



The effectiveness of transformation programs of subsidised public transport in KwaZulu- Natal

ZN Qwebani



orcid.org 0000-0000-0000-0000

Mini-dissertation accepted in partial fulfilment of the
requirements for the degree *Master of Business
Administration* at the North-West University

Supervisor:

Prof CJ Botha

Graduation ceremony October 2018
Student number: 28228138

ABSTRACT

Transformation of Subsidised Public Transport Program is an initiative of the provincial department of transport of KwaZulu Natal. The department embarked on the process of economic transformation of subsidised public transport with the aim of increasing meaningful Black (African Black) participation, at all levels, of the transport sector. In the long run, the department hopes that this intervention will address issues of inequality, unemployment and representative transport sector in the province. It is against this background that this study sets out to examine the effectiveness of this program in achieving the agenda of transformation.

A qualitative research method was adopted for this study to gain insights into the lived experiences of the incumbent big bus operators, beneficiaries, political commentators and consultants – who were part of the public transport program. The results reveal that transformation within subsidised public transport is welcomed and essential for economic growth and social cohesion. However, the problem is that the implementation process is still lacking. Critical to note, is that the program is a thorny issue where the majoring of bus subsidy contracts are still in the hands of Indian owned businesses, hence the push for radical transformation in the next phase of implementation. Also, the beneficiaries are often those with political connections who have amassed wealth through patronage.

KEYWORDS

Radical economic transformation, mentorship, incubation, transformation model, beneficiary criteria.

ACRONYMS

Abbreviation	Meaning
DOT KZN	Department of Transport KwaZulu Natal
NDOT	National Department of Transport
TSPTP	Transformation of Subsidised Public Transport Project
KZN	KwaZulu Natal
ANC	African National Congress
SABOA	Southern African Bus Operators Association
RDP	Reconstruction and Development Programme
GEAR policy	Growth, Employment and Redistribution policy
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
BEE	Black Economic Empowerment
UNDP	United Nations Development Program
SMME	Small, Medium, Micro Enterprises

DEDICATION

I dedicate this work to my late maternal great grandmother Minah Qwebani, thank you for believing in me. Above all thank you for breaking the cycle of illiteracy.

I also dedicate this thesis to my late maternal grandparents for trusting me and investing in my education.

To my late aunt Mrs Zanele Jali-Qwebani, thank you for your contribution into my education.

This work is also for my daughter Mhlali Qwebani, I love you.

ACKNOWLEDGEMENTS

To my lovely sisters and friends Siphokazi Bosi, you are my anchor; Sarah Chidawanyika, I could never have done this without your support; Susan Nakacwa thank you for your support, and for editing my thesis. You are the best.

I am grateful to my supervisor Prof CJ Botha for your patience, kindness and support.

TABLE OF CONTENTS

ABSTRACT	I
KEYWORDS	III
ACRONYMS	IV
1. CHAPTER ONE: INTRODUCTION.....	1
1.1. INTRODUCTION	1
1.2. BACKGROUND	3
1.3. PROBLEM STATEMENT	6
1.4. RESEARCH OBJECTIVES.....	7
1.5. IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY.....	7
2. LITERATURE REVIEW	9
2.1. INTRODUCTION	9
2.2. DEFINING AND OPERATIONALISING ECONOMIC TRANSFORMATION	10
2.3. ECONOMIC TRANSFORMATION OF SUBSIDISED BUS INDUSTRY IN EASTERN CAPE.....	15
2.4. TRANSFORMATION IN SUBSIDISED BUSY INDUSTRY IN KWAZULU NATAL.....	16
2.5. INCUBATION.....	21
2.5.1. Evolution of incubation.....	22
2.5.2. Incubator's sponsors Models	23
2.5.3. Business Incubation Models in Developing Countries	25
2.5.4. Benefits of incubation.....	26
2.6. CONCLUSION	28
3. CHAPTER THREE: RESEARCH METHODOLOGY.....	31
3.1. INTRODUCTION	31
3.2. AUTHOUR'S ROLE AS A RESEARCHER AND MODERATOR.....	31
3.3. RESEARCH METHODOLOGY	32
3.4. SAMPLING AND SELECTION.....	33
3.5. DATA COLLECTION	34
3.6. DATA ANALYSIS.....	35
3.7. ETHICAL CONSIDERATIONS.....	36
3.8. LIMITATIONS OF THE STUDY	37
3.9. CONCLUSION	38
4. CHAPTER 4: RESEARCH FINDINGS.....	40
4.1. INTRODUCTION	40

4.2.	PARTICIPANTS.....	40
4.3.	TRANSFORMATION VIEWS.....	42
4.5.	IMPACT OF TRANSFORMATION.....	44
4.6.	ROLE OF GOVERNMENT CONSULTANTS.....	45
4.7.	WEAKNESSES OF TSPTP.....	46
4.8.	WHAT WERE THE STRENGTH OF TSPTP.....	48
4.9.	CRITERIA FOR TRANSFORMATION BENEFICIARIES.....	48
4.10.	MODEL OF TRANSFORMATION.....	49
5.	CHAPTER FIVE: DISCUSSION & RECOMMENDATIONS.....	53
5.1.	INTRODUCTION.....	53
5.2.	FINDINGS IN RELATION TO THE RESEARCH QUESTIONS.....	53
5.2.1.	Theme 1: Views on Economic Transformation.....	53
5.2.2.	Theme 2: The roles of Taxi industry in public transport.....	54
5.2.3.	Theme 3: The Criteria for beneficiaries.....	56
5.2.4.	Theme 4: Financial Support for TSPTP.....	58
5.2.5.	Theme 5: Consultants' role in TSPTP.....	59
5.2.6.	Theme 6: Impact of TSPTP on existing operators?.....	59
5.2.7.	Theme 7: Perceptions of what it would take to improve the effectiveness of TSPTP?.....	59
5.3.	RECOMMENDATIONS.....	60
5.4.	FINDINGS COMPARISON WITH PREVIOUS RESEARCH.....	62
5.5.	CONCLUSION.....	62
6.	REFERENCE LIST.....	64
7.	APPENDICES.....	71
	APPENDIX A: 1 st draft of data collection instrument (-s).....	#
	APPENDIX B: Informed consent form 1 st draft of data collection instrument (-s).....	#
	APPENDIX C: Application for ethical clearance.....	#

1. CHAPTER ONE: INTRODUCTION

1.1.INTRODUCTION

After the downfall of the apartheid regime, the South Africa government had to come up with turnaround strategies to grow the economy; at the centre were issues of economic restructuring that they also had to resolve. African National Congress (ANC) inherited a government and an economy which were fragmented and participation was based on race. The majority of the population were not active participants in the mainstream of the economy because the previous government policies empowered the white minority and suppressed the black population. Like all other industries that contribute to the growth of the South African economy, the transport sector has not changed much since the days of the apartheid government. The same players who were active then are still running the industry with no space for new entrants.

One of the reasons for maintaining the status quo is that when tendering process was introduced in 1996, the already existing companies qualified on the basis of their experience, access to required infrastructure and expertise they were awarded the contracts. This is, to a large degree, is unconstitutional that a few handful minority people can have the lion's share of the whole industry on the basis that they have the experience and business acumen to run successful operations. This, therefore, leaves no space for people who were previously barred from participating in the mainstream of the public transport business. The argument is that, previously economically excluded population did not, out of their own volition, fail to acquire business skills and the correct education; rather, it is the past government that ensured the status quo. One can therefore argue that, to a larger extent, it is the responsibility of the South African government and businesses – especially those who benefited under apartheid – to educate and up skill the disfranchised South African majority.

The subject of public transport reform has received worldwide attention and the intention of such reforms is usually to improve equitable distribution of welfare benefits across the population. The effectiveness of such reforms, however, is limited through comprehensive investigation of reforms in developing and transitional economies, summarised as follows; countries make commitment to reform but still find it politically convenient to protect vested interests of incumbent operators (for example, operators who have been in service for extended periods). Governance systems where transport operations and policy functions are combined especially aggravate the situation. There are further reports in some countries where operators who enjoy political support and are therefore able to influence the awarding of contracts (Mokonyama, 2008:4). South African public transport industry is not any different to what Mokonyama is describing.

In 2016 the MEC for Transport in Gauteng Province announced that Gauteng is looking to cure a nearly R2bn apartheid-era hangover by overhauling its lucrative bus tenders (Maqutu, 2016). So, after over two decades of democracy, the majoring of public transport business is still in the same hands since apartheid with minimal effort, if any, to change the system to accommodate previously disadvantaged individuals. The inaction on the part of government has left a vacuum which allowed for individuals to hijack the issue of transformation in public transport in South Africa and KwaZulu Natal in particular. As a result of this vacuum the issue of transformation in KwaZulu Natal has become about personalities and attacks on Indian businesses. There is a need for a proper business case for transformation and be handled with respect because historically, Indian businesses offered services to the disadvantaged African communities at a time when the apartheid government was not investing in improving black communities.

Further the most important part of economic transformation which is underplayed in political arena is modernising the economy. Part of modernising the economy in public transport is bringing a newer and safer fleet that carries millions of people daily. Some of the fleet that has been running for decades is aging and is failing.

