treasury, 2018). The system has successfully kept to its organogram and provides minimal room for inclusivity (Forbes & Rust, 2019). Thus, black people still have limited control of the markets as they remain employed in these big corporations (Alessandri et al., 2011; B-BBEE Commission, 2019; Mosala et al., 2017). This is because even with the transfer of shares, they remain without actual control or power.

2.1.3 Transformation through Ownership and control

Enhancing entrepreneurial development and promoting sustainable growth of micro, medium and small BBBEE enterprises is essential for achieving economic transformation (Act, 2017). This entails the provision of opportunities

by the state for small enterprises, this can be done through direct procurement of projects or sub-contracting under established enterprises (Treasury, 2018).

This has been sufficient to go by, but recently in times of economic crisis, it has been clear that the South African economy is not yet fully diversified (Treasury, 2018). This is mainly because many B-BBEE beneficiaries compete at a micro-level of many industries (Krüger, n.d.). Thus, the limited influence in economic restructure or development. There are various obstacles that the policy is still to address to ensure diversity in the country's economic players.

There has been a lot of proposed controversial amendments to the ownership and control in terms of the BBBEE. For instance, an amendment that suggests that benefits must be extended to companies with 50% of black ownership (Twala & John, n.d.).This further proposes an exemption from all the other elements of the BBBEE strategy, on condition that companies have direct majority black ownership(Twala & John, n.d.).

According to an empowerdex report this approach may pose a threat to other elements of the BBBEE policy(Twala & John, n.d.). Such as the skills development element, this is because large companies with a turnover of R50 million and above are the major employers for black professionals(Twala & John, n.d.). Thus, by implementing this proposed amendment may result in a loss of many jobs as the major firms will not be obligated to employ black professionals(Twala & John, n.d.). Even with the above mentioned concerns this paper argues that ownership and control is a better indicator for economic transformation.

This is clear in terms of the amounts of power and influence business owners currently have on how the economy is structured(Twala & John, n.d.).Moreover , the control large firms have on how the BBBEE is implemented and how new entrants fit into the economy(Andrews, 2012).

2.2 Trends of ownership in South Africa

The South African economy remains unbalanced in terms of the redistribution of resources (Treasury,2018). The minority of the population continues to have ownership of most industries, while the vast majority is still lacking (Treasury,2018). Therefore, this study will focus on the BBBEE commission's demographics on how transformation is being implemented in industries.

There has been progress in control and ownership in the South African markets (Ward & Muller, 2018). However, the demographics signify that in the case of JSE listed companies, most black owners have a controlling share of no more than 25%, and only a tiny percentage owns more.

The number of black-owned companies listed on the Johannesburg Stock Exchange (JSE) is 20% (Ward & Muller, 2018). Although there is minimal growth in terms of ownership by black people in the JSE, there is a significant representation of B-BBEE beneficiaries in management (Ward & Muller, 2018).

Ownership has continued to be a struggle for the Black community in the South African economy as the amount of economic power in the hands of the black entrepreneurs is insignificant compared to the power in the hands of the South African minority groups.

According to the B-BBEE Commission, 50% of the JSE listed companies have less than 25% of black ownership, with 46% accounting for more than 25% of black ownership. Moreover, only 2% of JSE listed companies are 100% black-owned (B-BBEE Commission, 2019).

Furthermore, management control in terms of board representation in the private sector is structured in a manner that is serving to the non-black minority. There is a minimal representation of black managers who sit in board rooms as representatives of the previously disadvantaged.

The demographics suggest that the board representatives are being recycled across industries, as there is no change in how the boardrooms are structured

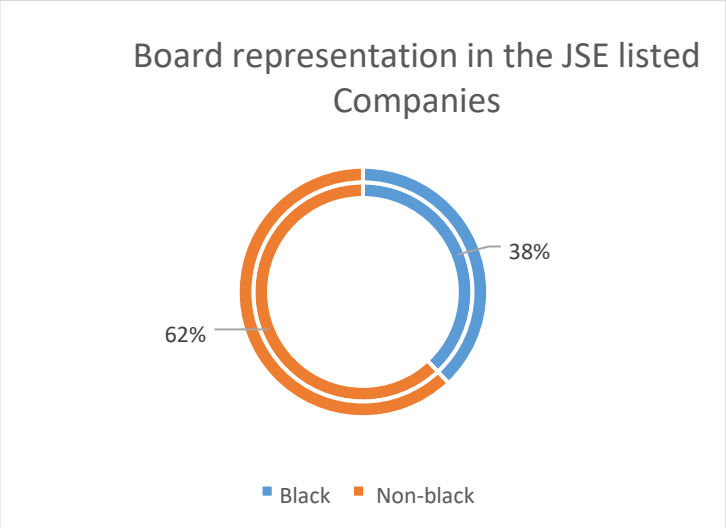
in the JSE listed companies. The JSE listed companies' board rooms consist of 62% non-black and 38% black board members (BBBEE COMMISSION ,2019).

Table 1 Board Representation demographics of JSE listed companies

Description	**2017**	**2018**	**Movement**
Black	38%	38%	0%
Non- Black (whites)	62%	62%	0%
Total	100%	100%	0%

(BBBEE COMMISSION ,2019).

Figure 1 Illustration of Board Representation demographics in JSE listed enterprises



(BBBEE COMMISSION ,2019).

The above demographics are a representation of the overall overview of how the JSE is structured. However, for this study, a specific focus is given to black-

owned companies within the construction sector (B-BBEE Commission, 2019). According to an Empowerdex survey on the most empowered companies in the built environment, the majority of the companies prove not to be owned by black owners(Twala & John, n.d.).

However, they have acquired level 1 BEE status because of the board members who sit on their companies' boards. This is the latest trend of “sophisticated fronting”, which provides black professionals with elite positions within white companies but very limited control(B-BBEE Commission, 2019; Tshetu, 2014). The ownership element has the potential of bringing about significant transformation in the industry. However, it cannot be achieved independently as the BBBEE strategy as there needs to be structural support from industry(Twala & John, n.d.). According to Andrews (2012) this may very well be assumed to be a racial issue, considering the South African history. However, he argues that this is greatly influenced by the distribution of wealth and network. The racial connotation that goes with the South African economic structure stems from the country’s political history. Due to need for redress the economic issues in South Africa can easily confused with politics.

Andrews (2012) further suggests that having elite qualifications and the relevant experience opens up the economy for you as a new entrant. However, BEPs with their elite qualifications and experience are still not sufficiently represented in the economy according to the BBBEE COMMISION (2019). With the recent shrinkages of industry, Stats SA (2004) has reported a very controversial perspective on efforts made by industry towards transformation. Stats SA (2004) has reported the development of business by new entrants to pose a challenge to the growth and development of the industry. This perspective raises serious concerns regarding the prioritisation of economic transformation in terms of ownership and control.

2.4 The impact of history on Economic Transformation

According to Mpanza (2014), economic empowerment has been the mandate of the South African government. Pre-1994, the apartheid government focused on empowering the Afrikaner community at the expense of compromising the black majority. This economic empowerment was structured based on the following policies: -

- Preferential access to public sector procurement as well as other government favours to white-owned businesses (Mpaza,2014),
- Labour legislation that restricted skilled blue-collar employment to white workers.
- An unequal education system that prepared blacks for unskilled labour (Mpaza,2014)

Equality and empowerment have never been paralleled to the apartheid government (Mpaza, 2014). However, through negotiations, the ANC led government agreed to empower the black community and strive for equality. However, the ANC led government agreed to the settlement agreement, which has left the economic structure designed by the apartheid government. The "new" South Africa prioritises both equality and empowerment in the policies designed towards economic transformation (Treasury, 2018).

According to Kruger (n.d), the B-BBEE was implemented to enhance black South Africans' economic performance. Moreover, the objectives of the policy promote the achievement of equality and also broadly promoting inclusivity. Therefore, this will result in a higher growth rate, increased employment and more equitable income distribution.

The B-BBEE policy aims to achieve both equality and empowerment simultaneously, which has proven to be challenging. Mainly because the South African government strives to protect the sharing economy's growth, the government's primary concern is not to compromise its opportunity to compete in the global markets (Treasury, 2018).

Which, as a result, leaves the country with timid or non-effective policies in terms of transformation. Thus, the question of whether transformation in terms of who controls the economy will ever become a reality?

Due to the government's aim of preserving global economic participation, black people's economic participation remains limited (Treasury, 2018). However, the economy is open to black participants, mainly through employment and skills development (Horwitz & Jain, 2011). Therefore, it has proven successful in skills development; however, it has proven somewhat challenging in participation in the global economy.

"The master's tools will never dismantle the master's house"- Audre Lorde".

Ownership and control are fundamental tools to gain governance of the economy (Treasury, 2018). However, in South Africa, the economy is still governed by predominately white-owned companies (Treasury, 2018).

According to the B-BBEE policy, ownership and management are not necessarily mandatory to earn high B-BBEE scores (Krüger, n.d.). Thus, when tendering, company capacity and company experience hold more weight than individual experience, which keeps the status quo.

2.5 The strategic planning towards transformation in the built environment

The construction industry has been rated amongst the most compliant industries in BBBEE (BBBEE commission, 2019). Even with compliance, there is still room for development. The industry is diversified in terms of the number of black professionals entering the industry (CBE, 2015). The construction sector code aims to derive the industry and ensure equality across genders in the industry. The construction industry has employed the BBBEE policy through the skills development code (CBE, 2015). This is by ensuring that there are opportunities made available for new entrants in the industry; this is to remedy the racial imbalance in terms of BEP's in the industry (CBE, 2015).

The current strategic plan in the construction sector focuses on the skills development for BEP's. (CBE, 2015). Mainly from the perspective of having new entrants in the professional space; this addresses the shortage of black built environment professionals (BEP) in the industry (CBE, 2015). The industry has made significant progress by successfully increasing the number of new entrants (CBE, 2015).

Beyond transformation, the industry's strategic planning focuses on protecting company interests (Emuze & Adlam, 2013). The industry's general transformation has mainly been difficult to achieve (B-BBEE Commission, 2019; Emuze & Adlam, 2013). This is because there is limited transformation in ownership in the industry (B-BBEE Commission, 2019). Thus, companies have explored the possibility of transferring shares to suitable candidates.

According to Emuze& Adlam (2013), this share transfer practice has been seen as the government forcefully makes contractors give away shares in their companies. However, recruiting suitable candidates who add the required value to an organisation has been an identified struggle for companies when looking to appoint black managers (Emuze & Adlam, 2013).

As a result, the Business Unity South Africa (BUSA) has proposed that nearing retirement managers provide mentorship services to potential managers for 18 months before they retire (Emuze & Adlam, 2013). This means that the black candidates serve as shadow director under their mentors (Emuze & Adlam, 2013).

2.5.1 The adoption of the BBBEE in the Built Environment

The construction sector has embraced the BBBEE policy. Thus, the policy was adopted in the industry's strategic planning towards transformation (CBE,2015). The current strategic plan in the construction sector focuses on the skills development for BEP's. This opinion is from the perspective of having new entrants in the professional space, and this is to address the shortage of black built environment professionals (BEP) in the industry (CBE, 2015).

The industry has made significant progress by successfully increasing the number of new entrants in the industry. However, not enough to register as professionals, and there is no clear plan for BEP's development as business owners (CBE, 2015). There is an extensive strategic plan for transformation in the industry, which possible by focusing on skills development of previously disadvantaged persons (CBE, 2015). This initiative stems from the statistical makeup of built environment professionals in the industry, 76% white, 15 %African, 1% Indian and 3% coloured registered professionals. The council has further recorded 35% White, 52%African, 10% Indian and 3% coloured at the candidate level (CBE, 2015).

According to Mpanza (2016), the BBBEE strategy's adoption in the built environment has three narratives. The first narrative focuses on the career advancement of professionals within the "private sector". Later award shares with a minimalistic approach, which causes an imbalance in the black community as these opportunities are awarded to the elite, which does not encourage meaningful transformation.

The second narrative states that the BBEE policy needed broadening hence the BBBEE policy, as it was not specific in terms of elements. This broader-based empowerment strategy was set to streamline black empowerment by grouping the core factors into seven elements: ownership, management, employment equity, skills development, preferential procurement, enterprise development, and corporate social investment/socioeconomic development initiatives (Mpanza, 2016). These elements are to serve as guidelines for companies towards compliance (Mpanza, 2016). The third narrative promotes economic structural change utilising strategies with industry to ensure that those who were previously disadvantaged get an opportunity to participate in the economy (Mpanza, 2016). However, the construction sector has taken the approach of creating jobs mainly through unskilled labour, which is no different to the approach of the apartheid government (Mpanza, 2016).

2.6 The South African story on Economic Transformation

According to Pillay and Everatt (2014), very little has been done since the dawn of democracy towards breaking white economic power; preferably, the focus is to grow black economic power, resulting in uncertain terms of equity when the government looks back to measure the transformation of the economic structure, as the imbalances of apartheid remain.

Regardless of the efforts made in economic development, the South African Economy remains a white monopoly, leaving little room for black participants in the mainstream economy (Pillay & Everatt, 2014). To achieve a more inclusive economy, the government should be intentional about breaking up monopolies so that new entrants can have meaningful participation (Pillay & Everatt, 2014). The need for black economic empowerment is reflected in the BBBEE commission's demographics on black ownership in large entities (BBBEE commission, 2019). For instance, take the construction sector/ built environment industry has been identified as the most compliant sector. However, it remains to have a white dominated economy. Thus, black economic empowerment is of urgency in the sector (Mpanza, 2016).

