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# An assessment of the needs of women-owned construction enterprises in south africa for construction empowerment, development and sustainability (CODES)

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## ABSTRACT

**Purpose of this paper:** This paper reports on the findings of a needs assessment study of South African (SA) Women-Owned Enterprises in construction. The study was done in preparation for the rolling out of an empowerment initiative in South Africa. The study builds on the lessons learnt and recommendations from the 'Women-helping-Women' study.

**Design/methodology/approach:** Relevant literature was reviewed. A survey instrument was developed and professionally facilitated workshops, supervised by stakeholders, informed the needs assessment.

**Findings:** Fair procurement, women friendly construction sites, a construction bank and relevant career-aligned training with mentoring will enable the respondents to transform their enterprises to be sustainable multi-skilled independent entities that are able to construct the infrastructure needed.

**Research limitations:** Findings are based on views from respondents in SA registered with the Construction Industry development Board (CIDB) and also with legitimate e-mail addresses.

**Practical implications:** Given the professionally facilitated workshops and stakeholder involvement in the instrument developed from start to finish the findings of the study proved to be reliable and valid and could be used for similar interventions.

**Value of paper:** Knowledge sharing for auctioning by government, the building industry, development finance institutions and women associations on the critical skills shortage, gender equity and empowerment added value.

**Keywords:** Women-Owned Enterprises, Construction, Needs assessment, Sustainable Development, Growth and Success

## 1. INTRODUCTION

The Development Bank of Southern Africa (DBSA) and the South African Federation for Civil Engineering Contractors (SAFCEC), engaged in a capacity building exercise on a civil project, where 20 women entrepreneurs were mentored. Following on the success of and lessons learnt from this particular pilot project, women-helping-women (Verwey 2008), one of the recommendations was to roll out this intervention to all provinces, including other disciplines in the construction sector that had not been covered in the pilot intervention. Moreover, in a Women Leadership Convention sponsored by the DBSA along with other stakeholders, held at Polokwane in February 2008, one of the main resolutions adopted acknowledged that although inroads have been made with women's empowerment over the years, the glass ceiling still exists for women entrepreneurs, limiting their enterprise growth and upward progression through the Construction Industry Development Board (CIDB) grading levels for meaningful participation in the construction industry. The resolution captured the commitment from stakeholders at the convention to come up with appropriate industry aligned interventions to pin-point and address the gaps and shortcomings that exist. This particular study was undertaken by the Development Bank of Southern Africa with South African Built Environment Research Center (SABERC), Mississippi State University (MSU) and the University of Johannesburg (UJ) to determine the exact needs to inform appropriate interventions.

## 2. PURPOSE OF THE PAPER

The purpose of the paper is to share the findings from a multi-stakeholder needs assessment for the development of a women's empowerment model, to address the critical skills shortage and gender imbalance in the SA Construction Industry (SACI). It also serves as an exploratory study for further studies to address the gaps that have been found in previous studies.

## 3. PROBLEM STATEMENT

Understanding the environment that a women-owned construction enterprise in SA operates in will provide insight into the problems they experience.

South Africa is a country of contrasts. The 'developed sector' of the economy is on a par with developed economies anywhere, on almost any criteria – excellent health facilities, world-class education, high-end housing

and sophisticated commercial buildings. However, the 'developing sector' encompasses all the challenges of developing economies worldwide – widespread unemployment and poverty, lack of skills and education, low levels of health care and lack of housing (Global Reporting 2010).

According to CIDB (2010 a) infrastructure investment has the following multiplier impact:

- Buildings: 4,2 formal jobs are created for every R1 million invested in building
- Construction: 2,3 jobs for every R1 million invested in construction
- Building and construction: 3,4 formal jobs per R1 million invested in building and construction.
- Informal sector: In addition around 2,4 jobs are created in the informal sector per R1 million invested in building construction from "labour only" to "labour and materials" subcontractors.
- The total job creation multiplier: 5,9 jobs per R1 million invested.