People are being transported in old buses that should not be on the road. So one hopes that while economic transformation is the new song and dance the real aspects of economic transformation are being prioritised. The greater part of economic transformation in public transport is replacing the 'moving coffins' on South African roads with buses that are safe for commuters while ensuring that the procurement processes address past injustices by empowering African people.

Whilst a number of government departments are calling for economic transformation, there is a need to evaluate the business model of these transformation initiatives. In most cases the issues of transformation are looked at from institutional, practical, empirical, historical and conceptual dimensions. This fails to take into account the managerial dimension which is the key in implementing this same transformation policies and processes. Managerial dimension to transformation looks at the process of transformation necessitates the reprioritization of planning issues in terms of employing and deploying human skills and expertise with the view to solve extant problems, eliminate red tape, rationalize and systematize projects and programs that expedite the translation into practice of specific objectives (Williams, 2000:170).

Transformation, being pursued and managed in such a coordinated manner, is therefore, clearly a programmatically oriented and practice-driven process aimed at visible, sustainable results of systematic change in the South African social order. In order to ensure the response to the issues of transformation, merely giving commercial contracts to previously disadvantaged incumbent is no longer a viable option; the focus should be on a business model that is focused on developing and building business capabilities thus ensuring business continuity and competitiveness.

1.2. BACKGROUND

It has been 20 years since 1996 White Paper on National Transport Policy was adopted to empower and assist previously disadvantaged operators to participate meaningfully in the land passenger transport system. Despite the above policy

provisions, very little has changed in the public transport domain since then. Currently in KwaZulu Natal (KZN) there are 37 contracts operated by 1400 buses; only 5% is operated by Africans (Chamane, 2015). Africans have been limited to subcontracting and only a few of them run their contracts independently. Perhaps in mid 90s this would be 'acceptable' considering the fact that Africans were never part of the scheduled subsidised bus transport, so they had to learn the trade through subcontracting. However, at some point they need to graduate from being mere subcontractors and run their own contracts. Some companies were subcontractors for 15 years and still had not been given an opportunity to run their own contract even though they weathered the economic downturns and have successfully run profitable businesses.

The Indian minority has been in the bus industry for decades while their African counterparts entered the space after the new dispensation. Africans were barred from participating in the economy and only benefitted through informal business trading limited to their townships (Khan, 2004:174). The majority of African entrepreneurs resorted to starting taxi businesses in the township. The taxi business was regarded as informal business because African entrepreneurship was not promoted during apartheid and the taxi operators were subjects of police intimidation while the bus companies were protected and subsidised by government. This was one of the ways to maintain social and economic exclusion of Africans from the mainstream of the economy in the KwaZulu Natal public transport industry. Subsequently, many of the current bus subsidy contracts come from past arrangements, and do not reflect new public transport priorities. In the new democracy these past practices make pressing demands on the state to transform the transport sector in keeping with national, provincial and local development priorities (Khan, 2004:174).

The current demographics of contracts for subsidised bus companies pose a great challenge for KwaZulu Natal Department of Transport (KZN DOT). Senior managers within the department have committed themselves to fast tracking implementation of

transformation and have designed a business model that will be followed during the implementation phase.

In his budget vote speech, the MEC for transport in KZN Mxolisi Kaunda, said he is “seeking to leverage transformation opportunities across transport sub-sectors; and lifting the gear in ensuring compliance with the amended Broad-Based Black Economic Empowerment, Preferential Procurement Policy Framework and other relevant legislations, to radically change patterns of ownership, management control, skills development, enterprise and supplier development as well as socio-economic development. Furthermore, our approach will entail a collaborative effort to involve all stakeholders in transport subsectors including Bus Commuter and Coach Services; Taxi Industry; Public Transport; Road Freight; Maritime Transport and Service Industry; Forwarding and Clearing as well as Rail (Kaunda, 2017:6)

The MEC took office just when TSPTP was about to be launched, he was not involved from the inception of the project. His stance shows that he does not believe TSPTP is achieving the objective of transformation and he is replacing it with the Inclusive Growth, Unity and Economic Liberation of Africans (IGULA). . It is going to be anchored on 10 pillars; namely:

1. Transformation of the KZN transport sector in line with the Integrated Transport Sector Transformation Codes;
2. Radical procurement reforms;
3. Enterprise and supplier development;
4. Enforcing regulatory and licensing mandates;
5. Collaborative partnerships;
6. Establishment of a Provincial Roads and Infrastructure Agency-
7. Industrial Development programmes;
8. Establishing a KZN Integrated Transport Institute;
9. Revitalising road safety programmes; and
10. Driving a sector-wide technology development.

The IGULA programme will furthermore be supported by procurement reforms. These reforms which are aimed at local empowerment and the development of rural and township economies, involving social and small enterprises as well as cooperatives” (Kaunda, 2017:6)

1.3.PROBLEM STATEMENT

This study examines the business model employed by KZN DOT and other organs of state in KwaZulu Natal in their bid for economic transformation of subsidised public transport. It is imperative for government to be hands on in their business transformation initiatives. Merely shifting commercial contracts neither benefits the individual recipients nor the communities that they serve, this further exacerbates the problem. Government’s objective is to transform the economy, not simply transfer ownership or hands out tenders. Transformation must aim to build a new economic momentum, mobilise new investments, create new jobs and create new resources to support social change (National Treasury, 2017:1). The problems facing KZN DOT regarding economics transformation were summarised as follows;

- There is a visible exclusion of black people from participation in subsidised public transport. In 1996 when the tendering system was introduced only people who were part of public transport could really participate because they had the expertise and infrastructure. As a result, only those who benefitted during apartheid government could benefit during democratic government. Government tried to include small back operators through enforcing subcontracting so that there will be transference of skills. A decade later, the status quo has not changed. This has led to an outcry not only from the small bus operators who have been subcontracting for a decade but also from taxi owners who have been offering public transport with no subsidy.
- The ‘hijacking’ of the transformation projects by individuals who are linked to the political elite. There is a need to assess the criteria for beneficiaries of

transformation and an assessment of the transformation projects on existing operators in public transport.

1.4. RESEARCH OBJECTIVES

The objective of the study is to evaluate the business model employed by KZN DOT in the Transformation of the Subsidised Public Transport Programme (TSPTP). The study will look at the viability of the business model. The aim is to critically assess the KZN DOT's proposed business plan for economic restructuring in public transport, assess the impact this has on the beneficiaries of transformation and the impact it has on the companies who are set to lose routes to the beneficiaries. The researcher hopes to develop the following research objectives:

- To examine the impact of TSPTP on the beneficiaries of the program
- Examine the role of consultants in running TSPTP
- To explore different attitudes and experiences on TSPTP
- To determine the best model when implementing TSPTP

1.5. IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY

There are numerous economic restructuring initiatives across the country that have been conducted with billions of Rands invested in them. However, there is little or no assessment done on the actual business strategies and process followed in implementing economic transformation programs. Currently economic business transformation strategies are implemented indistinctly with little reference to any South African proven methodology. Government needs to look at different models in implementing the transformation of the South African economy so that they can start to benchmark them. This study will contribute to coming up with a business model for economic transformation in the public transport industry that can be used in other provinces.

Perhaps there is another way of implementing economic transformation initiatives by KZN DOT without spending too much money. We need an objective study to analyse the transformation program in KwaZulu Natal which started in the mid-90s so that we can benchmark a business model to be used as a guide for all other provinces. There is another transformation project looming for KZN under the banner of radical economic transformation, even though this has not been formally launched. As such, the time is right to assess the first phase program and possibly the researcher's recommendations can be of assistance before the program gets in to the next phase. The current MEC move to radical transformation can be viewed as a sign of dissatisfaction with the first phase of TSPTP and arguing for a more drastic approach to accelerate transformation agenda in public transport, he advocates for radical economic transformation (Thabethe, 2017).

2. LITERATURE REVIEW

Chapter Two: ECONOMIC TRANSFORMATION

2.1. INTRODUCTION

Economic transformation as a concept is loosely used in South Africa by the government and in the political arena in general. The term has become part of political rhetoric with the Economic Freedom Fighters (EFF) and the African National Congress (ANC) using it interchangeably to lobby for support of black poor communities and black middle class. In the poor communities, people are given hope that through radical economic transformation, they will be given land through land redistribution program aimed at taking 'stolen' land from white minority and be distributed to the black people.

On the other hand, the black middle class is given hope that through tightened procurement processes on government tenders, more black people will benefit. As such, the preferential procurement regulation was passed in 20 January 2017 which seeks to empower government departments to enforce pre-qualification criteria in tender documents to advance certain designated groups. According to the new framework, the organ of state must advertise the tender with a specific tendering condition that stipulates minimum B-BBEE status level of contributor and or a tenderer subcontracting a minimum of 30% to EME or QSE (Government Gazette, 2017:23).

The first challenge for the South African government is how they modernise the economy so that the country can compete better amongst major currencies. The second challenge is how the South African government addresses the contentious issue of inequality of access to economic opportunities which stamps from the previous regime. Besides the fact that the issues of transformation have been reduced to mere fighting tool for political parties, economic transformation has become a necessity in South Africa.