2.7 Transformation in a shrinking industry

In recent years the built environment sector has been facing a few challenges, causing the industry to “shrink “. This translates into limited growth and development of the industry, which makes sustainability in the industry difficult(Windapo & Cattell, 2013a). Another factor for sustainability being a challenge is the low profit margins in industry having some companies reporting a low of 1% (Windapo & Cattell, 2013a). The lack of sustainability in the industry has resulted in the collapse of businesses (Windapo & Cattell, 2013a). The growing concern in the built environment as the sector has had limited growth and low profit margins(Windapo & Cattell, 2013a). This has resulted in little to no investment being made in the industry and this has affected the South African economy negatively(*SA Construction 4 Th Edition Highlighting Trends in the South African Construction Industry*, 2016a).

Literature has suggested that the call for economic transformation, particularly through ownership and control is the reason for the economic shrinkage in the industry(Windapo & Cattell, 2013a). Alongside the failure of government to pay contractors on time and the underspending by government departments on their allocated budgets(Treasury, 2018). This has resulted in delay of major projects, which translates into underperformance of the industry.

This would have been a plausible argument if the industry did not have cyclical nature. Meaning the industry has seen many dips over the years and managed to be revived(*Pwc_global-Construction-Summit-2030-Enr*, n.d.). This is a clear possibility this time around as there a report of a possible growth of 6.1% percent in the South African economy. Although there is literature that have a positive outlook on the future of the industry, some like the PWC have argued that the possibility of growth in in the industry is not to be expected any time soon(*Pwc_global-Construction-Summit-2030-Enr*, n.d.).

Since public investment has always been a good indicator for the growth of the industry. The South African government has prioritized investments on infrastructure by pledging over 2.3 trillion Rands towards infrastructure over the coming 10 years(Deng et al., n.d.). Therefore, these future plans show that there is a future for the South African industry. Thus, with future economic growth the government priorities transformation in the sector.

2.7.1 The cyclical nature of the Built Environment /Construction sector

The industry's cyclical nature is evidence that there is hope for growth in the future. Moreover, transformation can still be prioritised as an inclusive economy is a priority for the South African government(Treasury, 2018). Moreover, transformation in the built environment has been proposed as a turnaround strategy for the sectors performance. This is to be done through stimulating the economy directly and indirectly(Deng et al., n.d.).

Between the years of 1998/99 and 2017/18, R3 trillion was spent on infrastructure development(Deng et al., n.d.). The expenditure grew from

R48.8 billion in 1998/99 to R236.2 billion 2017/18(Deng et al., n.d.). Infrastructure increased by an annual average of 4.3 % and has contributed 5.9%. However, public sector expenditure has went on a downward spiral since 2017(Deng et al., n.d.). This trend has continued and the decline in expenditure over the 5-year period has amounted to R303 bn(Deng et al., n.d.). In order to improve this the infrastructure investment must increase by 28% every year until 2022(Deng et al., n.d.).Another challenge the industry has faced is the underspending by the public sector. Various public offices have spent no more than 75% and 65% of their allocated budgets. While the state spent not more than 85% of their allocated(Deng et al., n.d.).

Public expenditure is seen as a good indicator for revival and development of the sector(*SA Construction 4 Th Edition Highlighting Trends in the South African Construction Industry*, 2016b). Recently the government has allocated a large part of its budget to infrastructure to stimulate economic activity. In June 2020 the government announces a planned investment worth R2.3 trillion on housing, energy, agriculture, transport, water and sanitation and digital infrastructure sectors(Deng et al., n.d.). This economic reconstruction and recovery plan, it is aimed at infrastructure investments, expansion of the energy generation capacity, job creation to support livelihoods and industrial growth (Research and Markets,2021).An economic growth of 6.1% is expected in the construction sector in 2021. This is a positive indicator for the industry growth (Research and Market,2021).

This then suggest that meaningful transformation is still at the centre stage of the development of the industry. As this will eliminate the imbalances in the industry in terms of the distribution of wealth and control(*SA Construction 4 Th Edition Highlighting Trends in the South African Construction Industry*, 2016a).

The South African government prioritises transformation of industry in its strategic planning of growing the built environment sector(*SA Construction 4*

Th Edition Highlighting Trends in the South African Construction Industry, 2016a).

2.8 Lack of transformation in the Built Environment

A lack of transformation in the built environment is evident through the limited representation of black owned businesses in industry. In 2017 it was reported that black owned businesses accounted for between 10%-17% of the construction sector. In recent years black business owners have been reported to account for 32% of the industry(Windapo & Cattell, 2013b). There were several key challenges that were identified by previous researchers, which were deemed the reasoning for the lack of transformation in industry. These include access to funding, subcontracting and mindsets('20171126-ID_45th-Black-Construction_BE-Professional-Companies-1', 2017).

In terms of access to funding, black business is affected negatively primarily because of the economy is structured(*20171126-ID_45th-Black-Construction_BE-Professional-Companies-1*, n.d.). Firstly, there is a growing exaggeration around the risk perception of SMMEs in the banking sector (Olukemi Windapo Keith Cattell Abimbola Windapo, 2010). As a result, banks refuse to provide funding for most black SMMEs as they cannot provide any form of security for the loans they are trying secure with banks. Moreover, black business owners themselves have the misconception that the funding bodies provided by government fund projects outside of South Africa('20171126-ID_45th-Black-Construction_BE-Professional-Companies-1', 2017).

The challenge of subcontracting has also posed a threat to the transformation and development of the industry('20171126-ID_45th-Black-Construction_BE-Professional-Companies-1', 2017).

This notion is fuelled by the lack of dedication of large enterprises towards the development of black owned business. Another factor is the fact that companies can go around the requirement to develop contractors by giving

entities like the DBSA and IDT the project as implementing agents(*20171126-ID_45th-Black-Construction_BE-Professional-Companies-1*, n.d.). This reflects on the ineffectiveness of programmes for the development of BEPs. During this sub-contracting process, the black contractors are running the risk of being ripped off as there can be insufficient understanding of contract details(Windapo & Cattell, 2013c). The government's policy approach to securing work for black entities is the 30% procurement rule, which ties large entities to subcontracting black SMMEs('20171126-ID_45th-Black-Construction_BE-Professional-Companies-1', 2017) .

This has been perceived to be a limiting approach to the growth and development of SMMEs in the sector.(Migiro Stephen O Migiro, n.d.)Another challenge that has been brought forward by literature is the mindset in industry. Particularly the mindset of clients who can never appoint black business without the involvement of a white owned business('20171126-ID_45th-Black-Construction_BE-Professional-Companies-1', 2017; *Pwc_global-Construction-Summit-2030-Enr*, n.d.).

2.9 Conclusion

The goal of this chapter was to identify the gap regarding the development of black BEPs as business owners. Furthermore, the chapter outlined the economic structure of the South African economy, and it further narrowed it down to the economic structure of the built environment industry.

The chapter interrogated the policy and plans made by the industry regarding the development of black BEPs as business owners. it further depicted how the South African government has overused the skills development approach as a transformation tool in the built environment. This has created an influx of professionals with no place to fit in the industry. This is a result of a monopolized economy in the built environment. Literature has argued that transformation has been particularly difficult because of several reasons one

being the fact that those with economic power prescribe how new entrants participate in the economy.

Moreover, in the South African context, the economic power remains in the hands of the minority, in turn, they prescribe how the black majority participates in the economy. Another growing concern brought forward in the literature review is the shrinking economy, particularly in the built environment sector, which may threaten the sustainability of new enterprises.

The following chapter will provide a methodology of how the study is to be conducted. It will provide the blueprint of the study.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

This chapter describes the process and methods that the researcher has followed to answer the question of what challenges are black experienced built environment professionals faced with as business owners. The chapter highlights the research paradigm, research approach, research design and data collection strategy. The sampling strategy, validity and reliability of the study is outlined.

3.1 Research Paradigm

This study employed a qualitative approach to answer the question of "what challenges are black experienced BEPs faced with as business owners?". Qualitative research methods use inductive reasoning, starting with general questions from observations and collecting and analysing data (Bryman, 2012). According to Silverman (2019), qualitative research is a theoretically driven enterprise. He further explains it as the kind of research best used to describe people's experiences (Silverman, 2019). Thus, this approach was the best design for this study.

Moreover, qualitative research aims to answer questions of how and why. The study was aimed at understanding a phenomenon rather than a relationship between variables (Wagner, Kawulich & Garner). This research outlined how the B-BBEE strategy had impacted the development of black built environment professionals as business owners in industry planning. The research questions were designed in such a manner that they explore the views and experiences of built environment professionals. The data set that informed this research was mainly statistical, which means that this research paper was informed by a positivist paradigm (Hennik et al., 2020). The statistical data was found in the reports provided by the BBBEE commission on economic transformation in South African industries. Particularly on how the BBBEE policy has impacted the structure of the economy. However, to understand why the current economic structure is the way it is today, it was vital to apply the interpretative paradigm.

This was done by conducting interviews, which provided a subjective view of the research issues. The participants' responses enabled better understanding of why the economy is structured the way it is today, specifically in the built environment sector. The findings of this research ought to provide interventions for the planning in the built environment regarding the development of black built environment professionals (BEP's) as business owners.

Therefore, the study's qualitative approach was best suited for this study because there is little to no information on the topic of interest, making it crucial to conduct interviews with the built environment professionals to better understand the current demographics.

3.2 Research approach

There are three main approaches to conducting qualitative research: constructivist, transformative, and post-colonial research paradigms (Wagner, Kawulich & Garner, 2012). The constructivist approach is used to conduct interpretative research to understand participant's experiences. This research approach seeks to explain people's experiences. The transformative approach aims to destroy myths, perceptions and empowers people to act to transform society. While the post-colonial approach seeks to give a voice to those who were previously oppressed by showing the value of indigenous knowledge (Wagner, et al, 2012).

For this study, the constructivist approach was employed, aimed to highlight the challenges faced by BEP's as business owners, and this was done by trying to understand their experiences. Particularly their experiences as black business owners in the built environment sector. Moreover, this study can be said to be descriptive and explanatory of the current economic situation in South Africa (Wagner et al.; 2012).

3.3 Research Design

The research design is what provides guidelines as to how the research is to be conducted. It is essentially the blueprint that constructs the research study (Wagner et al. 2012). By choosing a research design method, a clear understanding of which methodology, data collection method, and techniques for analysing data are appropriate for a particular study.

There are four options in terms of design: ethnography, Action research, Grounded theory, and phenomenology (Wagner et al., 2012). For this study, both the interpretative and positivism paradigms will be consulted.

Ethnography - is the study of culture, it describes and interprets cultural behaviour. This form of research is best conducted through continuous consultation of informants throughout the research process (Wagner et al., 2012).

Action research - is also known as participatory research similarly to ethnography it is a very collaborative design to conducting research. Action researchers monitor the impact of their actions on situations as they are conducting research. This will in turn influence the planning of how research is conducted, thus the design takes a repetitive cycle until the desired outcome (Wagner et al., 2012).

Grounded Theory - Through this approach theories are generated from data or researchers expand on already existing theories. It is further described as a way of thinking about and conceptualizing data. The grounded theory approach greatly relies on the development of relationships between concepts (Wagner et al., 2012).

Phenomenology - this approach focuses on the meaning that certain lived experiences hold for participants. Moreover, it focuses on describing the participant's experiences (Wagner et al., 2012).

For this study, the approach of Phenomenology was employed. This research approach was the most relevant to this study as it seeks to understand the phenomenon of economic transformation in the built environment, this is done through the description of black BEP's experiences as business owners.

This paper relied on data from interviews and statistical data found in reports collected for this study. Furthermore, the data collected on the ground was continuously be compared to the secondary data collected.

This was done to reach a more conclusive understanding of the South African economic structure and serve as a guide to providing possible industry planning interventions. Moreover, the data collected served as a guide to constructive change.

The constructive change that was brought about by this paper was with a specific focus on planning towards transformation in the industry. This particularly addressed the lack of planning around the development of black built environment professionals as business owners.

3.4 Data Collection Strategy

3.4.1 Primary data

For this study, primary data was collected from participants within the identified sample in the built environment/construction sector. The data collection method a researcher chose is dependent on the kind of data needed (Wagner et al., 2012). This research gathered both explanatory and descriptive data to understand better the current economic structure and the experiences of black built environment professionals in the business. To get a balanced view of the challenges experienced by BEPs it was important to get the perspective of policy and strategy makers.

Interviews (Semi-structured)

Semi-structured interviews were used as a form of gathering data from participants. The purpose of these interviews was to identify the challenges

faced by BEP's as business owners. Moreover, it was aimed at gaining rich descriptive data on the experiences of built environment professionals. This was to inform the body knowledge and propose possible interventions towards better strategic planning around BEP's business development. These interviews were mainly conducted virtually due to the current global pandemic. Only one of the interviews was conducted physically and was recorded with a mobile device. Because the interviews were semi-structured, it allowed for the participants to provide in depth information regarding their individual experiences as black business owners.

In terms of the other five respondents, who were interviewed as experts in the industry and representatives of policy and strategy makers. They were able to provide a clear view of the dynamics that BEPs are faced with specifically in terms of how the industry systems are structured. All the interviews are not to be generalised as they are based on personal experiences and perspectives.