Mainstreaming of women in the economy is a key goal for DBSA, derived from the Millennium Goals adopted by the SA Government and as captured in the Accelerated Shared Growth Initiative of South Africa (AsgiSA) and Joint Initiative on Priority Skills Acquisition (JIPSA) programmes. The problem is a lack of suitably skilled women entrepreneurs to participate in infrastructure delivery projects and programmes.

A comparison is made between the CIDB register at December 2008 and the current situation (March 2011). Table 1 reflects slow progress with transformation in the construction industry, indicating that limited numbers of women-owned construction enterprises were registered in the upper categories of the Construction industry development board (cidb) contractor register. In the absence of a model of capacity building and integrated training programmes aligned to industry needs gender inequality still exists in the construction industry with the exception of Grade 8 where a modest climb from 6% to 15% is recorded. Fewer contracts and sub-contracts from the public sector where there are at least policies and incentives to open opportunities for women entrepreneurs in construction just means that women are most hard hit in times of a stressed economy. They need those projects where training and growth of women enterprises are built in and monitored.

Considering the decline evident from the start of the 'Women-helping-Women' pilot project to the completion of the needs assessment study, there clearly is a need to bridge the skills gap and to accelerate the upward progression of women-owned construction industry enterprises through the grades with appropriate interventions such as a needs assessment to pin-point and address the shortcomings and constraints through capacity building interventions such as enterprise development, mentoring and coaching.

**Table 1. Women Owned by Grading – all Provinces (CIDB 19 December 2008 – March 2011)**

Designation	Max value of contractor capability	Total number of construction businesses	Women Owned	Women % of Grade	Black-owned % of Total
Year	2008/2011 In Thousands of Rands	2008/2011	2008/2011	2008/2011	2008/2011
1	R200/R200	62139/79004	30658/38604	49/49	97/97
2	R500/R650	5142/4344	2365/2146	46/49	90/93
3	R1,500/R2,000	1486/1440	701/686	47/48	88/86
4	R3,000/R4,000	1906/2179	775/939	41/43	82/79
5	R5,000/R6,5000	1134/1926	411/654	36/34	75/70
6	R10,000/R13,000	926/1437	278/476	30/33	72/69
7	R30,000/R40,000	447/562	95/144	21/26	53/51
8	R100,000/R130,000	120/204	7/30	6/15	28/34
9	Unlimited	123/128	1/1	1/1	3/9
<b>Total</b>		<b>73423/91224</b>	<b>35291/43680</b>	<b>48/48</b>	<b>95/79</b>

#### 4. Research Questions

The research questions that this paper is dealing with are summarised as follows

- Is the under representation of women-owned enterprises in SA in the higher grades of the CIDB due to a lack of an integrated career-focused training programme that is aligned to the needs of women entrepreneurs at various levels of their development?
- What are the other constraints limiting women-owned enterprises to the lower grades of the construction industry development board, inhibiting the sustainability and growth of their enterprises?

#### 5. Methodology

Several strategies were followed that included a literature survey, a needs assessment survey instrument that was designed and followed through using the database of the construction industry development board (cidb) and in addition needs assessment workshops were conducted. These workshops were used to

- establish the potential outcomes of developing women-owned construction enterprises;
- identify the perceived barriers and constraints to this development;

- and
- determine the potential for development.

A total number of 139 women-owned construction enterprises participated in the workshops in six centers, namely Durban, East London, Johannesburg, Mafikeng, Kimberley and Bloemfontein.

## 6. Limitations and Demarcation of the study

Only women-owned enterprises registered on the cidb register and with legitimate e-mail addresses were used in the study. It is assumed that the turnover per level reflects the inherent capabilities required to handle projects of that scope and nature. It is acknowledged that not all women-owned enterprises necessarily wish to proceed to higher grades as it is possible to have growth of different dimensions within a level and that is purely linked to personal aspirations and goals.

## 7. Defining growth and success as a construct in enterprise development

For the women-owned enterprises to successfully grow towards sustainability programmes and interventions should be based on elements contained in the Four-Growth-Perspectives model that illustrates the growth in enterprise development as follows:

**Financial growth** relates to the development of the business as a commercial entity. It is concerned with increases in *turnover*, the *costs* and *investment* needed to achieve turnover, and the resulting *profits*, as well as increases in what the business owns: its *assets* (Wickham 2001).