One of the key challenges in South Africa is how the government can use policy to bridge the gap between the rich and poor which is still defined along racial lines. In trying to find solutions a number of projects have been implemented with the assistance of government. Some have yielded good benefits and some have failed dismally. KwaZulu Natal Department of transport implemented the first phase of transformation since mid-90s and they are currently implementing another phase aimed at giving opportunities for black entrepreneurs who are in public transport. The previous transformation projects were marred in controversy where it is alleged that the political elites are linked to the beneficiaries of the program aimed at empowering poor people. Further, the model which was used to implement the project was not effective and did not achieve the objectives of transformation.

2.2. DEFINING AND OPERATIONALISING ECONOMIC TRANSFORMATION

According to Human Development Research (2017) economic transformation is the process by which a nation improves the economic, political, and social well-being of its people. This process is characterised by a period of rapid per capita growth combined with structural change, mostly through government policy intervention and implementation. According to Syrquin (cited in Breisinger & Diao, 2008:3) while structural change can be defined as an alteration in the relative importance of economic sectors, the interrelated processes of structural change that accompany economic development are jointly referred to as economic transformation.

Economic transformation takes into account the economic growth of the country, human development which is linked to economic growth so that development and growth often go together. Thus, transformation involves the modernisation of a country's economy, society and institutions. Throughout the country including KwaZulu Natal province the government is heavily investing in public transport. The developments of Bus Rapid Transit (BRT) are testimony to modernising public transport which will in turn change people's lives (Eyewitness News, 2017). The

government is improving public transport systems for efficiency and the safety of commuters.

South Africa has a labour absorption rate that stands at a mere 40% - the lowest among the BRICS economies – SMME development remains one of the key potential catalysts to create employment, reduce poverty and inequality in South Africa. However, the level of entrepreneurial activity is extremely low in South Africa when compared with other developing markets such as Ghana, Zambia, Brazil and Chile. In 2010, South Africa ranked 35th out of 54 profiled countries in 4 terms of total entrepreneurial activity and was below the average of all participating countries (UNDP, 2014:5). The NDP estimates SMME contribution to GDP at 45%, one of the lowest in the world, and has set a target contribution of 90% by 2030 (UNDP, 2014:5).

The government needs to help create space that nurtures entrepreneurship amongst small businesses within public transport. The entrance barriers are high in subsidised public transport due to the fact that the cost of capital required in order to participate is high. It takes experience to be able to efficiently run a bus operation that adheres to a government schedule and that adheres to government prerequisites for a subsidy. Further, the bureaucracy in terms of the tendering system makes it even harder for new entrants to be in the position to respond to the government bids hence the same companies who have been running public transport pre-democracy will still win bids. They have the capacity to run the operation and expertise to respond to the tenders.

Since 1995, the South African government had to focus on the transformation of the urban public transportation system, among its other important mandates. Having developed the infrastructure to one of the best on the African continent, the government is looking to transform the industry by opening up opportunities for black entrepreneurs. The pre-democracy government invested its resources in blocking black participation in business it is, therefore, the responsibility of the democratic

government to facilitate the entry of new operators into the subsidised public transport industry, empowerment and capacitation are considered very important to bring about transformation in the bus industry. One can therefore argue that it will be very difficult for this country to move forward without addressing the issue of economic transformation in all industries. If this is left unresolved, it could be 'hijacked' by political groups who can use it to garner support for their own objectives. As it is, transformation in South Africa is a sensitive issue and therefore needs apt care in implementation.

According to the reports the current situation in KZN is that the majority of the subsidised bus transport is in the hands of about four Indian families; the Bhaylas, the Mangaroos, the Dass family and Paruk family. It is difficult for small bus operators to bid against these giants because of their financial muscle, experience and their business shrewdness. Their monopoly in the bus industry has caused a public outcry over lack of participation of black entrepreneurs. However, one needs to understand the journey of these operators which led them to the top of the transport value chain as far as public transport is concerned. Indian involvement in the transport sector traces its origin from managing donkey drawn carts during colonial years as a mode of public transport to the present day monopolisation and ownership of modern bus fleets in the city (Khan, 2014:178).

The important fact is that while the government is implementing transformation and in many cases have highlighted that they will take businesses from Indians and give it to Africans, extra care and restraint should be exercised because even though the Indians had advantage during apartheid and even today they still do because of their knowledge and finances but they are offering an essential service and have played a role in contributing to the black people's welfare by providing public transport . As early as 1960s, the Indian taxi operators played an important role in providing long distance transport to migrant workers from the hostels to the rural hinterland, especially over weekends, during festive seasons and at the end of the month (Khan, 2014:180).

Kuznets (cited by Oyelaran-Oyeyinka & Lal, 2016) maintains that “economic transformation has fundamental impacts on human life, and sociologists emphasize the important role of changing values, norms, beliefs and customs in the transformation from a traditional to a modern society”. Kuznets describes the necessary adjustments in society and institutions during transformation as a “controlled revolution” (Kuznets 1973:252). When one looks at the transition of South Africa as a whole it has become a necessity for transformation to take place not only in transport sector but through all the other spheres. It is a “controlled revolution” because the transformation process should be managed by all spheres of government, civil society and private sector. One can therefore argue that in this context the first phase of revolution was overthrowing apartheid government. The second phase is policy restructuring in order to redress past policies and ensure the rights to equal opportunity, and that is where the public transport is in KZN.

Within subsidised bus industry the calls for transforming the industry have been made by both national and provincial government. One of the reasons is that it is still difficult for small under resourced black-owned companies to compete with large owned companies who have monopolised the industry for decades. The commuter bus sector is no exception. Small-bus operators (SBOs) in South Africa operate on the periphery of the economic mainstream of scheduled subsidised bus transport, and little progress has been made in getting these operators into the more formal subsidised industry (Walters & Manamela, 2016). There is also a lack of information about the challenges these operators face in participating in the public transport industry. Small bus operators or informal bus operators are still struggling to take part in these operations, because the large operators are protected (Walters & Manamela, 2016). Preventing any group from participating in the economy is unconstitutional; the government has made a mistake by maintaining the status quo which and not addressing the issue of transformation timely. This has exacerbated the already fragile Indo-African relations

In KwaZulu Natal there is a perceived resentment of Indian businesses because under apartheid they benefited and under the new regime they get the bulk of the

government business within the subsidised public transport. The resentment is clear in the tone of senior politicians in the province and the EFF leader, Julius Malema has joined the bandwagon with his comments about Indians being worse than Afrikaners According to Julius Malema "the ANC has allowed that nonsense because it is captured. Political parties in this province are in the pockets of Indian families, (Wicks, 2017). Some analysts concur with Malema on the view that the ANC government has dragged its feet to transform public transport because some officials are paid by big bus operators to secure their contracts hence it has taken so long to implement transformation (Wicks, 2017). e). It is arguable that if it was not for the public outcry and the pressure from taxi operators who want to benefit from government subsidies, transformation within public transport would not be receiving the priority it is now getting.

Therefore, there is a need to transform the subsidised public transport so that it reflects the social demographics in order to realize economic transformation through subsidised contracts. There are issues that have to be addressed regarding the transformation process itself. First important issue is that of identifying legitimate beneficiaries not friends and family members of government officials. Within the bus industry there are two pressing issues;

- I. How does the government ensure that small bus operators who are running informal bus services with no subsidy are integrated into the mainstream of the public transport industry?
- II. There is an issue of unsubsidised taxi operators who need to be integrated into the mainstream industry and benefits from government subsidies.

The Department of Transport promulgated National Land Transport Act (Act 5 of 2009), wherein it is stated in Section 41 'promoting the economic empowerment of small business or of persons previously disadvantaged by unfair discrimination with the objective to develop and empower small businesses (Department of Transport, 2009). In light of the above statement there are a number of big projects in subsidised bus industry aimed at transforming the industry by assisting previously

disadvantaged groups to enter the industry. One of the projects is 45 million projects in Eastern Cape, where the government assisted different black bus operators to amalgamate their resources and form one bus company known as AB350.

2.3. ECONOMIC TRANSFORMATION OF SUBSIDISED BUS INDUSTRY IN EASTERN CAPE

The establishment of AB 350 responds to a pressing social need while empowering local entrepreneurs in the Eastern Cape. The company was established through the award of a seven-year contract by the provincial government to provide public transport services on 166 routes in the former throughout the province. The formation of the company offers a standardised reliable service to an area that was previously serviced by independent operators with varying quality of buses and standards of service. The former operators, about 230 of them, are now shareholders in AB 350.

Through this project the government has managed to achieve its goal of economic transformation. Now a group of capable black entrepreneurs were assisted by the government in partnership with private sector to enter into formal business. The loans to buy buses we provided by private sector. State-led economic transformation does not imply that the state can go it alone in driving development. Rather, successful state-led investment must serve as a catalyst for increased levels of private sector investment. This project changed the face of bus industry in Eastern Cape. There was a move from old dilapidated unsafe buses which reflected the old regime to modern buses that reflect modernisation of not only the economy but the lives of people in the province.

Further, the government through this project managed to standardise service, by taking old unsafe buses off the roads in return for the new buses with modern technology. Furthermore, the issue of road safety using public transport was also

addressed through this project. The company not only had new buses but it had to adhere to the code of conducts set by the department. One can therefore argue that this was a genuine economic transformation project with no hidden agendas, disadvantaged unsubsidised bus operators were deliberately chosen to form part of AB350. The key element of economic transformation is not only the structural change but economic growth. Employment opportunities were created in the province.