3.4.2 Secondary Data

The secondary data employed in this study was to give structure to the research. It also guides the analysis of the primary data. The secondary data was used to bring depth and understanding to the study. Most of the data consulted for this study are from previous quantitative studies.

Document analysis

For the purposes of this study a methodical technique of document analysis was used. This is the reviewing or evaluation of existing documents that provide information about the phenomenon being investigated and this data exists independent of the researcher's actions (Bowen,2009; Corbetta,2003).

The following documents were consulted for this study -:

- academic and grey literature,
- including journal articles, books,

- Case studies, reports, and opinion pieces related to the topic.
- Policy and strategic plans from the council for built environment professionals.

These were predominately studies done around economic transformation and implementing the B-BBEE strategy and its evaluation. Moreover, the industry strategies and policies regarding transformation were a basis for the study.

This study was conducted with a particular interest in professionals in the built environment.

3.5 Sampling Strategy and Criteria

Sampling is a process of selecting a group within a population (Thompson, 2012). Through sampling, one has an opportunity to choose the population to study deliberately. Sampling concerns every aspect of how data is collected and measured. For this research, non-probability sampling was employed, specifically purposive sampling. A purposive sample was generated by approaching the population best suited for the particular research based on the researcher's experience (Wagner et al., 2012).

Because of the researcher's previous knowledge or experience, a sample was selected following a specific criterion that outlines the characteristics that make out a perfect candidate (Wagner et al., 2012). During the process of conducting interviews, it was apparent that purposive sampling had its limitations.

Thus, the researcher employed the snowballing approach as it was far reaching to participants. Snowballing is a non-probability approach to sampling that is used when participants are difficult to source out and the researcher would use referrals from participants (Wagner et al., 2012). For the purposes of this study experienced black built environment professionals (BEPs) who are business owners were hard to source out.

Black built environment professionals in business and expert industries were the proposed population for this study. Therefore, a sample size consists of two groups which consists of industry experts responsible for policy and

strategic planning, and professionals under the built environment profession and have ventured into business. These include architects, landscape architects, engineers, property evaluators, project and construction managers, and quantity surveyors.

To provide a balanced view on the challenges faced by BEPs as business owners, the researcher consulted experts from the industry. This consisted of a BBBEE expert from the BBBEE COMMISSION, a representative from the Built Environment Council (CBE), and a representative from the National Empowerment fund (NEF)

Specifically, the sample used was fifteen (15) participants, consisting of twelve (12) black built Environment professionals in the business and the three (3) above mentioned experts from the industry. This sample is located in Gauteng. The perfect participant is an experienced black built environment professional in the business. These individuals are experts and have acquired experience in the field and they are currently in business. Furthermore, the experts that will be consulted from the various spheres of industry must be working with transformation and BBBEE matters.

This paper, therefore, has outlined black BEP's challenges as business owners. However, the researcher did not base the study only on the experiences of the black BEPs, but will also consult (3) experts from the industry. This is to provide a balanced view of the challenges faced by BEP.

The contributions from the experts consulted is as follows: -

Table 2 list of industry experts and contribution to the study

Experts to be consulted	**Contribution to the study**
BBBEE expert from the BBBEE COMMISSION	Perspective on BBBEE trends in the built environment.

Representative from the Built Environment Council (CBE)	Input on the strategic planning in the industry towards transformation.
Representative from NEF	Trends of black ownership and sustainability of black enterprises in the built environment. They outlined the funding strategy available for industry Identified the funding challenges faced by business owners when securing funds.

(Nkoana :2021)

3.6 Validity and Reliability

A qualitative study measures validity through the trustworthiness and credibility of the sources used for data collection. The credibility of a qualitative study is ensured through triangulation and the reflexivity of the researcher. This ensures that the researcher and the study's data are credible (Bryman, 2012; Wagner et al., 2012).

The primary data collected answered the questions brought forward by the currently available data. The supervisor ensured the reflexivity of the researcher through consultations and peer-reviewing of the paper.

The researcher openly declared all forms of bias opinions to the supervisor to ensure that the paper reflects the study's findings. And not a reflection of the researcher's views and opinions.

3.6 Limitations, Feasibility and Positionality

The participants in this study were chosen from the perspective of purposive sampling. This suggests that the research findings cannot be generalised across the population as the participants' responses are subjective to their personal experiences. The study was conducted on B-BBEE beneficiaries within the construction industry, focusing on built environment professionals.

In terms of feasibility, as there is sufficient data to provide depth to the study. The primary data can also be accessed, as participants are accessible, and the interviews will be done telephonically due to corvid 19 restrictions.

The researcher's positionality is considered, as the interviewer is a BBBEE beneficiary and has vested interests in the built environment. In efforts to mitigate the researchers bias, there were constant consultations with the supervisor to ensure that bias is not conveyed in the study.

3.7 Ethics

Ethical considerations require that the researcher brings no harm to the participants and that none of the participants are vulnerable in any way, that there is no form of deception (Bryman, 2012; Wagner et al., 2012).

Thus, this research posed no harm the participants because most of the participants are employed; and their identities are protected. The participants in this study are in no way vulnerable to the researcher.

Moreover, the researcher has put together a consent form to go with the questionnaire. It was made clear to the participants that the study was entirely voluntary, and there were no incentives offered.

3.8 Analysis

In efforts to analyse the data the study employed phenomenological analysis known as empirical technique. The study focused on the experiences of participants instead of the researcher. The data was systematically arranged according to the following themes -:

1.1. Economic transformation – This is done to understand the perception of what economic transformation entails and strategies employed to achieve it.

1.2. Economic structure- To gain understanding of perceptions on the South African economic structure.

1.3. Economic empowerment- to get perceptions and a general overview of black management and ownership.

1.4. Current industry planning- this is for the interrogation of industry plans towards transformation.

According to Braun and Clarke (2013), thematic analysis is a flexible approach to analysis because it is compatible with any theoretical framework. Thus, it was an analysis method of choice for the researcher as it is flexible. A phenomenological approach was applied as it analyses the experiences of black BEPs and sectoral role players on the challenges black BEPs face as business owners. In this chapter, the themes are aligned with the secondary research questions to answer the main research question “what are the challenges faced by black BEPs as business owners

The results therefore, outline the challenges and opportunities the economy provides for black BEPs,

in terms of economic transformation. For the purposes of this study the data collected was recorded and later transcribed through a digital application referred to as otter. The Otter application was used to speed up the analysis process.

3.9 Conclusion

This chapter outlines the methods and approaches that were consulted during the research process. Moreover, the chapter identifies the population and sample being studied. The study employs a qualitative methodology, to answer the question “what challenges do black BEPs, face as business owners?”. The study takes the constructivist approach, this was to analyze their experiences as black BEPs in business.

Since this study seeks to outline the experiences of black BEPs, the study embodies phenomenology as a research design. The study is mainly informed by the lived experiences of Black BEPs, and the data was collected by interviewing the participants. The secondary data used in this study were case studies and opinion pieces, as well as grey and academic literature. The following chapter will present the findings of the study

CHAPTER 4: PRESENTATION OF FINDINGS

The study depicts the experiences and perceptions of black-built environment professionals on the challenges they face as business owners. Moreover, the views of industry experts on transformation strategies and policies are also presented in this chapter. The consultation of industry experts alongside BEPs in business is to provide a balanced view of the study.

The first three chapters of this report offered an introduction to the problem surrounding economic transformation in the built environment sector and the limited representation of black BEP''s as business owners, a literature review surrounding economic transformation in the built environment, and the methodological design that was employed for the study.

This chapter presents the findings of this study. The findings of this study are guided by the analytical framework provided in chapter 2, themes in the data collection instruments, as well as themes identified in the study. The questions asked were aimed at getting the participants' perceptions, experiences, and views on economic transformation with a specific focus on the challenges faced by black BEPs as business owners.

A qualitative study employing a phenomenological approach was conducted, with data collected from semi-structured interviews. Pseudonyms for the black BEPs and decision-makers in the industry were created to ensure that all participants were kept anonymous. The findings from the sample population were divided into two groups, one that consists of black BEPs in business and the other is a group of industry officials.

4.1 Findings

The findings presented in this chapter are guided by the themes that emerged from the analytical framework presented in the literature review and the themes emerging from the semi-structured interviews conducted. Both the black-built environment professionals (BEPs) and industry officials.

4.1.1 Economic Transformation in the Built Environment

Economic transformation is defined as a rapid and fundamental change in the systems and patterns of ownership and control that govern the economy(20171126-ID_45th-Black-Construction_BE-Professional-Companies-1, n.d.-b).Furthermore, the BBBEE policy was adopted, as a tool for transformation and for creating inclusive growth in the industry(Economic policy, 2017).

However, the industry planning around transformation reveals the prioritization of transformation in terms of gender as the industry is seen to be male-dominated(CBE, 2015).

Similarly, an official from the CBE revealed that economic transformation is not clearly defined in the industry, which in turn makes it hard to measure or achieve. Transformation in the industry has been reduced to race and gender.

"…*The problem is that we have not yet defined transformation as a concept. Instead what we are focused on is the indicators of transformation, for instance, we define it by race, gender and economic access. Because we have not defined it we cannot measure it. when coming to economic transformation specifically, it means empowerment in terms of BEPs having the competencies that they could perform their duties. Secondly, one could it is too focused on training" (CBE OFFICIAL)*

The CBE official further revealed that economic transformation has not been achieved in the built environment sector.

"…*so, in a nutshell, No, transformation is not achieved, because the sector continues to be dominated by white men*" (CBE Official)

To collaborate the findings presented above are the findings identified in the CBE quarterly report on transformation (Economic Outlook, n.d.).This report outlines the targets for transformation to be focused on generating a focus and synergy toward creating a unified transformation agenda for the built environment in South Africa (CBE, 2021)

The report states:

"The overall objective of the CBE's Transformation unit is to become the sector-coordinating arm of the CBE. Specifically, the transformation programs aim to: (i) generate focus and synergy in facilitating the development of a unified Transformation Agenda for the Built Environment sector of South Africa"(CBE, 2021)

Other participants, who are black BEPs also reveal that economic transformation is not achieved in industry and it is something they still looking forward to.

"…I don't think that what has been done has made much of a difference in terms of economic transformation. Because I believe the government has focused on economic transformation in terms of BBBEE as opposed to the actual empowerment of people." (participant 5)

"... But they say they will be including us and we are yet to see that" (participant 4,2021)

"We are far away from economic transformation and government is not taking up an active role in achieving this. I think the government is not playing the role it should be playing." (participant10) Most of the participants revealed that economic transformation is not achieved in the industry, this is because the industry has found ways to evade transformative policies. Participant 9, provides procurement structure in the industry as a reason for the delayed

transformation in the industry. *"Absolutely not, because procurement in this country is done on the basis of section 217 of the constitution. The procurement in the industry has now been reduced to a triple BBBEE scorecard. The preferential procurement is based on the BBBEE scorecard. if you look at how procurement is structured the best BBBEE scoring is between 1-10 points and 90% of the procurement accounts for pricing. This then makes it extremely easy for non-black companies to still qualify for jobs. Because they can still score a level one on the BBBEE scorecard even if the professionals are non-black. so, for as long as the BBBEE scorecard is a measuring tool for transformation, real transformation can be achieved". (participant 9)*

"No, I wouldn't say so, I have seen some of the white established companies sharing some of the work but have quickly found ways of working around the BBBEE policy .so the manner in which we want to transform the economy people have found loopholes in the system to ensure that they don't lose a lot. I run a consulting firm that is 10 years this year and over the years I have seen consultancies close down. this is because of limited opportunities to go around. so, when you speak of transformation you are speaking to a few that managed to persevere and stay disciplined but it has nothing to do with governments efforts towards transformation" (participant 10)

Participant 7, states that economic transformation has been achieved to an extent and it is being limited by classism.

"to an extent, you need to be of a certain calibre in order to be considered for jobs. you need to become a professional and also, we are categorised in terms of class. you need to look and sound a particular way to be taken seriously." (Participant 7)

"Look there has been a bit of change, especially for someone like myself who has been in the industry for a long" (Participant 4)

When asked about how the representative had experienced transformation in the Built environment. she revealed that transformation has been rather slow progress in the industry.

Here's what she had to say: -

"We are not there yet with transformation in the built environment. We should look at professionals and contractors who come to us for funding and are relying on government-funded projects for work because the private sector is white-owned. As the NEF we play a significant role in developing and financing black contractors." (NEF OFFICIAL)

"At this point and time, I can say maybe in the private sector it has been achieved but not in the public sector because of corruption so preference is given to those known by politicians. I feel like there are chances for success it's a matter of what you do with the chances you get. for instance, I recently tendered in the public space and have been called in for an interview to discuss rates. This was done without any form of bribery, which is ironic as the public space is associated with corruption." (participant9).

4.1.2 Perception of the economic structure in South Africa

Several views were presented by the participants when asked about their perceptions of the economic structure in South Africa. Specifically, in the built environment sector. The economic structure was described as being skewed towards favouring the white business owners. A report released by the national treasury states that certain structural constraints have reduced the potential economic growth(*Economic Outlook*, n.d.; Treasury, 2018). The report further outlines that the construction sector has continued to perform poorly and this has inhibited job creation in the sector(*Economic Outlook*, n.d.).