**Strategic growth** takes centre stage. It relates to the changes that take place in the way in which the organisation interacts with its environment as a coherent, *strategic*, whole (Wickham 2001).

**Structural growth** relates to the *changes* in the way the business organises its internal systems, managerial roles, responsibilities, reporting relationships, communication links and resource control systems (Wickham 2001).

**Organisational growth** relates to the changes in the organisation's *processes, culture and attitude* as it grows and develops (Wickham 2001).

It is important to note that the *four types of growth* described are not independent of one another. They are merely different facets of the same underlying process. (Wickham 2001:304).

According to Probst & Raisch (2005) success can be measured in terms of four key factors: a high growth rate, the ability of change continuously; a highly visionary company leadership and a success-oriented company culture. They caution companies that in order to sustain success they need to keep a balance as there is a fine line between success and failure. The great majority of companies that failed possessed these factors in abundance. In fact that is exactly where they failed

## 7. Findings of the study

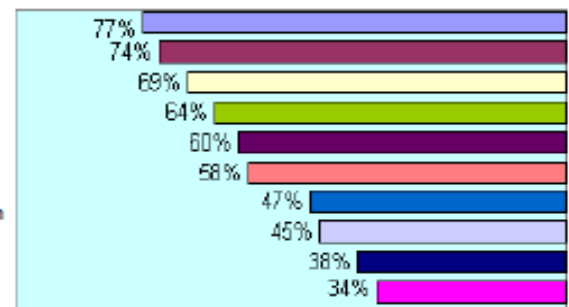
Only the most pertinent findings are reported here relating to the research questions stated up front and those are:

The question raised in the workshops was: In an ideal world what would a woman construction entrepreneur see as important issues to pursue? Why are they in construction?

Responses pointed to social responsibility and job creation that was frequently raised for a more secure and enabling environment and being able to influence government policy with regard to the way women contractors procure work from government institutions (Fester, Haupt & Mohammed 2010). Other reasons why women are in construction are reflected below:

**Why do women get involved in construction?:**

New challenges  
 Need for achievement  
 Love for construction and building  
 Preference for independence  
 Financial security, to earn a living  
 Need for recognition and ambition  
 Unemployment, unable to obtain a salaried position  
 Followed role models  
 Little job satisfaction at previous workplace  
 Motivated by family members



Those who Strongly agreed, on four point Likert scale, N=3

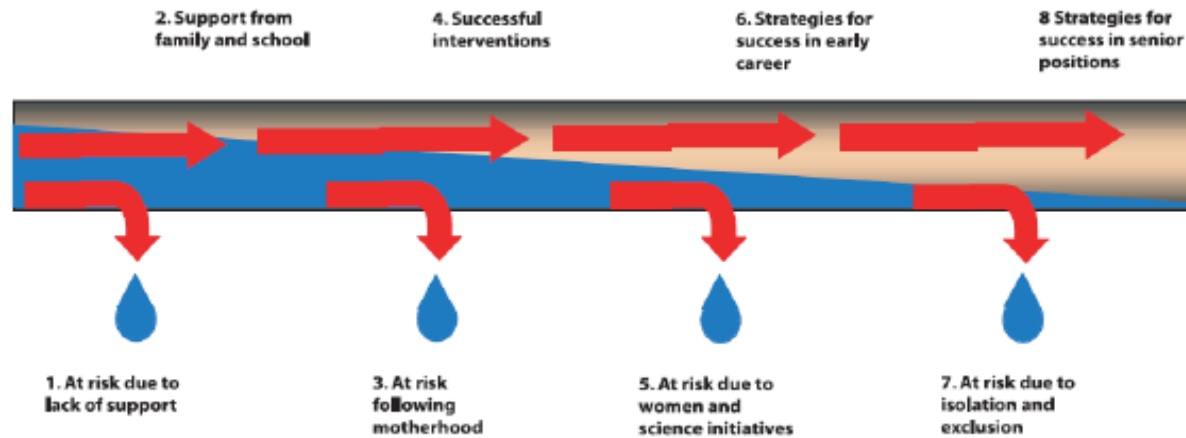
**Figure 1: Why women entrepreneurs are pursuing careers in construction (Verwey 2003)**