One of the objectives of the democratic government was to include and empower the previously disadvantaged minority. However, despite all the 'correctly' tuned policies under the new government with the aim of promoting socio-economic objectives, SMMEs are still not fully recognised in South Africa. Procurement practices in South Africa to a greater extent favour large companies; it seems as if there is either a capacity issue or lack of will from the government to actively transform the bus industry. Even policies passed by National Department of Transport aimed at encouraging participation of previously disadvantaged communities, have reduced them to mere subcontractors working for their big bosses. Subcontracting is one of the ways to build up small businesses working under the supervision of a more experienced company. However it is evident that the SMEs never really graduate to be independent business people. In transport, they use their resources, buses, depots to implement other people's contracts and then, they can get paid a fee. However the department of transport wants to change this by facilitating the entry of small operators into the mainstream of business where they will be given their own contracts to run.

2.4. TRANSFORMATION IN SUBSIDISED BUSY INDUSTRY IN KWAZULU NATAL

In KwaZulu Natal the bulk of business in subsidised bus industry is at the hands of big companies owned by Indians and subsidised by government. They have been benefiting from government subsidies since apartheid government who was open to

doing business with Indian and clamping down black owned business. In the new dispensation small bus operators predominately owned by black entrepreneurs are subcontracting to the big businesses. The Indian bus owners get the subsidy from the government and the African bus owners get the crumbs from their Indian bosses through subcontracting. This is putting a strain on Indo-African relations in bus industry in KwaZulu Natal. As a step to address this problem that might escalate into a conflict, the department of transport in the province of KwaZulu Natal is giving contracts to 100% black owned companies through different transformation programs. These contracts are taken from the existing big operators based on a negotiated settlement where the big bus companies in return will get 7 year contracts instead of operating on month to month contract basis.

It is believed that the big bus operators will also benefit from the transformation programs and the settlement agreement favours all parties. Running month to month contracts is problematic because it is uncertain and it is very hard to plan in the long term, plan and run the operation because of the fear of the unknown hence, the 7 year contract is more appealing to the bus operators. Through long term contract they could plan better and use their contract to procure goods in terms of finance. The only option was to bring the big operators on the table and discuss an amicable settlement.

The negotiations between the bus operators and the department of transport was done through representation by OTEO Investments, which are the consultants representing the department and Southern African Bus Operators Association (SABOA). The first phase of implementation took a series of negotiations which was not easy and as a result SABOA KwaZulu Natal branch procured the services of a lawyer to represent their interest during the negotiations. The department asked the operators to identify routes that they could give to the beneficiaries of transformation in return for 7 year contracts. The process seems to have been accommodative because alternatively the department could have enforced its own process to split contracts. After a tedious process of negotiations the agreement between the

operators and the department of transport in KwaZulu Natal was signed and they immediately went into the implementation phase of the “new” bus business.

Further another transformation program in the KwaZulu Natal was the transaction of Ugu transport which was formed as a consortium of a bus operator and taxi owners. During the implementation of the Ugu transport transaction the services were halted for a year because of the problems in implementing this program. However the service is still running to date but its success is yet to be determined. Another highly controversial transformation project the handover of Durban public transport systems in 2009 to Tansnat. One of the big bus operators challenged the decision court to give this enormous contract to President Zuma’s new Mandla Gcaba. The court declared the transaction illegal and has been since run on a month to month basis. In both Ugu and Tansnat Mandla Gcaba is one of the beneficiaries of transformation.

The crucial part of transformation projects in KwaZulu Natal is accommodating is ensuring that taxi operator’s benefits. The MEC for transport Mr Kaunda called on the taxi industry to play an active role in the subsidised bus services industry as part of their growth and the department’s economic transformation programme. “We believe that the taxi industry must take full advantage of this opportunity for expansion. I am aware that one of the major challenges that the taxi industry has been experiencing is the lack of support from financial institutions. However, I believe that if the taxi industry were to work as a collective and jointly approach financial institutions, then they would successfully obtain financial support from funding institutions,” said Kaunda “Our transport infrastructure programme is going to be the main focus of our radical economic transformation strategy,” said Kaunda (Thebethe, 2017).

Further, according to KwaZulu Natal Department of Transport former MEC Mchunu “in line with our government’s socio-economic transformation objectives, I can confirm that the KwaZulu-Natal Department of Transport is at an advanced stage of

introducing black owned companies and operators in roads construction and subsidised public transport services. This is a major milestone, aimed at ensuring an equitable spread of work.... The time has come to end the trend of using black people as Black Economic Empowerment fodder by established companies. It is absolutely critical that the Black African majority actively participates as direct owners and operators in the mainstream transportation industry and broader economy of this province and country, if we are to grow sustainably,"(Polity, 2015)

Economic transformation in subsidised bus transport in KwaZulu Natal has received much attention from Bus organisations, national and provincial government. The outcry over the bus industry in KwaZulu Natal prompted this research. It has been 20 years since 1996 White Paper on National Transport Policy was adopted to empower and assist disadvantaged operators to participate meaningfully in the land passenger transport system. Despite the above policy provisions, very little has changed in the public transport domain since 1996. Currently in KwaZulu Natal there are 37 contract operated by 1400 buses only 5% is operated by Africans (Chamane, 2015).

It is against this back drop that the first phase of economic transformation in KwaZulu Natal took place in 2012/2013. DOT worked on a project where Ugu transport through transformation was given to the taxi bosses. The department assisted the new owners with purchasing new buses, new fare collection systems. Unfortunately, this project was not without controversy, the owners said to be directly linked to politicians.

The issue is not whether economic transformation is needed in the bus industry, issue is how to evaluate the pace of the transformation because there is a lot of money being spent through the transformation programs but not enough ground has been covered. Lastly, more palatable ways of transformation should be found. Taking away business from one group to the other create resentment hence the latest cases of violence between bus companies involved in transformation in

KwaZulu Natal. There is a need for an evaluation of the current models followed by government, sustainability test need to be conducted.

The constitutional definitions of black people include African black, Indian, coloured and Chinese. The case of KwaZulu Natal situation is unique because most of transformation projects in the country are defined along black and white racial lines. The transformation in KZN needs to happen within black people, between Indians and black Africans. This is because Indians are dominant in KwaZulu Natal and their dominance in business stems from the fact that they were allowed to trade in business as opposed to black Africans who were barred from formal business. During his budget vote speech on the 20 April 2017, MEC Kaunda reported that,

“Transforming Subsidised Public Transport Services In the last financial year; the department facilitated the negotiated participation of African-owned bus operators in the Subsidised Bus Services, which culminated in the signing of nine (9) empowerment contracts last October. These contracts amount to R158 million out of a total Provincial Transport Grant of R1.16 billion. There is room for improvement, hence we will be proceeding with the transformation of the subsidised bus services within the ambit of the Radical Socio Economic Transformation programme, and guided by the Bus Commuter and Coach Sub-sector code. In this financial year, we will ensure participation of African operators is increased to at least 50% of the subsidised public transport contracts” (2017:6).

The MEC for transport is shifting gears from economic transformation where minimum 30% of the business was set to be given to African operators; he is now talking radical economic transformation and increasing the threshold to 50% contract with subsidised public transport to be given to African operators (Thabethe, 2017).

However some people have heavily criticised the concept of radical transformation. According to Sean Gossel a senior at the University of Cape Town, “you cannot have

radical economic transformation unless you have radical economic growth. The one is an outcome of the other. You cannot redistribute what isn't there," (Leader, 2017). Gossel said that the country needs to go back to the drawing board and address fundamental structural limitations in the economy that are hampering economic growth and seek ways to ensure that growth can be spread across classes, races and the disadvantaged (Leader, 2017). "You cannot have transformation in a shrinking economy that's just received junk status...as bad as these economic growth statistics are I actually suspect it will get worse and therefore the political rhetoric will get ramped up ...it's all about electioneering, it isn't about the economy...no one is talking about economic growth" (Leader, 2017).

2.5. INCUBATION

Business incubation refers to a concerted, systematic effort to nurture new bus companies in the early-stage of their activity in a controlled environment. As a dynamic process, it offers a combination of infrastructure, development-support processes and expertise needed to safeguard against failure and steer incubatee firms into a growth path (UKBI, 2012).

Small businesses are fundamentally important to innovation, productivity, competition and employment generation, as well as social cohesion. Within this context, business incubation has been used as an entrepreneurship development policy instrument to increase the pool of new firms and deal with their needs in the early, vulnerable stage of their existence. The primary goal of the incubator being KwaZulu Natal Department of transport is to facilitate economic transformation in subsidised bus industry by promoting entrepreneurship, innovation, employment, employment opportunities and growth. By nature, incubators are operated by national or local authorities but do not exclude specialised incubators that have been developed by universities or private sector organisation. In this case the incubation was spearheaded by KwaZulu Natal Department of Transport working with private consultants.

KwaZulu Natal Department of Transport entered a process of establishing new black owned businesses in subsidised bus industry. The beneficiaries selection criteria was black owned small business that are operating within the public transport industry such as taxi industry or small business that have been subcontracting in subsidised bus industry . This process involved assisting the newly formed companies to access funding, setting up depots and other operational requirements. This process can be summed up as incubation.