The report states:

"Growth in real value added in construction contracted by 1.5 percent for the first three quarters of 2021, and its contribution to GDP has been negligible for four consecutive quarters. Despite rebounds in both the FNB/BER Composite Building Confidence Index and the Civil Construction Index from historic lows in 2020, confidence is muted. Construction has a high employment multiplier so its persistent poor performance will inhibit job creation. Project disruptions due to lawless behavior, slow tendering processes, high labour turnover, low productivity, and poor skills continue to inhibit performance." (*Economic Outlook*, n.d.)

4.1.2.1 White domination

Literature reveals that economic transformation is a priority in the built environment sector. This is with the primary objective of deracializing the industry and improving the participation of black women BEPs in the built environment as business owners(*20171126-ID_45th-Black-Construction_BE-Professional-Companies-1*, n.d.).

In response to the question of whether they think that the structure of the economy was a representative of its nation. Participant 5 expressed that there are not enough black people who own businesses in the built environment sector. While participant 2, has described the economic structure as being very unfair to black players, this is primarily because black businesses are stuck at the bottom.

"…Therefore, the most effective approach towards transformation is by amending the tendering system to encourage growth in a systematic fashion for new entrants, specifically black players. Currently, as things stand a person has to jump through experience as a professional you cannot tender for projects you are capable of doing. If you ask me, all these blocks can be waivered." (participant 2.2021)

“I think it is clear that the built environment sector is dominated by white people and there aren’t enough black people who own businesses specifically in manufacturing. The economy is structured into 70 % white and 30 % Black. Therefore, the South African economic structure does not represent its demographics. Particularly in the built environment.” (participant 5.2021)

“Look it depends which, the level is you speaking to for instance if you look at the entry-level there are a lot of black players. But we seem to end up at entry-level due to the jobs we get. For instance, no black companies can compete with Aurecon. Black companies get to participate in the economy on a small to medium scale. And this is evident in the JSE. These big, predominantly white entities have an unfair advantage as they are still awarded tenders based on their previous experience prior to1994. This is very unfair for black players as they cannot do much about it” (participant2.2021)

4.1.2.2 Polarised economic structure

One of the participants described the South African economy as polarised. this means that the economic structure of South Africa is two-legged.

“The South African economic structure is polarised. There is the black side of the economy were black people are fighting for a seat at the table. While the white side is trying to hold on to everything that they have got. It almost seems as if any move towards transformation is seen as a threat to white privilege. So, the economic structure being predominately white is absolutely hostile to new entrants.” (participant 2,2021)

“Not really because what you would find in our industry the black professionals, tend to make it more in the public sector as opposed to the private sector. There has been a transformation in the public sector and none in the private sector” (participant6.2021)

"No, I do not think that the economic structure is representative of the national demographics. And that's because the experience still is with white professionals. So, the guys that worked before black people were not allowed to work and still have an advantage. yes, we have achieved a significant level of transfer of skills but the scale is still not balanced." (participant1.2021)

4.1.3 Reasons for Limited representation of Black BEPs as business owners

There is a limited amount of black built environment professionals who are in business. When asked for possible reasons for this, participants revealed the lack of funding and lack of professionalism amongst black professionals. Racial profiling and monopolising of the economy were also provided as reasons for the limited representation of BEPs as business owners in the industry.

During document analysis, a report produced by the B-BBEE Commission on national status and trends in Broad-Based Black Economic Empowerment was consulted. The report reveals that black ownership is at 32% in the industry(B-BBEE Commission, 2019).

4.1.3.1 Racial profiling

Participant 2, revealed that because of historic racial profiling, white counterparts are prone to be more successful as their race has had an advantage. Whereas black business people are less likely to succeed due to the racial barriers. *"I mean it is several factors. I have noticed that the more established your race is, the more likely you are to succeed.*

Therefore, the more the culture of the built environment being white-owned promotes the growth and development of white professionals" (Participant2.2021)

"The first barrier is simply being black, so as a black contractor in the industry you have to go above and beyond to prove yourself…" (participant6,2021)

Participant 8 presents the lack of professionalism from black professionals as a possible limitation for the growth and development of black businesses.

"...Lastly black service providers are not professional. What I have always said to these black forums is that we as black professionals need to get ourselves together. once we get to the point where we perform as well as our white counterparts then we can ask for a seat at the table so that we become an active part of the economy." (participant 6,2021)

Another participant pointed out that the lack of professionalism amongst black BEPs is a result of a lack of exposure to the industry in its full capacity.

"it is rare to find black professionals, I have tried to work with black professionals but failed. so, professionalism is something that we seriously lack because we getting into space where we are not exposed. it takes someone who has been on the ground and done the work before they can open a business. Fortunately, I have been employed in companies that throw you into the deep end, and this I have seen as an opportunity to learn. And I would treat those companies as though they were my own, so I did not limit myself to just being a professional within a company I learned everything from the back end. In conclusion, the 68 % that are not accounted for have not learned all the necessary systems to run their businesses... the people that make it in business are usually those with experience. A lot of people make the mistake of thinking that business is about invoicing and bidding." (participant 8.2021)

4.1.3.2 Monopoly

A report from the national treasury reveals that South Africa has very distorted ownership patterns. This is because the large companies who have always controlled sectors, continue to dominate industries. This has had a negative impact on new entrants in several sectors, as it acts as a barrier to entry. The report states:

"*South Africa's economic structure—characterized in part by extremely high levels of concentration—has not changed much in the past two decades. A lack of progress in tackling entrenched dominance, which presents a significant barrier to entry in several sectors, continues to hinder greater participation in the economy. Barriers to entry distort the market structure and typically reduce the incentives for productivity and innovation. A lack of competition and product market dynamism is directly inhibiting our growth prospects. Large and old firms continue to dominate the economy as well as employment dynamics."*(Treasury, 2018)

The monopolisation of industry is depicted in the competition commission's report as it is clearly outlined that he "money generating" sectors of the industry are concentrated by a specific group of companies(competition Commission, 2021). Due to the current financial constraints, the market has proven to be beneficial two companies (WBHO and Raubex). This report reveals the monopolisation of the built environment (competition Commission, 2021).

The report states: *"Building and civil work class categories. In the building category the top five companies enjoyed a market share of 68.8% and top 10 ,75,8 % in the civils enjoyed a market share of 76.6% and the top ten had a share of 89.9% of the market in 2019…Due to financial difficulties there currently are two firms (WBHO and Raubex) in the heavy construction sector that are able to undertake major infrastructure projects*" (competition commission)

The monopoly in the industry is further outlined by participants 10 and 6, who reveal that the monopolisation of the economy in the industry, is the reason for the limited representation of black BEPs as business owners. Participant 6, further explains that the more established companies would give unreasonable discounts to clients, which in turn breaks the black-owned businesses.

"I think it's even lower. firstly, I think that's not even a true representation of what's happening in the market. I think it's a monopoly. There are a lot of large companies within the construction industry, that monopolize a lot of jobs. And what they do sometimes is use black and brown faces as a means of getting the points they need according to the BBBEE policy and other adjacent policies to get jobs, so they are very acutely skilled at cheating that system. And once they have done that, it's easy for them to keep the pie or the largest portions to themselves and not shared. And I don't think it is because of a lack of interest in previously disadvantaged people. It is mostly barriers to entry even within the construction contractor field or the construction, civil engineering consultancy fields, etc" (participant3.2021)

"Some people don't mind giving discounts of 60% and this generally kills the market. Those are some of the issues that make people lose interest in the consultancy business. Some of them are moving away from consultancy to construction contracting" (participant 10.2021)

4.1.3.3 Funding

The document analysis presented findings that reveal that the government has made efforts towards providing funding for SMMEs, by creating institutions that would act as alternatives to banks. This is presented in this statement:

"Access to finance: "There are a plethora of state funds and funders—many with overlapping mandates and a lack of scale and expertise. As a result, repayment ratios are low and impairments high. At the same time, entrepreneurs continue to complain about the lack of affordable credit. There

is also a significant market failure at the ideation and start-up phases of the SMME growth cycle. A related issue is the lack of credit information for SMMEs. Although credit information services for retail clients are well established and highly developed in South Africa, there is a lack of generally available information on which to base credit decisions for small enterprises."(Treasury, 2018)

This idea was supported by the findings revealed in the response from the NEF official. The NEF official revealed that the National Empowerment Fund (NEF) is in existence to ensure that there is working capital for as many black people possible. This is done in efforts towards transferring the core structures of the economy to black hands.

"It is ensuring that we support as many as possible black people for them to have access to working capital. For us as the NEF economic transformation is the transferring of the core structures of the economy to black hands. So we exist as an institution to provide capital for the black entrepreneurs to enter into most capital-driven industries."(NEF OFFICIAL,2022)

However, funding was raised as a concern for most of the participants, or the lack of funding for their businesses to be precise. Participants 5 and 6 presented the limited funds and the country's legacy of apartheid as the reason for the limited representation of black BEPs as business owners.

"Part of it is legacy related, from a funding perspective you find that black professionals don't have access to funding. therefore, they take off work as subcontractors to do labour only or if they are supplying labour and materials they have limited capacity because of limited funds. This then limits the number of projects they can take on. Because of those limitations, they do not get the volume discounts that their white counterparts are getting. There needs to be redressed in terms of the funding and support provided for black entrepreneurs. There also needs to be redressed in terms of how black

contractors come into being. is it because their politically affiliated or are they skilled individuals with a passion for the work." (participant6,2021)

"As stated before the built environment industry is dominated by white people and it has been this way for many years. The industry has proven to be very capital-driven. You need money to survive, to which black people do not have access to that. Hence, I said previously that access to funding is the biggest problem black business people have." (participant 5.2021)

" I think the funding and policies in South Africa are the barriers to creating a network" (participant 5,2021)

Another issue is cash flow, for instance, you end up spending a lot on the actual project and you end up not having enough money to stay afloat." (participant 8)

4.1.3.4 Red tape in the industry

Industry reports have revealed the national treasury has made plans around reducing red tape for new entrants in various sectors. The report states: "*An overly onerous regulatory environment can reduce the rate of entrepreneurial activity and business ownership (Ardagna and Lusardi 2010; Klapper et al. 2007). Regulation is disproportionately costlier for small and young firms and discourages informal firms from formalizing (Andrews et al. 2011). The complexity of regulatory procedures at all levels of government—such as licensing and compliance with regulation—raises barriers to entry and inhibits the expansion of new and young firms. Given the highly concentrated nature of industry 34 in South Africa, regulatory burdens protect incumbent firms from the competition (OECD 2015). Although the government has taken steps to make it easier to register a business, most notably by automating business registration, other processes to start a business remain more time-consuming and bureaucratic than in other countries (OECD 2017a). Reducing regulation to best practice in three areas could boost GDP per capita by 1.1*

per cent over five years (OECD 2017a)")."(Economic Transformation, Inclusive Growth, and Competitiveness: Towards an Economic Strategy for South Africa, n.d)

The national treasury further reveals the government's plans to reduce the regulatory constraints and increase support for economic transformation(Economic Outlook, n.d.). The industry has also revealed that the lowering of barriers can be facilitated by reviewing red tape around licensing and municipal approvals and introducing "a silence is consent rule"(Economic policy, 2017).

Beyond the regulatory burdens outlined by Treasury, the interviews also revealed municipal approvals are the biggest challenge black BEPs face when seeking funding from the NEF. The NEF official further stated that there should be better collaboration between the funding bodies and municipalities, and then money would be put back into the economy more effectively**.**

"For us as the NEF, we need the municipal approvals and the rezoning of the land this might be a lengthy process that delays the money in our institutions being plumped back into the economy. If we were to focus on improving the relationship between the developers, municipalities and funders it just might enhance the efficiency of the process." (NEF OFFICIAL,2022)

4.1.3.5 Corruption

Corruption is a multi-layered theme which has presented itself in various ways in the industry. In the built environment sector, it has been through fronting and irregularities in the tendering processes (*BEE-GuidelinesComplexstructuresFronting*, n.d.). This does not only hinder the growth of small enterprises but it also hinders the growth and transformation of the industry(Economic Outlook, n.d). The industry has outlined fronting as a growing threat to transformation in the industry(Fronting Indicators Procedure

for Reporting of Fronting : The Following Diagram Depicts the Procedure for Reporting Fronting Practices, n.d).

The findings are drawn from the participants also present corruption as a challenge for black entrepreneurs as it limits the opportunities they have to get jobs simply because they do not have the relevant contacts. Participant4 expressed that professional capacity is overlooked when awarding tenders and the professionals are stuck with subcontracting which does not translate into grading. Participant 10 reveals that corruption is the greatest challenge that BEPs face as business owners. Participant 6 clarified it as the dependency of black-owned businesses on political affiliations.

"I believe it is internal corruption we are not getting jobs because of what we know or what we have done anymore. We as professionals don't get awarded jobs instead they are given to people who do not know what they are doing, and we end up with a subcontract under them. The grading then goes to them while our businesses remain at infant stage" (participant 4.2021)

"…I think the biggest threat to business is corruption." (participant10.2021)

"… Some of the black-owned businesses are run based on political affiliations, meaning that once administration changes business is threatened." (participant 6.2021)

4.1.3.6 Experience

Experience is identified as a barrier for black BEPs, this is especially because professional experience is overlooked while the focus is on company experience. Participants have expressed that the disconnect between professional experience and company experience has caused a discourse for black built environment professionals as business owners.