Further responses were:

Barriers and other constraints to development:

Perceived corruption within government departments on issuing of contracts were cited as a major constraint. The fact was noted that a lack of "contacts" within the government sector made it unlikely to be awarded projects. The lack of a sustainable work flow / continuity of work and the stop/go effect that negatively impact on staff retention were raised as issues of concern (Fester, Haupt & Mohammed 2010).

Other barriers for women in construction are reflected in the graph below indicating obstacles women in construction face along their careers, lacking support and dedicated flexible educational, training and mentoring programmes suited to women in their dual roles of being mothers and career women. Specific interventions and strategies are required to remove the obstacles to enhance their development towards sustainable construction enterprises.



**Figure 2: The leaky pipeline of barriers for women in construction (CEWS 2006)**

The questions that are asked are, what can be done to achieve set goals?

The respondents felt that seeing construction as a career and not only a commercial opportunity would garner greater respect for women-owned enterprises than those who entered the industry for short term gains (Fester, Haupt & Mohammed 2010). Mentoring and coaching are ways to achieve growth and success. That points to answering the first research question:

One of the main reasons for the under representation of women-owned enterprises in South Africa in the higher grades of the cidb is a lack of an integrated career-focused training programme aligned to the needs of women entrepreneurs at various levels of their development. Goal setting in terms of their vision for their enterprises and careers were likewise viewed as important. In addition the appointment of a Construction Ombudsman was seen as important for an enabling environment for construction entrepreneurs.

Findings of the study (Haupt & Fester 2010)

Under employment it was found that the mean number of males employed = 9.15

The mean number of females employed = 2.90

In response to the questionnaire the following information was obtained to profile the respondents

The following was reported:

- Operating from home 70%
- Own a computer but do not necessarily use it (need basic training course) are 81.3%

- Have post matric education in the form a college/technical college 73.6%
  - Have formal construction or building qualifications 17.6%
  - Understood the cidb grading system 6. 85%
  - Cidb Registered 100%
  - Registered in category 1 are 65% with the highest grading being category 5 at 10% of respondents
  - Were unaware of any supporting organizations 70.0%
  - Of those who were aware did not make use of them 71.4%
  - Of those who did not find them helpful 50%
- When questioned on which Construction management skills they used the respondents answered as follow:
- Those who planned what resources were required for projects 15. 75%
  - Those who arranged and organized the resources needed for and used on projects 16. 75%
  - Communicated requirements to lead and motivate the various human resources involved on projects 68.4%
  - Estimated the cost of projects, prepared budgets and ensured that costs did not exceed the budgets 60.0%
  - Coordinated requirements, led and motivated the various human resources on a project 19. 55%
  - Managed the design process 30%
- Major problems
- Lack of finance (31.6%),
  - Securing work (21.1%)
  - No capital (12.5%)
  - Poorly trained workers (11.8%)
  - Lack of continuity (10.5%)

The trend suggests that lack of finance and capital was most problematic. Key aspects supporting businesses growth:

- Finance (31.6%)
- Training/training workshops (31.6%)
- More tender opportunities (15.8%)
- Better customer service, Simplification of tender documentation and Possessing sufficient tools (15.4% each)
- More tender opportunities (11.8%)
- Improved communication skills (11.8%)

Key training needs:

- Financial management (53.3%)
- Project management (25.0%)
- Estimating and tendering (21.4%)
- Business management skills (18.8%)
- Financial management (14.3%)
- Financial management (12.5%)



- Basic training in surveying and levels (13,3%)

Other findings were that women-owned contractors still employ three times more males than females in their organizations. This practice perpetuates the male domination that is complained about (Haupt & Fester 2010). The reason for this is possibly that men are still regarded to have the competencies required and that there is the expectation of transfer of skills.