Incubation's international appeal has been fuelled by a number of studies that indicated the potential of business incubation as a vehicle for economic development. Public transport operations in themselves provide economic opportunity, often in communities where other forms of employment are scarce. The operators of subsidised bus industry provide operational and administrative jobs, typically within the formal sector. Vehicle maintenance and the various administrative and operational functions of operator collectives add indirect employment. However, despite this surge of interest in academic and policy making circles in many developed and developing countries, there is still no consensus over what business incubation is, or should be, and which factors contribute to successful business incubation (Bruneel *et al*, 2012:110) .

2.5.1. Evolution of incubation

The concept and application of incubation has evolved over the years. Incubators in the first phase (1960s-1980s) had a rather simple value proposition of offering infrastructure such as office space, shared resource and leveraging economies of scale. The second phase (1980s-1990s) was marked by the introduction of knowledge-based services. Incubators were offering training and coaching that would accelerate the incubatees learning curve. Moreover, incubators became a popular economic development tool used by governments to promote the creation of new technology-based companies. The third and the most recent phase started in

the late 1990s, when incubators expanded their services to the systematic provision of links to the external stakeholders and legitimacy (McAdam and McAdam, 2008). The networking support facilitates access to technological, professional, and financial agents which would otherwise not be within reach of the new ventures.

2.5.2. Incubator's sponsors Models

Incubator sponsors are organizations or individuals who support an incubation program financially and may serve as an incubator's parent or host organization or may simply make financial contributions to the incubator. There are three incubator sponsorship models namely, government, Academic and NGOs. The sponsorship literature states that incubators' sponsors have different objectives, as well as access to diverse resources (Bøllingtoft and Ulhøi, 2005: 280). The nature of sponsors will result in their focus on separate incubation models. There are two broad groups of incubator sponsors: non-profit and for-profit. The for-profit group consists of mainly private sponsors such as venture capital firms, private corporations and individual investors. The non-profit group of sponsors, in our perspective, includes governments and NGOs. Furthermore university sponsors may be a part of both groups, yet they typically belong to the non-profit one (Grimaldi & Grandi, 2005).

Governments have interest in assisting entrepreneurship because new venture creation is considered an engine of job creation. Governments, even in developing countries, commonly have solid networks of specialists and experts, who can provide the necessary know-how, while they are also in position to offer publicly owned working space to entrepreneurs (Dutt et al., 2015). Nevertheless, due to limited expertise and misaligned motivations, they usually fail to provide meaningful support to incubated firms in terms of market reach development. Government is better at providing training and administrative support to entrepreneurs.

Academic institutions are motivated by dissemination of the knowledge created in order to spur economic development, and one of direct channels is support of entrepreneurs through sponsorship of incubator. Universities are cradles of knowledge creation and can clearly support entrepreneurs in developing their skills. Moreover, they have facilities such as laboratories and workspace that can be shared between students, faculty and entrepreneurs. On the other hand, university sponsors might lack financial capital and seldom are in position to provide funding for the new ventures (Dutt et al., 2015). Universities also emphasise theoretical research and academic teaching that are beneficial for strengthening fundamental skills, but that are not necessarily sufficient for dealing with the on-going business reality. They are fairly disconnected from the surrounding business world dynamics, which limits their ability to help entrepreneurs in terms of market reach.

What is common for governments, NGOs and academic sponsors is their mission. They are jointly interested in the economic development of their community, and not primarily in the profit generation. For that reasons, and in combination with their capabilities and resources, we argue that non-profit sponsors of business incubators will opt for the incubation model that is focused on the nascent stage and business capability development. On the other hand, private sponsors such as venture capital firms or corporations by definition have profit maximisation as their main objective of operations. According to the nature of private investing industry and respective laws, private sponsors can appropriate their investments only through the invested firms, by taking an equity stake or a portion of revenues from them. (Bøllingtoft and Uihøi, 2005: 280).

However, there is a clear knowledge spill over type of market failure in supporting development of business capabilities, which are a sort of non-rival public good investing in entrepreneurs and their skills does benefit the invested venture, but can also be easily misappropriated by opportunistic behaviour (for instance, entrepreneur may leave the current venture and start a new one) as there is no strict legal binding between the two agents, which leads to considerable underinvest. Instead, private sponsors typically have a strict selection of already knowledgeable entrepreneurs,

who are fairly equipped and skilled to develop their business ventures. Moreover, private sponsors are inherently connected to the market and essential resources for doing business. They are an integral part of the business networks, which allows them to provide support that is vital in the process of launching a new venture into the market (Bøllingtoft and Uihøi, 2005).

2.5.3. Business Incubation Models in Developing Countries

Entrepreneurship is at the heart of sustainable, organic growth for most developed, as well as transitioning and developing economies and incubators have often served as catalysts and even accelerators of entrepreneurial clusters formation and growth (Carayannis & Zedtwitz, 2005:95). The premise is that this may be more so in less developed economies where incubators can help bridge knowledge, digital, socio-political and even cultural divides and help increase the availability, awareness, accessibility and affordability of financial, human, intellectual, and even social capital, the key ingredients of entrepreneurial success. The divides between developed and developing economies: digital, economic and knowledge divides There is ample and growing evidence that intangible resources such as knowledge, know-how and social capital will prove to be the coal, oil, and diamonds of the 1st century for developed, developing, and emerging economies alike (Carayannis & Zedtwitz, 2005:95)

The global entrepreneurship monitor (GEM, 2001: 13) demonstrated a statistically significant association between entrepreneurial activity and national economic growth. Countries with the highest level of necessity of entrepreneurship are also the most underdeveloped. Unfortunately, the installation and maintenance of an effective innovation infrastructure is a very expensive undertaking and therefore not a priority in countries facing high mortality rates, poverty, and social unrest. Incubators have found more fertile grounds in economically advanced countries like the US and Europe—regions that are already home to strong industrial economies.

Further, the objectives and capabilities of business incubator depend on the institutional context, the origin of the laggard development might lie in the institutional slack and inappropriateness and inability to replicate models established in the leading developed countries. Underdevelopment of institutions is characterised by gaps in regulations, human capital, social norms, value chain and other structures in the entrepreneurial ecosystem (North, 1990). Therefore, understanding how incubation models can be better tailored to the institutionally void environment has a great potential for enhancing the entrepreneurship ecosystem.

Dutt et al. (2015) undertook a quantitative analysis across developing countries and assert that incubators, as a type of intermediaries, can fill the institutional voids. They claim that, depending on the advancement level of commercial institutional environment, incubators focus their services either on business capability development or on market infrastructure development. A void institutional environment creates more severe challenges (i.e. market failures), which (among other ramifications) undermine and create barriers to the formation of new companies, whose limits and liabilities are amplified even more in that context (Dutt et al., 2015). They show that more severe institutional voids will cause them to prioritise the latter. Within the context of developing country, graduation from the nascent incubation model does not necessarily have to lead or prepare their start-ups for the market, but it can make them ready for a seed stage of their business development in another incubator. Accordingly, one could not expect the same success rate of incubated firms within this incubation model, and the metric for measuring these incubators' performance should be appropriate.

2.5.4. Benefits of incubation

Incubation enhances the chances for survival of the new businesses by three folds as compare to start up business outside of the incubator. It raises the credibility if the incubatees, helps improve skills, creates synergy among client-firms, facilitate access to mentors, information, technology and seed capital. One of the biggest

benefits is that being part of the incubator it insulates the incubatees from the world's environment. Further government benefits from incubator process because it helps overcome market failures, generate new jobs, and become a demonstration of the political commitment to small businesses. Finally local communities benefit from the incubator because an entrepreneurial culture will be left behind once the incubatees graduate. Business incubators represent also a buffer mechanism, which may shelter the newly established businesses from potential problems and risks stemming from the environment.

A number of studies suggest that business incubators can facilitate and actively support networking among incubatee entrepreneurs, as well as between incubatee entrepreneurs and other external stakeholders, through which business opportunities are identified and exploited. However, ties between incubatee entrepreneurs and the incubator manager tend to be infrequent, and attempts by incubator management to link their incubatee entrepreneurs with potential business partners or resource providers outside the incubator often do not lead to successful collaboration (Ebberts, 2013: 17). This perhaps can be attributed to different approaches taken by business incubator managers. Some tend to play a more passive role as gatekeepers, while others perform an active intermediary role, bringing together incubatee entrepreneurs with academics, business support providers and funders. Business incubation management that seeks to enable the entrepreneurial development of the incubated community represents a special form of brokerage that enables the incubatees' entrepreneurial learning and development through meaningful interaction with various stakeholders, including academics, business support providers, funders and potential buyers.

There remains little conclusive evidence of what makes a successful business incubation programme and the question of how we should measure success remains elusive. This is not helped by a tendency in business incubation research to examine a population with a success-bias. According to Honig and Karlsson (2007: 2), such studies have led to "over estimating success, failure to identify riskier strategies and mistakes, and an inability to learn from failure. Notably, a review of the literature

indicates a shift in emphasis from physical business incubation facilities and tangible aspects, to the business development process and less tangible elements .By and large, this shift in emphasis is a manifestation of the realisation that although incubatee entrepreneurs tend to utilise infrastructure the most, “office services are easy to imitate, business support and networks are not; they are usually unique” (Bøllingtoft and Uihøi, 2005: 280). This relates to the crucial notion of differential performance of business incubators in equipping incubatee entrepreneurs with business management know-how and access to the relevant people, information and resources.