Participant 10, outlines that the requirement for experience in the industry puts him on a backfoot as he would not ordinarily have the required for his company as a black BEP.

"it is the prerequisite of me having an experience which I would otherwise not have. So, I am automatically inconvenienced because pre-historically I could not participate in the economy. The criteria that are being used to award jobs make it difficult for black entrepreneurs to survive the market" (participant10.2021)

Participant 2, elaborates further on the difficulties presented by the requirement of experience in the industry for black businesses. "lack of experience as a business, and professional experience is overlooked. Not enough mentors to help you as you grow as a black enterprise. Growth problems, this looks at funding for expansion of the business. The privilege of having role models that are readily waiting to help is not existent for black entrepreneurs as it is for whites. The historical structuring of the economy favours the whites more." (participant2,2021)

"…experience is a hurdle that is put in place in order to come to prevent the interns of black professionals to establish themselves in the industry. Because those who have been established have the track record and the more people that enter the environment or the sector, the more the competition so…" (participant 9,2021)

"The experience that we get from industry is limited in a sense that we hop around different roles within a company, whereas our white counterparts get the opportunity to get enough experience." (participant 7,2021)

"…Secondly not being awarded the opportunities to gain the necessary experience to get a project that is why you will find that the white counterparts have more experience as they are exposed to more complex projects. They

get to grow within their companies and because the businesses are run professionally they get to grow…" (participant 6,2021)

"...We have a lot of shortcomings as we do not have the required experience, nor do we have the legacy of business in our families to assist with mentorship" (participant7,2021)

4.1.3.7 Access to market and lack of job security

In efforts to make the market more accessible to new entrants, the national treasury had proposed interventions such as reworking legislation surrounding competition and market structure issues(Treasury, 2018).

However, three years later limited access to the market is revealed to be a challenge for black businesses which makes it difficult for new entrants to participate.

"…Failure to access business or the market. It is quite risky for a black professional to enter the market as a business owner because of the reality of not succeeding. We are failing as young black professionals simply because of a lack of access to the market…" (participant 7.2021)

Participant 8's response reveals that in her experience there has been an issue with job security. They do secure jobs but they are not contracted which poses a threat to the sustainability of their businesses as they could not retain employees.

"I am going to speak from personal experience, number one the jobs we get are not contracts which means that we are not sure of job security. In terms of employees, we have a struggle with retaining managers as they blur the boundary lines and waste company resources..." (participant8.2021)

Participants 8 and 10's responses reveal that it is a struggle for Black BEPs' businesses to source jobs as they have a limited pool of jobs to apply for.

"I think their many ones of them is access to work. Another one is being unable to employ people on a full-time basis and that affects the quality of the work. This is because you don't have enough time to culture people when they come working in your company…" (participant10.2021)

"… Another issue is sourcing out jobs, especially in the beginning. now because of covid a lot of jobs came to a standstill, and you have laid people off. this affects my relationship with my employees. Dealing with purchase orders instead of contracts causes a lot of uncertainty in the business…"'(participant8.2021)

4.1.3.8 Regulation of the tendering system

The industry employed the tendering system as a form of aiding the development of small enterprises. A national treasury report reveals a proposal to create more opportunities by adjusting the tendering approach(Economic policy, 2017).

The report states: "Governments and state-owned entities need to, where possible, draft tenders to create greater opportunities for small business" (National Treasury)

Regulation of the tendering system and how the project is executed on the ground can also increase the effectiveness of economic transformation. A statement by participant 4 outlined that the lack of proper regulation has resulted in several criminals, activities which have brought some projects to a halt. This translates into no growth for black-owned enterprises which compromises transformation in the industry.

"… there needs to be rules and regulation for the tender system and also the regulation of the construction mafia" (participant4,2021)

"The planning is there but the control they have on these plans is limited, we see them, the BBBEE and the 30% requirement of black businesses in projects. But all of these things are not fully regulated" (participant 4,2021)

"…Therefore, the most effective approach towards transformation is by amending the tendering system to encourage growth in a systematic fashion for new entrants, specifically black players. Currently, as things stand a person has to jump through experience as a professional you cannot tender for projects you are capable of doing. If you ask me, all these blocks can be waivered." (participant 2,2021)

4.1.3.9 Subcontracting

Industry reports sub-contracting as a key factor in the entrance of small – enterprises into the market.

The report states: *"acting as a sub-contractor to a large firm is one way for a business to enter global value chains and to get longer-term contractual relationships that can unlock access to credit"* (national treasury)

Subcontracting was revealed as a challenge for black BEPs as business owners. This is seen to be a limiting factor to the growth and development of their businesses.

Below are the responses from participants-:

"…you find that black professional doesn't have access to funding. therefore, they take of work as subcontractors to do labour only or if they are supplying labour and materials they have limited capacity because of limited funds.". (participant 6,2021)

"I believe it is internal corruption we are not getting jobs because of what we know or what we have done any more. We as professionals don't get awarded jobs instead they are given to people who do not know what they are doing,

and we end up with a subcontract under them. The grading then goes to them while our businesses remain at infant stage" (Participant 4,2021)

One participant acknowledges that the subcontracting process is not well regulated, however is to be seen as an opportunity for BEPs to get exposure in industry.

"I *think it is a good opportunity to a certain extent however it is always up to the company to outgrow it. I believe that subcontracting allows you to see what happens in the industry and also provide exposure into the industry before you go stand on your own. Maybe to some extent, this practice is not regulated which results in small black businesses being stagnant." (*participant 5,2021)

Another participant revealed that big enterprises are not obligated to subcontract black enterprises.

"In the private sector No completely, majority of it is a private development of malls and there is no obligation to subcontract black enterprises. There is also a good portion of consulting work that is being done by white companies." (Participant 10,2021)

4.1.3.10 Limited Mentorship

Industry reports limited mentorship as a challenge to the progress and registration of candidates in the workplace. A report from the council for built environment professionals outlines the following as reasons for low mentorship:

" The following challenges hindered progress and registration of candidates in workplaces, more so in infrastructure departments: • Lack of registered mentors to guide and mentor candidates towards professional registration • Appointed mentors in infrastructure departments being unable to mentor candidates due to their workload • Lack of proper and structured job

descriptions aligned to the professional councils' requirements • Lack of structured Personal Development Plans for candidates • Insufficient exposure for candidates to the CBEP requirements and outcomes58 Page 84 CBE Q3 Report: 2021/22 • Lack of funding to support candidates (especially in the private sector companies(CBE Q3 Report: 2021/22")

However, the findings on the ground reveal a different perspective to the limited mentorship. Unlike the industry reports the study reveals a specific view of limited mentorship available for black BEPs. this legacy of running businesses is not familiar to most black South Africans. The most common approach for professionals is to get qualifications and get employed.

Below are the responses from participants -:

"…The privilege of having role models that are readily waiting to help is not existent for black entrepreneurs as it is for whites. The historical structuring of the economy favours the whites more." (participant2.2021)

"…*we cannot escape the reality that other races are socialised to be business owners while we are not, for instance an Indian shop owner encourages his kids to be entrepreneurs…even if the other races go to go to school they graduate to work in their family businesses" (*CBE OFFICIAL,2022)

"The reason may be the fact that we are not trained to be business owners. It is unlikely for a black BEP to go into business after university unless they have a historical background of being in business or their families have been in business. As a result, black people look for employment and after a couple of years of practice, they then decide to try business" (CBE OFFICIAL,2022)

One participant reveals a different experience in terms of mentorship in industry.

"…Fortunately, I have been employed in companies that throw you in the deep end, and this I have seen as an opportunity to learn. And I would treat those companies as though they were my own, so I did not limit myself to just being a professional within a company I learned everything from the back end. ..." (Participant 8)

"...so, by big companies investing in grooming small enterprises they do not run the risk of competition, instead they are simply growing the market. I believe it is possible because that is how I grew my company" (participant 8)

Participant8 further reveals that government has put in place programmes for mentorship in the industry. She outlined that she has also been a part of these programmes.

"we have already started doing it as we have programmes in place for the development SME's and also creating networking groups in order to create environments for mentorship. Transformation is not yet achieved but it is getting there. There are lot of companies are attempting to uplift the small companies that are coming up" (participant 8)

The findings from the secondary data reveal that the industry prioritises education and skills development for the benefit of the industry. Therefore, the industry has identified the need to produce more professionals in the industry hence the focus on skills development. The industry reports on the current approach to education and training as an effective tool to transformation. The report states:

"For the Built Environment to be sustainable, and deliver on its targets, there is a need to ensure that the appropriate skills base is in place. This will require the CBE to support building capacity in the STEM (science, technology, engineering, mathematics) areas and thus create a pipeline for students to develop the high-tech skills needed" (CBE Q3 Report: 2021/22")

According to participants in this study, the education and training system or process is a key factor in the limited representation of Black BEPs as business owners. The findings reveal that black BEPs have been trained in such a way that they are job-ready as opposed to business-ready Another participant revealed that the education system does not encourage entrepreneurial culture amongst black built environment students. Below are the responses from participants -:

"…on top of that, our curriculum doesn't emphasize the importance of entrepreneurship, our curriculum is not holistic" (CBE OFFICIAL,2022)

Participant 8, reveals that they have been brainwashed to get their qualifications and get employed in private sector. This is what she had to say:

"You know I always say we were brought to believe that we must go to school, graduate, and get a job. We have been brainwashed to behave as employees. Not everyone is willing to take the risk of thinking out of the box we would rather be stuck in jobs that don't fulfil us." (participant 8)

4.1.3.11 Shrinking Economy

The impact of the shrinking economy has been revealed in a report by the competition commission. When it highlights the impact of the recent financial constraints in industry, the report reveals that some companies have been forced to file for business rescue or close down (competition Commission, 2021). This in turn leaving the industry to be spear headed by two players namely WBHO and Raubex(competition Commission, 2021).

The perceptions of the participants on the shrinking economy in the industry, differ. some participants view the shrinking economy as a result of the greed of the same contractors who over charge on projects Other participants reveal that the shrinking economy is a global phenomenon and put an emphasis on the importance of transformation in the economic climate.

Below are the responses from participants -:

“The shrinking economy is a result of the greed of the very same contractors who overcharge on projects, which limits the funds that can go around. The private sector really tries to employ or adhere to the BBBEE policy. I say this because I have jobs in the private sector and the basic requirement to retain these jobs has been to simply perform” (Participant 8,2021)

“The shrinking economy is a global phenomenon which is as a result of numerous other factors who are independent of transformation. transformation still remains a priority as the more diverse the market is, the more diverse the market is the greater the prospects of growth “(participant 10”

4.1.4 Industry and policy Efforts toward transforming industry

Below are the responses from both the BEPs and Sector leaders-:

4.1.4.1 BEPs Views on Efforts by Industry and policy toward transformation

There are various views on how the BBBEE policy has transformed the built environment industry. Participant 1, views the BBBEE policy as something that has been of help to black BEPs as business owners.

“’ The BBBEE policy has helped black professionals as business owners like I say it is a compliance thing were even those big white companies that are still hogging onto the experience and not transferring it, they have found ways around the BBBEE” (Participant 1.2021)

Another participant agrees that the BBBEE policy has been effective in creating a conducive environment for black business owners. The participant further qualifies the policy as a public sector creature.

“the BBBEE policy is largely a public sector creature, it has managed to create room for the contractor that wouldn’t normally exist. These contractors are

typically found in the public sector and their quality of work is shocking, it highly unacceptable. They seldom meet deadlines and there is no sense of urgency, so outside of the public sector they would never survive in the private sector. So, I think that the BBBEE policy in as much as it has tried to assist black BEPs with experience in certain areas of the economy in participation. It has been done to allow for mediocrity to foster in for it to remain endemic to the public sector space. For instance, if you look at the quality of work on a large project in government versus one done in the private sector, is chalk and cheese. There is no comparison." (participant7.2021)

While some participants reveal that the BBBEE policy has not created a conducive environment for the development of black BEPs as business owners. Participants 5,9 and 10 agree that the BBBEE policy has not been effective in creating a conducive environment for black BEPs as business owners.

"No, absolutely not. It is an inhibiting environment." (participant 9.2021)

"No, remember companies are now not being punished for not adhering to the BBBEE policy. if you look at the BBBEE thing it accounts for only 10 per cent of the bidding. Even if as black professionals we can score full points on the BBBEE scoring, white enterprises still beat us on the other aspects of tendering such as pricing and experience. I mean just because your white you still get some points for BBBEE. For as long as there aren't any big black consultancies with buildings, it shows that there is something wrong with the industry." (participant10.2021)

Participant 3, also agrees that the BBBEE policy has not created a conducive environment for the growth and development of black BEPs as business owners. The participant argues that the policy is good, however, it is easily manipulated.