#### **9. Delegate views and lessons learnt**

The delegates agreed that the selected sample of CIDB gradings 1-4 made sense. The cidb pointed out that level 1 is part of special programmes like the Expanded Public Works Programme (EPWP) and that the cidb focus is from grade 2 upwards. The aim is for quality assurance and not to move vast numbers through the grades. Some of the most important lessons learnt are summarised as follows:

- In order for an enterprise to be sustainable an entrepreneur has to have at least 50% of the value of the contract available up front.
- Understand construction and gain some experience on site working with success models before trying to register with the cidb. Women are best placed to help women and the successful ones should reach out to the upcoming women entrepreneurs.
- There are certain myths in construction and that is that success is to reach level 8 or 9. That is not true as one can be successful in each grade as you achieve quality projects within time and budget and other goals set for the specific enterprise by the owner. Khuthaza is proposing a study into myths in the construction industry.
- All participants agreed that each enterprise should set appropriate goals that are achievable in their specific environment and that success should not be seen as moving of all women-owned enterprises through to level 9.
  - It was suggested that the CIDB register is one of the most reliable to report on where women are applied in the industry looking at their enterprise register and their project register. Consider the gaps and thus look at alleviating bottlenecks. Neutral web-site (e.g. DBSA) with information for women-owned enterprises was requested.
  - Similarly it was regarded as important to have an integrated career-focused training programme aligned to the needs of women entrepreneurs at various levels and own environments for the sustainable development of their enterprises. Goal setting in terms of their vision for their enterprises and careers were likewise viewed as important.
- It was noted that the Construction Industry Training Authority (CETA) is encouraging innovation in skills training and that there is a drive to have rather less contractors who are able to do quality work than vast numbers who are not skilled. The emphasis is on quality rather than numbers and training should never take place without a project where the training can be practically applied.

- For meaningful progress with empowering women-owned enterprises CETA is urged to co-ordinate training in business, technical, supervisory and legislative management training relating to unit standards. Where is it offered and are there unit standards for those areas?
- Mentors and coaches can be helpful in setting goals for the specific enterprises. An important aspect to be considered in goal setting is why the women entered in construction in the first place. The aim is to set career paths for women-owned enterprises at the various levels and to link them to appropriate learning programmes and study materials.
- The problems with procurement and malpractices experienced by the women-owned enterprises were noted. The women entrepreneurs need to report those. Support from the women associations and support organisations including the cidb are vital to overcome unethical behaviour and malpractices. Those who behave unethically spoil it for other upcoming construction entrepreneurs.
- Women enterprises are encouraged to earn respect through a good ethical learning attitude and good quality work.
- South African Federation of Civil Engineering Contractors (SAFCEC) from their endeavours in empowering women-owned enterprises noted the need for quality assurance for small contractors and will liaise with cidb to learn from their quality assurance framework for the upper grades.

## 10. CONCLUSIONS

It is acknowledged that the decline in the construction industry impacts negatively on all in the built environment, but that women are most adversely affected as the obstacles depicted in the leaky pipeline graph (CEWS 2006) will take longer to be removed. On the positive side never was there a better time while there is a slow-down to come up with a dedicated strategy and intervention to address the findings of this study. It is clear that women-owned enterprises are in construction for the right reasons and want to grow their businesses along the Four-Growth-Perspectives model. From this study and the various other studies underpinning its findings, it is clear that the under-representation of women in the higher grades of the cidb is due to a lack of integrated career-focused training programmes aligned to the needs of women entrepreneurs at various levels of their development and flexible to allow for their dual roles as mothers and career / business women.

## 11. RECOMMENDATION

It is recommended that the obstacles identified in this study be addressed through special strategies and interventions such as integrated career-focused training programmes aligned to the needs of women entrepreneurs at various levels of their development and flexible to allow for their dual roles

as mothers and career / business women. A country-wide roll out of the pilot project 'Women-helping-Women', learning from those lessons, is viewed as an appropriate intervention to benefit SA women-owned enterprises in construction. The lessons learnt from these projects should be captured and the projects used to encourage other stakeholders to prioritise women in their projects and programmes.

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