2.6. CONCLUSION

Given the importance of the incubation process, Hannon (2003) affirms that managerial capacities as well as the level of experience associated to the incubator are vital for the success of the assessment of the incubation process. The incubator will have to be capable of correctly managing the incubation environment, supporting the incubatee’s new business creation during the incubation process, and, of reducing the probability of failure of the new undertaking and speeding up the process of business creation. Within the context of transformation in KwaZulu Natal, the department should have been just a sponsor and appoint a more experienced company in running a bus operation. The department might have general business kills but running a bus depot requires experience. The department should have limited its roles to monitoring and evaluation.

Further, the selection criterion for beneficiaries is very limiting, new entrance to the industry and women should have been added to the criteria. It is generally believed that most innovations come into existence in small businesses which are generally more open to new ideas and experimentation. The South African government is committed to uplifting women entrepreneurs. In his speech, the minister in the presidency Dr EG Pahad (2006) used the following words —We must be careful not to confine women entrepreneurs to the second economy, for in doing so we will be

reinforcing male domination of the first economy. Part of our transformation project requires us to close the gap between the two economies and to increase the participation of women as entrepreneurs and as decision makers in the first economy as we

Through SMMEs historically disadvantaged communities can become active agents in the economic transformation process in as sector that is labour intensive and creates gainful employment. Evidence also suggests that empowering women as entrepreneurs in both urban and rural environment, retail, industrial, service and agricultural sectors is an important strategy in the fight against poverty and unemployment (Hendriks 2003:8).

In order to deal with these issues the incubator should have an adequate management profile that includes financial, analytic, interpersonal, entrepreneurial and bargaining capabilities. Economic development organisations that aspire to growing knowledge economy have become increasingly focused on partnership with Universities and business incubation programs. Business incubators accelerate the successful development of entrepreneurial companies through an array of business support resources and services developed by incubator management offered in the incubator and through its network of contacts. The project should have started with clearly defined milestones of development and check the progress based on these. It seemed as if the department was more interested in issuing out the contracts to the beneficiaries rather than ensuring readiness.

A critical assessment of the literature reveals that notwithstanding the large number of studies in this field, there is still a lack of a comprehensive framework for assessing the effectiveness of business incubation. The heterogeneity of business incubators, definitional incongruence, and a wide variety of criteria for assessing the effectiveness of business incubation makes it difficult to establish the extent to which business incubators add value and what has the greatest impact for successful business incubation.

3. CHAPTER THREE: RESEARCH METHODOLOGY

3.1. INTRODUCTION

The aim of this chapter is to set out the methodological approach undertaken to evaluate the effectiveness of the transformation of subsidised public transport in KwaZulu-Natal. This chapter will present the aim of this research and the methodological approach implemented. It will present the sample which was selected and will set out the method used for data collection along with the process of data analysis. To conclude, it will discuss any ethical issues and limitations associated with this study.

3.2. AUTHOUR'S ROLE AS A RESEARCHER AND MODERATOR

The author is very familiar with the terrain, language and culture of KwaZulu Natal. So, the author instinctively understood what the respondents were talking about; but perhaps the researcher understood what they were talking about so well that one did not challenge them to articulate their points. The author works in the transport sector so some of the respondents were either business associated or clients. Therefore the author is versed on the issues of transformation in the province in fact I worked with some of the responded on the first phase of TSPTP.

The researcher was careful not to dominate the discussion; instead, the researcher encouraged contributions, managed disruptions and diversions monitored their social interactions. While moderating, the author ensured all questions and themes as outlined in my literature review and interview guides were covered. The interview guides were developed with help from the researcher's supervisor (appendix A). The guides were drawn to ensure that the interview discussions covered issues and topics that were relevant to my research. The guides also set out issues that the author needed to address in the discussions thereby ensuring consistency (Deacon et al. 2010: 67). The interview guide was written in English but all the discussions were both in Zulu and English.

When the author mentioned to some of the senior officials that she is from North West University, the researcher was welcomed with such warmth. The researcher can only attribute this reception to the reputation of University, this helped the researcher to gain access and build trust. The author arrived 30 minutes early so that she can set up the laptop on time and have a general conversation with the interviewee as so to break the ice.

3.3. RESEARCH METHODOLOGY

This study employed qualitative methodology to gather data. Qualitative research is the approach usually associated with the social constructivist paradigm which emphasises the socially constructed nature of reality. It is about recording, analysing and attempting to uncover the deeper meaning and significance of human behaviour and experience, including contradictory beliefs, behaviours and emotions. According to Esterberg, qualitative research methods are the best approach when studying phenomena in their natural settings and when striving to understand social processes in context (Esterberg, 2002). Qualitative study therefore allows the researcher to explore phenomena, such as feelings or thought processes that are difficult to extract or learn about through conventional research methods. The researcher had to explored participants' perceptions and lived experiences (Jones, Torres, & Arminio, 2006) of economic transformation projects. The nature of the study is descriptive, describing the current economic restructuring business plan of TSPTP.

Since qualitative methodologies are fundamentally anchored in a concern for developing a depth of understanding both of a particular phenomenon and a construction of meaning that individuals attribute to their experiences, care must be taken to attend to the complex dynamics that emerge (Jones, 2002). The purpose of this study is to investigate the effectiveness of economic transformation projects within subsidised public transport in KZN. One of the benefits of using qualitative

methods is that they generate rich, detailed data that leave the participants' perspectives intact and provide a context for transformation.

Researchers are interested in gaining a rich and complex understanding of people's experience and not in obtaining information which can be generalized to other larger groups. This research that is based on qualitative approach often focuses on a limited number of respondents who have been purposefully selected to participate because you believe they have in-depth knowledge of an issue. Further we will have semi structured interviews see Appendix A. The aim is to determine the impact of the DOT economic restructuring business plan on the TSPTP. Equipped with audio tape, the researcher will conduct in-depth interviews. Interviews of individuals or groups allow the researcher to attain rich, personalized information (Hancock & Algozzine, 2006:39). Data will be also collected in textual form on the basis of observation and interaction with the participants through participant observation

3.4. SAMPLING AND SELECTION

The sample method that was used is convenience sampling method which is available to the researcher by virtue of accessibility is the most common form of non-probability sample (Bryman *et al*, 2014:178). This involved setting up meetings with the individual stakeholder for the interview sessions. Purposive sampling can be very useful for situations where you need to reach a targeted sample quickly and where sampling for proportionality is not the primary concern.

The inclusion criterion was based on participants who are currently working in public transport, consultants and government officials, beneficiaries of transformation projects, organisation represented in public transport such as SABOA and SANTACO, IRPTN official and Chairperson of Parliamentary Portfolio Committee on Transport.

Sampling validity ensures that the measure covers the broad range of areas within the concept under study. Not everything can be covered, so items need to be sampled from all of the domains. This may need to be completed using a panel of “experts” to ensure that the content area is adequately sampled. The researcher ensured that all relevant stakeholders in the TSTP were interviewed. Accuracy of data is important in research; therefore extra care will be given in data analysis. It was critical to remain objective all the time.

3.5. DATA COLLECTION

Researcher used interviews as forms of data collection. Then qualitative research methodologies are designed to provide the researcher with the perspective of target audience members through direct interaction with the people under study as such the researcher will keep a journal of what I observe at the depots and DOT affiliated meetings discussing TSPTP. A semi structured questionnaire (appendix A) with mostly open ended questions were used to interview the executive members of the beneficiary companies, government consultants, government officials and the main contractors. 7 out of 8 interviews were conducted face to face. The 8th interview was done telephonically but the interview was recoded. The interviews will be undertaken in the preferred language of the respondents. Face to face interviews have a distinct advantage of enabling the researcher to establish rapport with potential participants and therefor gain their cooperation. These interviews yield highest response rates in survey research. They also allow the researcher to clarify ambiguous answers and when appropriate, seek follow-up information (Bryman *et al*, 2014:109).

The researcher will also be able to employ direct observations technique. The researcher with the beneficiaries and incumbent bus operators therefore it will be easier access the participants and gather useful data through my interaction. Observation may take place in natural settings and involve the researcher taking lengthy and descriptive notes of what is happening.

3.6. DATA ANALYSIS

Data analysis is a process for obtaining raw data and converting it into information useful for decision-making by users. The approach adopted by qualitative researchers tends to be inductive which means that they develop a theory or look for a pattern of meaning on the basis of the data that they have collected. This involves a move from the specific to the general and is sometimes called a bottom-up approach. However, most research projects also involve a certain degree of deductive reasoning. Analysis refers to breaking a whole into its separate components for individual examination.

In all data analysis, regardless of whether it is within a positivist or naturalistic research tradition, the purpose is to organize and elicit meaning from the data collected and draw realistic conclusions. This study will make use of content analysis a process by which data is presented in words and themes, which makes it possible to draw some interpretation of the results. The choice of analysis method depends on how deep within the analysis the researcher attempts to reflect the informants' statements about a subject. In turn, this affects the number of informants needed and in the way in which data are to be collected (Bengtss, 2016).