"I don't think it has and it's not because it is not a good policy. I think that it is because it is so easily manipulated, that it has created a situation where a lot of young black professionals try and get into the market, but because they don't have the resources that others have. It makes it so that they add the beck and call of the people with the resources so it's still run by the people that ran it before. it says that you know, there is not enough support for the previously disadvantaged owner to sustain it. so yes, if the policy is good, but the issue is that it's not a sustainable policy at the moment." (Participant 3.2021)

"Yes and no, it has tried to provide opportunities for us, but there is no clear plan for us from being SMEs. it is almost like we are stuck" (participant 6.2021)

"At this point and time, I would say that we have gotten away with it here and there. I say that because most private sector companies are forced to adhere to the BBBEE policy. This has given us opportunities, and it worked for the white-owned companies as they were seen as compliant with the BBBEE policy. I can safely say it has its pros and cons, you find that some companies just use you for their BBBEE scoring and have no intention to help you grow in the industry." (participant 8.2021)

"BBBEE is a work in progress, it cannot be seen to be a magic pill that can be used by the government. It has had its shortcomings it has not transformed the country. This is mainly because of the provisions made by the BBBEE itself, for instance, the policy promotes employment in big companies. This in turn creates a large pool of professionals who are employed and too comfortable to risk starting a business from the ground up. This is because of the security that comes with having a job. Professional experience of BEPs is undermined as soon as they present themselves as businesses." (Participant 2.2021)

"The planning is there but the control they have on these plans is limited, we see them, the BBBEE and the 30% requirement of black businesses in projects. But all of these things are not fully regulated" (participant 4,2021)

4.1.4.2 Views of Sectoral leaders on efforts of industry and policy on transformation

When asked if the BBBEE policy has effectively transformed the ownership trends this is what the built environment. this is what the official had to say:

"When one looks at the compliance certificates registered with us, you might think that there has been a change in ownership patterns. However, when looking at the underlying activities of these certificates it gives us the impression that there is still a lot that needs to be done. For instance, if you look at the annual progress report for the 2019/2020 period it shows that we have grown from29% to 30%. which is not a true reflection of the activities in the economy but of the small percentage of companies that reported on their compliance in terms of the BBBEE policy. When we look at ownership trends from 2003 till now, it is clear that we are not doing much in terms of transformation, another factor to consider is to level of fronting in the industry both in ownership and management. you find that even in cases where black people have more of the ownership shares they still have little voting power when it comes to decision making. For instance, black players may have a 30% ownership share. This then means we are not doing much on the ownership element in terms of transformation." …" (BBBEE COMMISSION OFFICIAL.2021)

An official from the CBE, expressed concerns regarding the lack of planning for black BEPs as business owners: *"No, there are no industry plans for black BEPs as business owners. instead industry is focused on developing candidates into registered professionals" (CBE OFFICIAL)*

4.2 Conclusion

The findings of this study are clearly outlined in this chapter. These findings show the challenges faced by black BEPs as business owners. they further outline the perceptions of economic transformation in the built environment. it

also shows the perspectives of industry experts on how far along the industry has come with economic transformation. The findings reveal that the greatest challenge in the industry is the lack of a clear definition of economic transformation. Therefore, this births the numerous challenges that black built Environment Professionals (BEPs) face as business owners.

The findings presented in this chapter outline another issue of BEPs being undervalued as professionals and business people. The built environment sector has shown to have no elaborate plan regarding the transition of BEPs from employees to business owners. This creates little to no room for success for black BEPs as business owners in the industry. Another factor that was outlined is the lack of regulation of transformative policies in the industry, particularly in terms of transformative policies. The challenges faced by black built Environment professionals are outlined in this chapter and presented in terms of themes.

The following chapter is the analysis of the findings that have been presented in this chapter.

CHAPTER 5: DISCUSSION OF FINDINGS

This chapter provides a discussion of the key findings of the study. This is to answer the research question:

"What *challenges are black experienced BEPs faced with when trying to participate in the mainstream economy as business owners?"*

The analysis in this chapter follows the analytical framework provided in chapter 2. To answer the main question of the study the findings take the approach of answering all the sub-questions of the study.

Which include:

1. What are the perceptions of black BEPs and industry officials on economic transformation?
2. Are there sufficient opportunities in the mainstream economy for black enterprises?
3. What are the reasons for the limited representation of black BEPs as business owners?
4. How does industry and policy support the growth and development of business owned by BEPs?

The preceding chapter revealed that economic transformation is not clearly defined in the industry which makes it difficult to achieve transformation in the industry. This was supported by findings from BEPs, that outlined that economic transformation is not achieved in the built environment. The findings revealed how the economic structure impacts transformation in the built environment. The findings further outlined several reasons for the limited transformation in the industry. Lastly, the findings revealed that there is limited support for transformation in the industry.

Therefore, this chapter will thematically answer the main research question of the study.

5.1 Discussion of findings

Below is the analysis and discussion of the findings presented in 4.1.

5.1.1Economic Transformation in the Built Environment

5.1.1.1 What are the perceptions of black BEPs and industry officials on economic transformation in the built environment?

Economic transformation has been a priority for the South African government, it was aimed at transforming various sectors of the economy. The literature revealed that the construction sector is a vital sector for the South African economy as the sector produces most jobs. A report on the BBBEE compliance of large companies in the industry identified the construction industry as among the most compliant industry. Although the industry has been said to be compliant, the strategic plans by the CBE show that the planning is focused on skills development as opposed to transforming the industry in terms of ownership patterns.

Moreover, the perception of economic transformation in the industry as being distinct was identified as the foundation for the challenges faced by black BEPs in business.

The primary understanding or interpretation of the concept of economic transformation is distinct, making the concept impractical and immeasurable. According to one of the participants in this study who is an official from the CBE, economic transformation is not clearly defined and it is focused on gender and race as opposed to the transformation of ownership patterns.

"…The problem is that we have not yet defined transformation as a concept. Instead what we are focused on is the indicators of transformation, for instance, we define it by race, gender and economic access. Because we have not defined it we cannot measure it. when coming to economic transformation specifically, it means empowerment in terms of BEPs having the competencies that they could perform their duties. Secondly, one could it is too focused on training" (CBE OFFICIAL.2022)

Literature supports the argument that is brought forward by the CBE official when they state that the efforts towards transformation in the industry are focused on gender and racial transformation. According to Act (2017), clearly states that the BBBEE policy is informed by the racial theories and was amended after the observation of limited representation of females in the industry.

Oyeyinka (2017), argues that historically economic transformation has brought about a complete change to economic structures. This suggests that for one to claim that economic transformation was achieved in the industry, then there would need to be a complete overhaul of economic structures. Therefore, the participant's view of the industry not being transformed economically is supported by the claims in the literature.

"…so, in a nutshell No, transformation is not achieved, because the sector continues to be dominated by white men" (CBE Official,2022)

The preceding statement made by one of the participants does not only reveal that economic transformation was not achieved based on the status quo of having an economy dominated by white males that had not changed but also that the efforts of deracialising have been defeated. Another BEP suggested that as black BEPs they are still waiting to be included in the economy.

"... But they say they will be including us and we are yet to see that" (participant 4,2021). This statement agrees with Andrews (2012) claim in the literature that suggests that the old industry players in the industry are the ones that prescribe how the new players participate in the industry.

There is a clear consensus that economic transformation is not achieved in the industry according to the responses of black BEPs. They acknowledge that economic control of the industry still largely rests in the hands of "white men". There is also an overshadowing problem of uncertainty and lack of clarity when coming to economic transformation, which in turn makes it difficult for the industry to set industry goals to achieve transformation.

5.1.2 Perception of the economic structure in the Built Environment

5.1.2.1 Are there sufficient opportunities for black built environment professionals?

The economic structure is what directly influences the sustainability and development of businesses. The findings of this study suggest that the structure of the economy in the built environment is still a reflection of the old South Africa, as the economic control is still with the white businesses. This is based on the notion of the old players of the industry being the determinates of how new players participate in the economy (Andrews,2012).

Based on the responses from the participants it is fair to confirm the statistical data provided by the BBBEE COMMISSION on how economic power is distributed in industry. The B-BBEE Commission states, that 50% of the JSE listed companies have less than 25% of black ownership, with 46% accounting for more than 25% of black ownership. Moreover, only 2% of JSE listed companies are 100% black-owned (B-BBEE Commission, 2019).

In agreement with these demographics are the responses from the participants that state that the industry is still dominated by white businesses.

"*I think it is clear that the built environment sector is dominated by white people and there aren't enough black people who own businesses specifically in manufacturing. The economy is structured into 70 % white and 30 % Black. Therefore, the South African economic structure does not represent its demographics. Particularly in the built environment*." (participant 5.2021).

According to the literature, transformation requires the breakdown of structural impediments to new activities, deconcentrating industries dominated by a few participants, and acceleration of the inclusion of black South Africans into jobs and businesses(Africa et al., 2017b). The participants in this study, deliberate systematic blocks in the industry designed for black BEPs, this is assumed to be there to strategically maintain the status quo. The statement made by one participant, that the industry is polarised suggests that there is a black and

white side. Where a large percentage of the economy remains in the hands of the minority while black people are left to share the remaining 30% which is still not exclusively for them as the white enterprises can meet the procurement targets for projects.

There is a sense of disappointment in how the economy is structured as well as the tools of transformation. Black BEPs are presented with the difficulty of growing in the industry as the industry is open to those of their skin tone at certain levels of the industry. Black-owned businesses remain at the bottom of the food chain. While companies that have been thriving in the industry before democracy continue to be the major players in the industry. The responses from the participants of this study suggest that the economic structure in the industry is skewed towards favouring white-owned enterprises which results in limited participation of Black BEPs as business owners.

"…So, the economic structure being predominately white is absolutely hostile to new entrants." (participant 2.2021)

Once again this statement is in support of Andrews'(2012) claim that those who are old industry players set out the tone for new entrants. Seeing that the responses from participants on the economic structure in the industry suggest that transformation is perceived to be a threat to white-owned businesses, this shows that economic transformation will continue to be a struggle in the industry. The national treasury has described the struggle with transformation as a result of structural economic constraints. This suggests that the structure of the economy has a great role in how industries are transformed.

Thus, it is safe to assume that in the case of the South African built environment sector, the status quo will continue to favour those who are currently controlling the economy. They will prescribe the terms in which new entrants participate in the industry.

5.1.3 Reasons for Limited representation of Black BEPs as business owners

5.1.3.1 What are the reasons for the limited representation of black BEPs as business owners?

There were various reasons presented as the reasoning behind the limited representation of black BEPs as business owners in the industry. The reasons presented here address the problem of limited representation of black experienced BEPs as business owners in the industry. This problem was pointed out to the researcher by literature when the BBBEE COMMISSION (2019) presented a report that black business owners only account for 32% of the industry. The reasons are presented below-:

5.1.3.1.1 Racial profiling

Racial profiling is a sub-theme that emerged from the responses the participants gave. This sub-theme is explored in the financial sector of the industry when black enterprises seek funding. Literature has presented racial profiling as the reasoning for many financial institutions to not provide funding lack entrepreneurs. This is argued by Olukemi Windapo and Keith Cattell (2010) as they outline the exaggerated risk by the banking sector, particularly for black business owners. This notion has been supported by the findings from the NEF official as they explain the purpose the NEF as acting as an alternative to provide funding for the excluded fund seekers.

Moreover, the findings of this study reveal that the mere fact of identifying as black in the industry's a great threat to your success as a business owner in the industry. this is primarily because there is a "profile that identifies a black in the industry and comes with many connotations. There has been historical racial profiling in the industry which turns out to be more propelling to the success of white-owned businesses. The more established a race the more likely it is to succeed, and in the case of the built environment industry in South Africa the white-owned companies are successful.

White professionals in the industry are encouraged to succeed and upskill themselves as the industry is white-owned. There is a general assumption that black professionals are not professional and this assumption is not only amongst white business owners but the sentiments are shared amongst the black community. This lack of professionalism amongst black professionals is a result of a lack of exposure. The idea that racial profiling has a significant role in the limited representation of black BEPs as business owners, this agrees with Andrews (2012) when he states that racial connotations have an influence on the distribution of wealth and network.

In addition, the literature reveals that mindsets in industry are a challenge for SMEs survival and success ('20171126-ID_45th-Black-Construction_BE-Professional-Companies-1', 2017; *Pwc_global-Construction-Summit-2030-Enr*, n.d.).This particularly refers to the notion that clients simply wouldn't appoint a black owned business without the involvement of a white company. This corelates with the findings of this study as they also reveal due the mindsets of clients and other people in industry, black players are assumed to be unprofessional simply because their black. Mindsets have a great impact in the success of black owned business as they also influence the decisions of financial bodies when business owners seek funding.

These findings suggest that there are unfounded conclusions and perceptions that act as gate keepers for black participants and they have been entrenched into the systematically. Thus, it continues to have such a significant bearing on the success of black business owners.

5.1.3.1.2 Monopolisation of Industry

The industry has been monopolised, this has been done to ensure that the economic control remains in the same hands. The monopoly was created through the unfair advantage white business owners have had over black owners. This is because this industry's control has been passed down from generation to generation. The findings reveal that the industry is monopolised

through the creation of networks amongst white business owners. According to Pillay &Everrat (2014) in spite of all the efforts made in economic development, the South African Economy remains a white monopoly, leaving little room for black participants in the mainstream economy.

Therefore, they set the tone for how black participants take part in the economy. These perceptions of industry are in support of Andrews (2012), when he reveals that because the structure of the South African economy is dependent on investments from large businesses. It makes it difficult for new entrants to challenge the old player's distribution of wealth and network (Andrews,2012). Similarly, a participant outlined the same sentiments as Andrews, when they shared their perception of how their white counterparts have created a network that is prescribing how industry works.

*"...I also believe white people have created a network of interlinked businesses to create a whole industry that has made them successful and created the current status quo. As black business people, we don't have that network." (*Participant 5,2021)

Evidence of this monopoly has been outlined by the competition commission as they outline how the key money-making sectors in industry which are civils and buildings are being controlled by a few players in industry(competition Commission, 2021). With recent economic developments, many of the top five participants have been taken out of the game which left the WBHO and Raubex(competition Commission, 2021). These companies, according to the CIBD are the only companies with the capacity to take on projects of a great magnitude. This is on the basis of the grading they hold, which is primarily based on the experience they have as contractors.

This suggests that the grading system is on the basis of experience, and experience translate into company capacity. This implies that there is no room for new entrants particularly in dealing with projects of a greater magnitude. Moreover, this creates a systematic monopoly as the projects with significant

profits are reserved for certain large players in industry under the pretext of “capacity”. the exclusivity of projects poses a threat to transformation and the growth of black enterprises.

5.1.3.1.3 Funding

Lack of funding was identified as a challenge that black BEPs face and it is seen to be the reason for the limited representation of BEPs as business owners. Funding has been a general challenge for SMEs in the construction industry (Migiro Stephen O Migiro, n.d.). A participant agrees that funding is the greatest barrier to the success of businesses owned by black entrepreneurs. This is primarily because the industry is capital driven. Thus, without financial capacity business prospects for new entrants are non-existent.

Moreover, the national treasury has outlined the urgency for state to create institutions that will serve as loan providers for new entrants particularly black business owners (Treasury ,2018). This institution was put in place support and sustain black business as participants in the industry. This includes institutions like the NEF who primarily exist to empower the black businesses financially so that they are integrated into the economy. The findings reveal that funding is a struggle for most BEPs as they struggle to secure loans from banks due to the unrealistic exaggeration of risk by the banking sector (‘20171126-ID_45th-Black-Construction_BE-Professional-Companies-1’, 2017).

Participants in the study have expressed funding as the root to many problems that they face as business owners. This inhibits performance and capacity of black business owners in industry. As they would be limited in terms of what projects they take, the findings outline that in most instances take on labour sections of the projects as they are limited in terms of financial capacity.

Even though the government has tried to address the funding challenge in the industry, by providing the funding bodies. The findings suggest that there is

still a lingering problem of accessing the funds. In addition, the observation of the responses of the BEPs suggests that there is not enough knowledge amongst black BEPs of the provisions made by government. Most importantly how to access the funds.

5.1.3.1.4 Red Tape in industry

The findings of this study reveal that even after getting over the hurdle of financing projects, there is still the challenge of red tape in the industry (Economic Transformation, Inclusive Growth, and Competitiveness: Towards an Economic Strategy for South Africa, n.d). This is with specific reference to municipal approvals, which may in turn hinder the success of projects. This suggests that municipal approvals pose an even greater threat to the sustainability of SMMEs. In order to address this challenge, the national treasury has proposed plans for the reduction of regulatory constraints to increase support for economic transformation(*Economic Outlook*, n.d.).

An official from the NEF, supports the notion of red tape being an even greater threat to the sustainability of black owned enterprises. Thus, the industry had suggested the “silence is consent rule” in terms of municipal approvals for projects. However, the bill was rejected in parliament. The findings of this study highlight the magnitude of municipal approvals as a barrier to success of black enterprises. This suggests that there is an arising need to revisit this approach to make the market more accessible to new entrants and to support their success.

The NEF official, presents the possibility of collaboration between funding bodies and municipalities so that there is a smooth injection of funds in to the economy.

5.1.3.1.5 Corruption

Literature has outlined corruption as a threat to the transformation in the industry and the sustainability of small enterprises. Corruption is embodied by fronting and irregular tender processing (*BEE-*

GuidelinesComplexstructuresFronting, n.d.). The built environment has the "fronting "approach entrenched in the industry, on the basis that; large enterprises are seen as compliant to the BBBEE policy. This directly hinders the possibilities of real transformation in terms of ownership patterns in the built environment sector.

There have been numerous studies on the level of fronting in the built environment sector. several approaches were explored in efforts to put an end to this culture, however this still remains to be a prevalent culture in industry(Treasury, 2018). This is evident in the patterns of ownership of companies in the sector, as many have been identified to have black directors in companies that are pre-dominantly white, simply for the BBEE scoring. This finding is supported by Tshetu (2014) in the literature review when outlining the concerns around corruption in a form of fronting.

The demographics presented in a report by the BBBEE commission outline irregularities in terms of ownership patterns. This is specifically, with regards to white owned companies having scored a level 1 BBBEE scoring, by simply having black managers in the industry(B-BBEE Commission, 2019).

Corruption in the industry is the reason for the limited representation of black BEPs as business owners in the industry. The findings revealed that fronting was not the only form of corruption that has prevailed in industry. the tendering system is also rigged tenders are awarded to less deserving bidders.

This suggests that tenders are awarded on the basis of who knows who or who has the most money to bribe.

The findings reveal other aspects of corruption that BEPs experience in the industry. These include the reliance of black business on pollical connections for their survival. This is supported by literature when Mpaza (2014) states that the BBEE policy has favoured the elite few in industry due to their political affiliations. This approach to business poses a threat to transformation and the sustainability of black owned business.

This is because political affiliations do not translate into longevity of the success of businesses and also this approach continues to side-line majority of black entrepreneurs.

The BEPs interviewed for the study have expressed concern regarding corruption in the industry, as it steals from the possibility of growth and sustainability. Another factor that poses a threat is the fact that the culture of corruption taints the reputation of the BEP as a business owner and also acts as a limiting factor in terms of how they can participate in the industry.

The findings of this study outline that the industry is making efforts towards addressing this challenge of corruption. particularly the issue of fronting, however, there is no evidence leading to the effective eradication of this practice.

5.1.3.1.6 Experience

The findings of this study do not share the same sentiments as Andrews (2012) when he suggests that having elite qualifications and the relevant experience opens up the economy for you as a new entrant. The findings of this study suggest that s assumption is not true for the black BEPs who are trying to participate as business owners in the industry. The findings of this suggest that most of the black BEPs feel discouraged to participate in the market as business owners in industry, this is mainly because their qualifications are not serving them in that regard.

In addition, the experience they have gained from industry is devalued as soon as they step out into industry in their personal capacity. There is no direct correlation between experience and elite qualifications and becoming a business owner. In fact, the findings show that there is a disconnect between a BEPs professional experience and the capacity of their company. Industry rather focuses on the company experience as opposed to the professional experience of the professional. The findings of this study reveal that there are several issues regarding experience that need to be addressed by industry.

Firstly, most participants have noticed that as black BEPs their likely to get a career in the public sector which is a limitation as to what experience they get since the meaningful exposure of industry is in private companies. Even so, the other participants in private companies feel that companies are not that invested in developing black BEPs. They limit their experience to one component of the company Literature supports this by stating that the big players in industry prefer to develop black professionals as employees as opposed to business owners (Adrews,2012).

Moreover, the findings have highlighted historic disadvantage for black BEPs. This is regarding the amount of experience that is required for them which they would ordinarily not have. For instance, they are required to have company capacity that is on the level of their white counterparts, however the experience they have gained in industry is not trusted in industry. The findings of this study have outlined the frustrations of black BEPs with regard to experience. However, it is limited in terms of how industry plans to intercept and develop a relationship between professional experience and company capacity.

5.1.3.1.7 Access to market and Job Security

The key driving force behind an economic transformation has been innovation and private sector businesses' development (Singh & Singh, 2016). Based on the findings of this study this notion is not a reflection of what is currently happening in industry. The findings of this study clearly outline that the market has not been accessible to black BEPs as business owners. one participant pointed out the realities of failure as a business owner, makes it difficult for most BEPs to get into business. This translates into a limited representation of black BEPs as business owners. Therefore, it can be assumed that black BEPs prefer to enter the market as employees as opposed to business owners.

The findings of this study reveal that there has been a struggle with accessing the markets for new entrants who are black. Not only have these new players

struggled with penetrating the market but they have struggled with securing jobs to keep their businesses running. This then suggests that economic transformation has not been achieved in the built environment industry.

Beyond securing jobs for their companies, black BEPs struggle with the security that comes with the continuity of the jobs they have secured. This in turn has translated into a lack of security for their employees, this makes it hard for professionals to be retained by black businesses.

Treasury has made attempts at making the market more accessible to new entrants by reworking legislature surrounding the competition and market structure issues (Treasury,2018). However, three years later limited access to the market is revealed to be a challenge for black businesses which makes it difficult for new entrants to participate.

The patterns in the findings suggest that the market is not accessible to black BEPs and it also extends to their sustainability as business owners. A participant has expressed that beyond the fear of failing as an entrepreneur is the fear of failing members of your staff as you could not secure their salaries.

These findings suggest that even though the nature of business is unpredictable it is ten times worse for the black entrepreneur. As they do not have the basic security of building themselves up to a certain level to be able to compete in the market.

5.1.3.1.8 Regulation of the tendering system

Regulation was presented as a challenge to the growth and development of black BEPs as business owners. According to a report produced by the national treasury, regulation was seen to be a limiting factor to new entrants in the economy and it can in turn work in favour of the large entities as they can manoeuvre their way around legislation(*Economic Outlook*, n.d.). Contrary to these reports the findings of this study reveal that regulation is a necessity for the survival of their businesses. The participants share the same sentiments regarding regulation but for different reasons.

The government has presented a lot of strategies to encourage transformation in the industry. These include the 30% procurement rule which forces large entities to award 30% of the contract to black SMMEs (‘20171126-ID_45th-Black-Construction_BE-Professional-Companies-1’, 2017). One participant acknowledges he findings reveal that due to the lack of regulation in industry this as a good initiative on government’s side, however the lack of regulation in terms of this rule has led to a level of criminal activity. This has in turn put the lives of business owners in danger and also put a halt to some projects. The lack of regulation in this regard has translated into a criminal group called the “construction mafia”, this is a group thug that go around hijacking projects in the name of the 30% rule. These people usually do not have the capacity to take on the project, but they still expect to be paid for work they did not do. This a criminal element that suggests that it is not safe for black BEPs to be in business, not only that but it is not financially rewarding. Therefore, if this rule continues to not be regulated then black BEPs will continue to be the employee as the risk of business is a threat to their livelihoods.

Beyond the regulation of the 30% regulation is the need for regulating the tendering system. The regulation of the tendering system was presented as a form of aiding the development of SMMEs(Treasury, 2018). Regulation on the ground is rather seen as a tool for amending the tendering system for the encouragement of new entrants in industry, specifically black.

Even though, the participant outlines the need for amendments of the tendering system there is no clear direction as to how is this achieved.

5.1.3.1.9 Subcontracting

Literature has outlined subcontracting as a threat to the success of SMMEs and transformation of industry (‘20171126-ID_45th-Black-Construction_BE-Professional-Companies-1’, 2017)This is because there is no interest by large entities to support black business beyond SMME level(‘20171126-ID_45th-Black-Construction_BE-Professional-Companies-1’, 2017).Industry reports

share a completely different view to literature, as the reported views subcontracting as a key factor to the entrance for SMMEs into the market(*Economic Outlook*, n.d.).

Some participants view sub-contracting as a result of circumstances they find themselves in. They have expressed that they find themselves in positions where they have to take subcontracts as a result of not having sufficient funding or as a result of not getting direct jobs. This suggests that contractors do not view sub- contracting as the ideal entry to industry / markets.

However, another participant has had a positive experience with subcontracting. even with the positive outlook on subcontracting the participant still acknowledges the stagnation that comes with being a sub-contractor. This suggests that sub-contracting creates an inhibiting environment for small enterprises because the practice is not monitored or regulated. Another growing concern among black BEPs is the fact that the obligation in the private sector for black enterprises to be sub-contracted. This then means that the level of exposure for black BEPs as business owners will continue to be constrained.

Therefore, the findings of the study reveal that sub-contracting is perceived to be a limiting factor for black-owned businesses, by keeping them at SMME level. Another participant regarded the subcontracting as a presentation of opportunities for Black BEPs to learn more about the industry. However, there is a concern of the lack of regulation of the subcontracting process not being regulated, which in turn keeps black enterprises at infant stages.

5.1.3.1.10 Limited Mentorship

The findings suggest that there is limited mentorship for Black BEPs in industry. This can also be said to stem from the historic structure of industry, as white people have already established businesses with a network which their children can grow in the future. Another contributing factor is the general socialisation of these black BEPs from a young age. This suggests that there

is a limited participation of black BEPs as business owners in the industry, because they have no place to learn from that is familiar.

Industry also reports limited mentorship is a great challenge faced by BEPs in the work place. This is expressed from the industry's main focus of professional registrations. The industry has prioritised the development of the BEPs as professionals, and has identified that there is a shortage of black BEPs to serve as mentors to the upcoming generation of professionals.

Even with industry's focus being on the development of black BEPs as professionals the study takes a different approach. The findings of the study reveal that Black BEPs have not had the privilege of having role models in business, nor are they socialised to be business owners. These factors play major role in the success of black BEPS as business owners. The findings highlight the notion that people do not become what they have never seen. The findings suggest that black BEPs generally do not become business owners as result of never being socialised to become a business person.

Even with industry, and preceding findings sharing the same sentiments, there is a participant that had a completely different view to the mentorship provided in the industry. The participant expressed that it is because of the mentoring she had received from her previous employer as an individual that has mad e her a success as a business. This suggests that there are pockets of success in terms of transformation in the built environment, and some large industry players are dedicated to skills development and ownership.