However, in the analysing process, human mistakes are always possible; these mistakes can be caused by fatigue, errors interpretation and personal bias. It is the researcher's responsibility to maintain the quality of the process by assuring validity and reliability throughout the entire study, as the results must be as rigorous and trustworthy as possible. In a qualitative study, validity means that the results truthfully reflect the phenomena studied, and reliability requires that the same results would be obtained if the study were replicated. Data verification is important; analysis will be performed a several times in order to maintain the quality and trustworthiness of the analysis (Bengtss, 2016).

3.7. ETHICAL CONSIDERATIONS

A research proposal was submitted to the researcher's supervisor. Ethical approval was granted by the supervisor prior to commencement of the research. In conducting any type of research, the researcher must at all time be aware of the impact which their research will have on participants and on society as a whole and must therefore act accordingly. Kumar (2005) acknowledges that it is unethical to accumulate information without the knowledge of participants, and their expressed willingness and informed consent. Therefore the researcher made it clear to all participants that their participation was on a voluntary basis and that they were free to withdraw from the study at any time. While conducting this study, the researcher ensured informed consent from all participants. They were also advised that that they were under no obligation to answer any questions which they may not have felt comfortable with.

Participants were given advanced notice prior to the interview, a broad outline of the subject to be discussed, an indication of the type of information that was required of the participant, the reasons why the research was being carried out and how the information which they provided would be used. Some of the participants asked for the research question to be submitted in advance in order to familiarised themselves with the question as to make informed decision about their participation. Sufficient time was allowed before and after the interview for the participant to ask any questions relating to the research topic.

All participants consented to the interview being recorded. Economic transformation for some individuals can be a sensitive and difficult topic and while preparing, researching and analysing the subject and data, the researcher was sensitive to the questions being asked in relation to the research and the possible vulnerability of the participants involved. It is important to note that individuals vary in their experiences of transformation projects and therefore the researcher was very much aware, that for some participants it could be traumatic or upsetting to talk about some of the violent incidents that happened within subsidised public transport in KZN, which is why particular care was taken in the researchers approach to the subject. Some

companies lost staff members in the line of duty to violence linked to transformation projects.

Qualitative research entails the researcher taking an active role in the collection and interpretation of others' meaning making, to be credible, qualitative researchers must be good and trustworthy. It is clear that the primary instrument for data collection and analysis in case study research is the researcher herself. As a researcher progresses through the research process, the researcher must acknowledge he or she is a human instrument and the primary research tool. As such, it is imperative for researchers to consider their own biases, limitations, and views throughout data collection, analysis, interpretation, and the reporting phases of the process. Triangulation: A method used in qualitative research that involves cross-checking multiple data sources and collection procedures to evaluate the extent to which all evidence converges. Qualitative analysis of text is often supplemented with other sources of information to satisfy the principle of triangulation and increase trust in the validity of the study's conclusions. It would not be uncommon, for example, to analyse transcribed interviews along with observational field notes and documents authored by the respondents themselves. The purpose of multiple sources of data is corroboration and converging evidence.

3.8. LIMITATIONS OF THE STUDY

While undertaking this study, the researcher encountered some limitations. Most notably, the small number of participant's meant that one has to be cautious in generalising the findings. When conducting any type of research it is beneficial to carry out the research on a larger and more in-depth scale in order to allow a more comprehensive analysis of the study. However, the use of semi-structured interviews proved very useful in gaining in-depth and meaningful data from the participants. While the method of interviewing is a time consuming process it proved to be an extremely efficient means of extracting information from individuals in an open and honest way and thus allowed the researcher to gain an invaluable insight into the

participants personal experiences during the first phase of economic transformation in subsidised public transport and its effect on their overall business well-being.

It is clear that the primary instrument for data collection and analysis in study research is the researcher herself. As a researcher progresses through the research process, the researcher must acknowledge he or she is a human instrument and the primary research tool. As such, it is imperative for researchers to consider their own biases, limitations, and views throughout data collection, analysis, interpretation, and the reporting phases of the process.

An additional limitation to the study proved to be the data collection process. Since information obtained during the interview was largely depended on the interviewee and what he or she was willing to share, the nature of their information was limited to his or her own perspective and lived experiences. However, this study's triangulation of data helped to verify results, and help to support the accuracy of the themes mined out of the interview transcripts.

This study is only limited to subsidised bus transport. There are nine provincial governments responsible for bus subsidies within their respective provinces, but this study will focus on KwaZulu Natal. This research will be limited to problem assessment of business economic transformation model employed by DOT KZN on the first phase of transformation of TSPTP.

3.9. CONCLUSION

In conclusion this chapter discussed the methodological approach undertaken in the research. It outlined the research questions, the method employed for data collection, the sampling methods and how the data was analysed along with ethical




considerations and the limitations of the study. The constructivist paradigm was described along with rationale for qualitative research methodologies. This chapter also provided the rationale for the methodological decisions for this study. The theoretical perspectives, methodology, and methods helped to illuminate the various complexities and experiences of the schools included in this case study research: schools' data collection process, analysis, and problem solving with respect to building-level student conduct and discipline data. The chapter concluded with a discussion of the strategies that were used to enhance the trustworthiness of the findings.

4. CHAPTER 4: RESEARCH FINDINGS

4.1. INTRODUCTION

This chapter will draw upon the main themes and present the findings which arose out of the interview process and subsequent data analysis. First and foremost, a brief profile of each of the participants is presented. The key themes that emerged following data analysis the issue of transformation in subsidised public transport in KwaZulu Natal were; criteria for beneficiaries, training and mentorship,

4.2. PARTICIPANTS

-  Participant one is a member of the South African parliament. She is the chairperson of the Transport Portfolio Committee. She heads up a portfolio responsible for transport policies and all provincial departments of transports are accountable to this committee. The committee itself is responsible for monitoring and evaluation of the whole transport portfolio. Issues of transformation, funding and transport planning plans are discussed in this committee.
-  Participant two is the Manager at SANTACO provincial office. This office is currently working with the provincial department of transport on transformation projects in KZN. They are a body representing the views of the taxi operators in the industry. The South African government recognises SANTACO as the official representative of the taxi industry, although it does include rival associations that do not belong to SANTACO, such as the National Taxi Alliance, in its consultation processes. Some of their members were part on the first phase of transformation of subsidised public transport project and they are set to benefit through IGULA program.
-  Participant three is the Chief Operating Officer of Durban Transport (Tansnat). This operation was given through an economic transformation exercise to Mr. Mandla Gcaba, a controversial taxi boss. It's been running for close to 10 years and have been marred with controversy regarding issues of corporate

governance. The government had to bail the company a couple of times to ensure its existence. The current COO, a much respected person was brought into the company last year after the then CEO was abruptly removed. The current COO has years of experience in transport industry. He successfully managed big bus operations before moving to Durban Transport.

Participant four is the manager of eZakheni Transport. This company was one of the beneficiaries of the first TSPTP. They were subcontracting to the Paruk's operations for 15 years before they were given their own contracts by DOT KZN. The manager has been part of the company for over 10 years and he was part of the negotiations during TSPTP.

Participant five is the Chairperson for SABOA KZN. This office is responsible for the negotiations of transformation on behalf of the operators. All the big operators are represented in SABOA and they used SABOA to negotiate as a collective. He also works for one of the big operators who are part of transformation. They are set to lose some of their route to the small bus operators.

Participant six is the Project Manager at Msunduzi IRPTN office. He is working on implementing uMsunduzi bus rapid transit. This is one of the projected earmarked to push transformation agenda in public transport. Taxi industry is central to this project as they will be running feeder routes.

Participant seven (a) the CEO of Metro Group of companies Mangaroo owned operation and participant seven (b) is the Trustee of the company. It was a joint interview. This company has been operating since 1960s; it's a legacy that was passed from one generation to the next generation. The company has been involved in a couple of transformation projects in the province. They have brought litigation against the City of eThekweni for giving Durban Metro contract to Mandla Gcaba through a transformation exercise. They did win the court case and the court deemed that the Durban transport contract illegal.

Participant eight is the project manager for TSPTP a consultant working for OTEO. They were employed by the department of put together the the strategy for the project and roll it out. This involved negotiating on behalf of the department with the bus operators, helping beneficiaries set up their businesses.

4.3. TRANSFORMATION VIEWS

What are your views on economic transformation?

All participants had similar description about economic transformation the central themes being growth, development and redistribution of business opportunities. One participant made this statement about economic transformation

Transformation means many things to many people especially economic transformation because when you look at the economy it's been skewed which is why now we are hearing the debate which is currently going on which is talking about economic transformation and the economy that is the hands of the few people.

(Participant one)

Further another participant asserts that *for economic transformation to happen we need to see a person move from where he was when you met him or her in terms of the business growth. Developing the business that the person is running, we must see growth in terms of revenue. There must be profit made then that is transformation.*

(Participant two)

A broader view on economic transformation in subsidised public transport was given by one of the participants. He claims that, *taxi industry under apartheid government was not regulated and under democracy we are trying to regulate it hence National Land Transition act 2009. Government took a decision in relations to integration of transport networks. The majority of people who were subsidised were Indians who owns buses. For us to talk to the issues of transformation let us talk to the taxi industry because it has been difficult to transform the taxi industry because they*

have been operating in silos in their own circles. Government is saying for the purposes of reliable transport and safety lets integrate these modes of transport.