This suggest that mentorship lies greatly with the mentee, it up to an individual what they want to get from industry.in addition

5.1.3.1.11 Education and Training

The built environment sector prioritises education and skills development this is for the functionality of industry. Hence the industry is focused on the transfer of skills and meeting the target of producing more professional registrations

in the sector(CBE, 2021). Moreover, the strategic plans of industry presented in literature also clearly outline the importance of education and skills development(CBE, 2015). It is evident that industry values education and training and view it as a key determinant of transformation in the industry

According to a CBE official, the industry does not prioritise entrepreneurship This implies that entrepreneurship is not incorporated in the learning system of the industry which in turn hinders the development of black BEPs as business owners in industry. Similarly, another participant outlined that the training and education that they receive from industry is sufficient for them to be employed in industry.

The findings suggest that education and training play a fundamental role in transforming the industry. The findings reveal that the current education and training system is to be blamed for the limited representation of black BEPs in business. It was further argued that the current approach to education and training. It is effective in producing employees rather than business owners.

A black BEP outlines that they have systematically been programmed to seek employment after graduation. The risk of starting your own enterprise is not part of the norm, in terms of how they are introduced to industry.

Therefore, it is of primary importance that entrepreneurial development is planted in the education system. This is encouraging business development amongst black BEPs and maximise the opportunities of entering the market in any role that is desirable for the BEPs. Planning by industry is to be considered from the perspective of a black BEP beyond professional registration.

5.1.3.1.12 Shrinking Economy

The industry has outlined the devastating impact that has resulted in the numerous loses in industry. The industry has outlined that the financial constraints that come with the shrinking economy have resulted in a lot of companies closing down. The shrinking economy has proven to be beneficial to those who have the financial muscle to survive (competition

commission,2021). This is clearly explained in a report from the competition commission, as it points out that after the recent financial crisis in industry only the WBHO and Raubex are left to tender for the significant jobs in industry (competition commisision,2021). This suggest that the shrinking economy has further strangled black business and has strengthened the already strong monopoly in industry.

While literature suggested that the current shrinking economy may be as a result of the implementation of the BBBEE policy.as a result this has been seen as a threat to business in the industry (Windapo & Cattell, 2013a). literature further elaborated that the shrinking economy results in low development and low profit margins in industry (Windapo & Cattell, 2013a).

The findings of the study do not share the same perspective presented by literature. The findings suggest that the BBBEE policy has nothing to do with the current shrinking economy. Furthermore, the findings reveal that transformation is necessary in the shrinking economy because diversity may result in growth. Contrary to the views expressed by literature a participant has outlined that greed of large enterprises and the recycling of contractors is what has led to the shrinkage of the economy. These findings suggest that the kind of projects that are awarded to one or two companies can be distributed amongst the many companies in industry.

In addition, they are to be divided according to the capacity of the various professionals in the industry. This will not only increase economic activity in the sector but it would diversify the market and result in expansion of the sector.

5.1.4 Industry and policy Efforts toward transforming industry

5.1.4.1 How does industry and policy support the growth and development of business owned by BEPs?

5.1.4.1.1 BEPs Views on Efforts by Industry and policy toward transformation

There are various views on the impact of industry planning and policy efforts towards transforming industry. According to Andrews (2012), organisational planning and structures are what influences how new participants fit in the economy. Although the state has never had an active role in ensuring this transition; it has, however, guided the legislature's transition, which creates a conducive environment for businesses to thrive (Singh & Singh, 2016). The study focuses on the BBBEE policy as a transformative policy of interest. the findings reveal that the policy has created a conducive environment for black BEPs as employees, however other participants are of the opinion that it has created an inhibiting environment.

The implementation of the BBBEE policy as something that has helped with the development of black BEPs as business owners. One of the participant's expressed that the BBBEE policy is perceived as something big companies entertain as only a form of compliance. It is further suggested that even if large entities comply with the BBBEE policy they still hogg onto the experience and not transferring it to new entrants. There is another perspective that is outlined in the findings that suggests that the BBBEE policy is a public sector creature as it is not held in high regard in the private sector. This means that in private sector companies are not obligated to comply with the BBBEE so long as their trading in the private sector. The division of industry into private and public sectors has caused mediocrity in a lot of public sector projects.

Findings further suggest that the BBBEE policy has created a rather inhibiting environment for black BEPs as business owners. this is because there is no repercussion for not adhering to the BBBEE standards. Moreover, the industry has not planned sufficiently for the development of black BEPs as business

owners, which keeps them stuck in the position of being SMEs with limited to no prospects of growth.

The BBBEE policy as a transformative plan has also been outlined as be work in progress and cannot be regarded as a magic pill for the imbalance in terms of ownership patterns in the industry. The BBBEE policy has opened a lot of doors for black players in the industry, even with all its shortcomings it is fair to see the strategy as a step in the right direction.

The findings suggest that the industry needs to reconsider how the BBBEE policy is implemented in the industry as well as restructure the industry planning for BEPs. Considerations of black BEPs as business owners should be put in place, if meaningful transformation is to ever take place in industry.

5.1.4.1.2 Views of Sectoral leaders on efforts of industry and policy on transformation

Sectoral leaders who were consulted for this study have presented very interesting views on the efforts of industry and policy towards transformation. A BBBEE commission official has outlined that the implementation of the BBBEE policy was with the intention of changing ownership patterns. When looking at the BBBEE certificates that are filed by these large companies you will find that these changes in the ownership patterns that are presented to the commission are simply for compliance.

The literature presents a high compliance rate in the Built Environment, however the demographics presenting ownership patterns show a cause for concern in terms of significant control black players have. This is affirmed by the findings as they outline that the BBBEE official suggests that there is not enough being done towards transforming ownership patterns. In addition, it is clear that black people are being awarded seats on boards, however this cannot be seen as true transformation. As the controlling power still remains in the white hands.

If these trends continue to prevail in industry, policies in industry will continue to be a direct threat to the development of black BEPs as business owners. The BBBEE policy is not failing because it is a bad policy but rather the implementation is flawed. more over the findings reveal that there is no regulation plan that is effective in ensuring successful implementation.

According to a CBE official there are no plans for BEPs as business owners. this can be linked with the lack of clarity in terms of economic transformation as well as the training industry provides does not produce business people but employees.

"No, there are no industry plans for black BEPs as business owners. instead industry is focused on developing candidates into registered professionals" (CBE OFFICIAL)

This suggest that there is no prioritisation of black BEPs as business owners. the industry value them as technical contributors thus they are to remain as employees of large entities. Thus, industry will continue to create a conducive environment for them to be skilled professionals.

5.2 Conclusion

The chapter concludes that economic transformation in the Built Environment sector has not been clearly defined, thus it is difficult to achieve in industry. Even though transformation has been prioritised in industry, the industry still remains very clueless in how it can be achieved. Moreover, the structure of the economy in the sector has created a blue print on how new entrants participate in industry. In the context of this study the economic structure is limiting to the development of black BEPs as business owners. The perspectives on economic transformation and economic structure act as the foundation of all the other challenges black BEPs face as business owners.

These challenges were outlined in this chapter as the reasons for the current limited representation of Black BEPs as business owners in the Built Environment sector. The lack of regulation of policies such as the BBBEE

policy in industry and the lack of planning for BEPs have shown another dynamic to the challenges that Black BEPs face on a daily basis. This shows that a black BEPs growth in terms of industry planning ends at professional registration.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

This chapter concludes the study as well as provide recommendations on how the challenges faced by black BEPs as business owners can be addressed in industry.

6.1 Conclusion

The purpose of this study is to highlight the challenges faced by black BEPs as business owners. in order to outline these challenges, the study interrogated the perceptions of both black BEPs and industry leaders, on economic transformation and structure of the economy. The participants were required to identify the challenges they face as black BEPs by providing reasons for the limited representation of black BEPs as business owners.

This study was based on the experiences of black BEPs as well as industry experts. The sample used for this study was chosen on the basis of providing a balanced view on the challenges faced by black BEPs as business owners. The sample was sourced through purposive and snowballing sampling. This was primarily for the convenience of the researcher. The semi structured interviews were of significance to the study as it allowed participants to clearly explain their experiences without restrictions.

This approach to the sampling strategy poses as a limitation to the study, as the findings of this study cannot be generalised to all BEPs because the study is based on the experiences of the sample population. The data was collected through “google Teams”, the interviews were virtual. they were recorded for later transcription by the researcher.

The findings of the study support literature on the notion that the built environment is predominately white owned. It further suggests that even with efforts towards transforming the industry the status quo remains the same due to a number of factors. These includes the manner in which the economy is structured and the general monopolisation of the industry.

The study also outlines the reasons for the limited representation of black BEPs in the industry as business owners. Firstly, the industry has not clearly defined or understood what economic transformation entails, which makes it challenging for industry to successfully transform the ownership patterns in industry. When speaking of transformation, the industry is rather more focused on the skills development while preserving the monopoly created by the big players in industry. The industry is structured in a way that it favours the minority and leaves the vast majority of society as the labour force in industry.

The findings have revealed that the Built Environment sector is monopolised. Which is as a result of the political history of South Africa. This monopoly is a close-knit network of white owned businesses and they set the tone in which new entrants engage the markets.

Experience as a requirement for a black BEP in industry to succeed has conflicting views amongst participants. This is because the findings reveal that there is a limited amount of opportunities to gain experience both as professionals and business owners. This is because the opportunities that are usually accessible to black BEPs are the low hanging fruits of industry, which keeps black businesses at infant stage.

Experience once again presents itself as a challenge for black BEPs primarily because the professional experience that the professionals have gained as employees is almost insignificant when bidding for projects. The findings have revealed that there is no significant correlation between professional experience and your role as a business owner in the built environment. There is another perspective of how experience can be a challenge to the success of black business and professionals. Since the industry is described as polarised, most black BEPs are employed in the public sector which limits their skillset as most opportunities are in the private sector. This means that there is limited exposure in the public sector.

The lack of regulation in the tendering system and the corruption in industry are among the challenges pointed out by the participants. Due to the lack of regulation of the tendering system, black BEPs struggle with completing their projects because of the “construction mafia” which stems from the 30% procurement rule which requires 30% of the project to be given to the community. This is not regulated, therefore perpetuates criminal behaviour in the industry. The industry has tried to employ the subcontracting approach to develop SMMEs, however without the full commitment of big entities to the development of SMMes it defeats the whole purpose.

The corruption in the industry is still prevalent in the form of fronting, this is for the manipulation of the BBBEE policy for the sake of procurement.

Lastly but importantly funding is a big challenge for BEPs to survive in the business environment. This has been a challenge for black entrepreneurs as banks have an extremely unrealistic risk perspective on them. Thus, government has taken the approach of creating other major funders like the NEF and DBSA, however the findings reveal that the black BEPs are not fully educated on securing the funds.

From the policy and industry planning perspective development of the professionals is centred around skills development of black BEPs. The BBBEE policy has proven to provide a conducive environment for black BEPs as professionals and it is said to be inhibiting to them as business owners. The findings further reveal that the industry has no actual planning for the development of black BEPs as business owners.

6.2 Recommendations

The recommendations made are for the consideration of policymakers, and industry decision makers in the built environment sector. While the implementation of the BBBEE policy is effective in promoting skills development as an approach to bringing about economic transformation in

industry. The most significant approach to deracializing the industry is to change the ownership patterns.

Firstly, because the findings of this study suggest that the lack of clarity on economic transformation is the reason for lack of planning towards promoting black BEPs as business owners. There is a need of redefining what real economic transformation means for the industry. It is also important to have clear indicators of transformation.

The built environment sector alongside government should re-evaluate the sub-contracting programme and monitor them more effectively. The main contractors, should be held accountable for the portions of the projects they award to SMMEs. Furthermore, government should consider giving prescriptions on how SMMEs are to be developed into big enterprises.

There should be tighter regulations on projects on the ground, this is to eliminate criminal activities such as the “construction Mafia”. This is to be done by implementing security measures for the contractors on the ground to avoid project delays and project hijacking. Moreover, this is to avoid the collapse of new entrants in industry as they cannot afford any delays.

In addition, the measure of company capacity, should be reviewed specifically in terms of black BEPs. The professional experience of a black BEPs, should be directly proportional to the capacity of their businesses. Their professional experience should be used to build their profile as well as company exposure. Industry heads should consider formulating a clear plan towards the transitioning of black BEPs from employees to business owners.

Government projects, should be considered as a platform to grow enterprises owned by black BEPs. This is to be done by giving them preference for significant and sizable projects. This approach will encourage black BEPs to get into industry as business owners, it will also expand the market in industry.

Policy officials and industry experts should consider re-evaluating the inhibiting nature of certain transformative policies. The unrealistic expectation of SMMEs to grow while not awarded opportunities to participate in significant roles of big projects. Programmes that would be managed and administered by black BEPs in government and the consultancy as well as construction must be divided amongst black BEPs in the business according to their experience. This is to give black BEPs opportunities to work on big multi-million-rand projects.

It is recommended that the BBBEE commission as the regulator of the BBBEE policy, should consider having more stringent rules when coming to compliance of large enterprises in industry. In addition, monopolies in the industry should be scrutinized and policy is to be used to restructure the industry.

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