(Participant six)

He further elaborated his view by saying that, we are transforming the taxi industry into a structured business will come in form of VOC (vehicle operating company or BOC (Bus operating company). The taxi industry will move towards an organised way of business which will be regulated by the state. Majority of taxi owners do not consider SARS as an issue for them because their business is from hand to mouth, the BOC and VOC will help government retrieve some of the taxes and also monitor the safety of the commuter. The subsidy was only given to bus industry not taxi industry, it call for concern. If you look at the contribution of the taxis in our economy but still not recognised.

4.4. The need for transformation

Do we need economic transformation in subsidised public transport in KwaZulu Natal?

The majority of participants felt positive about economic transformation and believe that it is justified.

one participant is of the view that transformation is good for the industry. There isn't much transformation in the bus industry, bus industry in KZN mainly belongs to a few Indian families and then black operators, and there are no white operators in the bus operators. Indian operators who are very very good at their jobs. My feeling is that Indian operators just know how to bus services much better than other operator. Their way of managing money, buying and replacing vehicles is excellent. Transformation that is happening at the moment is transformation where the government most probably feel that they should bring in some black operators to take over some of the operations on the Indian operators. I guess it's good for the country but I sometimes have my doubts whether it's very very successful. When you transform something you need to give people guidance and expertise and capital to do it and it's not always there.

(Participant three)

On the other extreme end another participant argued that economic transformation in subsidised public transport can only happen *if the constitution's definition of black is not being followed because that is what they are doing because now black by virtue of interpretation does not include Indian people. That is what they are basing transformation on, it will come out from Indian people and given to black people, they openly say so.*

(Participant five)

Further, he asserted that the argument for is that *KZN has to transform is in the hands of 5 Indian families. This is inaccurate because the bulk of the subsidy went to Durban transport which is black owned. It sounds politically right to the right audience.*

Another participant said *yes we need transformation. The government of KwaZulu Natal came up with another program called IGULA (Integrated Growth Unity Liberation of Africans) came with the current MEC is in there forefront of the concept of radical transformation within the public transport. There are few people who have been benefiting from government funds and Africans were even fewer.*

(Participant two)

4.5. IMPACT OF TRANSFORMATION

What has been the impact of TSPTP in your business?

One participant said *we can see the difference in terms of income. Because as the subcontractor we had to be grateful for what is given. We had no way of knowing the full value of our business. We were told our worth and accepted what we were given by the main contractor*

(Participant four)

One of the participant argued that during phase one all contracts were finalised and we got acceptance letters now they want to renegotiate and from the SABOA perspective we are saying no, we have done all the work. Suddenly there are promises made to other people and to achieve that they want to take more away and we are saying no to it. There is a push to renegotiate the contract in phase two. This is causing conflict in the industry between taxis and buses. There are promises

made to taxi association about transformation. So taxis operators are seeing what happened to the transformation contracts during phase one in their areas and they are complaining that they did not benefit. So they are suddenly attacking bus operators demanding transformation.

(Participant five)

He further elaborated that the department is giving the impression that we are saying no to transformation. The department is telling the taxi operators that bus operators are stalling. You are creating promises but there is no money. Those who are operating within the BRT we have initiated a meeting with DoT, because even though we were part of the BRT we do not know when our routes will be affected. It is based on the roll out of the infrastructure. Taxi operators on our routes are demanding transformation. Lots of operators are suffering intimidation. In my own company 3 weeks ago we had a driver killed on the wheel nothing taken from him not a cent but 14 bullets, that was on a Thursday the following Monday a fully loaded bus the tyres was shot at that seems to be the new intimidation method where they shoot the bus tyres. We met with the taxi association and they claim responsibility. Who else would benefit from intimidation?

4.6. ROLE OF GOVERNMENT CONSULTANTS

What was the government consultants' role in the transformation program?

According to participant four, OTEO did not have proper understanding of bus industry. They have academic knowledge but do not understand our environment. For me for the department to employ consultants it showed that they lack capacity. The consultants negotiate without listening to the current operators. They are suspicious of the existing operators. I am not impressed with consultant.

(Participant five)

According to participant two, Advisors are lacking themselves; they have to check the skills audit in the taxi industry. 1 bus will take out about 4 taxis off the road. Are all these drivers eligible to drive the bus? How do we upskill them?

(Participant two)

Another participant who shares a similar view mentioned that the department sent us consultants named OTEO but were not helpful. They were supposed to help us with financing for buses but were not successful. We were told that they were going to help us as we start operating on our own but we did not get the help.

(Participant three)

Our mandate was to negotiate 70% to the previously disadvantaged individuals. . Firstly the cabinet strategy said they must transform the bus industry 70 % must be given to the new entrance operators and the 30 % be left with the existing operators.so the department decided to use this as a tool to negotiate as allowed for by National Land Transport Act (NLTA). So when they negotiated they obviously did not get the 70% now looking at the profile of the beneficiaries it is obvious we were not going to achieve 70% we would collapse the operation of the bus industry in KZN taking the majority of the operations and giving it to people who are not skilled to run the operations.

(Participant 8)

4.7. WEAKNESSES OF TSPTP

What were the weaknesses of TSPTP?

One of the participants feels that even though it meant the previously disadvantaged people benefited but the assistance was insufficient. We were given the contract ant told to operate. We were never given mentoring by the department. OTEO failed to facilitate financing which is a big problem for us because are buses are old and do not comply with the department's requirements. We were promised working capital but it was never received. We do not have the infrastructure and we were hoping that that working capital will assist with that. Even this depot is not ours, it belongs to Transnet.

(Participant three)

Another participant argued that *some of the black operators got even bigger, but this did not achieve the objective of bringing in new entrance. Taking existing people and making them bigger and bring other people that were hand-picked by DOT instead of giving it to the people in the area of operation.*

(Participant five)

Further, the weakness was attributed to the working relationship with government and the consultants. *“Working with government the things are done based on who is screaming. Sometimes you make steps because the MEC has to launch something, so certain things has to be in place without following the process with the people that you are working with and my fear is that at times that compromised the work. Without mentioning and compromising people but a lot of inefficiencies were based on the from the type of character that was managing from Government side that was managing the program. They were very emotional and took things with emotions. We also found out that they were people doing the same thing that we are doing and as a result they were inconsistencies”.*

(Participant eight)

The process has been slow because of the profile of the beneficiaries. Where you have small bus operators who are previously unsubsidised. I would apportion types of the delays to the type of people we were working with. Transformation is coming but its not there yet. The people who are benefiting were people who are in the industry as subcontractors but they relegated the management of the operation to the more established guys, the main contractors and this has put them on a back foot because they know nothing about the industry. The assumption was that they can run the operation independently but they handed over the operation to the bigger guys when they were subcontractors. The truth is they can't.

(Participant eight)

They did not even accumulate assets so the balance sheet is very weak. If the department did not speak to the partners such as the OEMs, the commercial services providers before awarding them contracts nobody would touch them. No funder would look at them even though they were in the operation by name as subcontractors.

(Participant eight)

4.8. WHAT WERE THE STRENGTH OF TSTPT

Taxi operations that were not in the bus industry such as Mthonjaneni Taxi, we took them through the process, the banks and OEMS. Watching them blossom and flying with it. They have been operating for 6 months and we haven't heard one complaint coming from their side or even the department itself.

Further, with the previous operators only a few people were benefiting, with this program the beneficiation is broad for example a taxi association has anything from 30 to 200 members. So beneficiation is broad base.

(Participant eight)

4.9. CRITERIA FOR TRANSFORMATION BENEFICIARIES

What should be the criteria for beneficiaries of transformation in subsidised public transport?

One participant believes that the criteria should be, you get people like Gumede in Richardsbay who has running the bus company for a long time but it takes long time to empower people like him. He is good with money. His dad most probably started the company in the taxi business now he bought buses. Those are people who should be empowered.

(Participant three)

Another participant is of the view that you have to empower the people in the area where you operate.

(Participant 7a)

Women, youth and people with disabilities should be included in transformation. Women in transport are just human beings. What a man can do a woman can do as well. If there is manufacturing whether its engineering women can also be given that opportunity. Women can dig railway lines and build the coaches. They must not be given soft target jobs because such as upholstery.

(Participant 1)

The people who should be part of transformation should be small bus operators who have been operating for years without benefiting from subsidy.

(Participant four)

4.10. MODEL OF TRANSFORMATION

What models do you believe transformation projects in public transport should follow?

One of the participants argues that we have to look beyond operational issues. PRASA and Transnet have been working towards the manufacturing of coaches, locomotives railway lines. If we have manufacturing of these assets in South Africa that is transformation in itself as compared to going to buy locomotives in France, Brazil and China. It will transform the skills. It will transform the economy in terms of creating jobs and alleviating poverty.

(Participant one)

Further she said that we need charters just like in mining and tourism. We do not have charters to implement in transport we should be able to say if there is a project of road construction. SANRAL is responsible for road construction and they will say they given 25% of the job to SMMEs can you quantify that. What SMMEs they are talking. we should have charters that say use women and people with disabilities and this who are going to work .then in every project we will able to implement transformation

Further when government goes out on tender they need to create an environment that allows the new entrance.

If you go to Scandinavian countries, Switzerland, Australian and other in the pacific they categorise their skills. If you are in transport you need artisans who can work under the supervision engineers. At the same time I should not remain an artisan for

the rest of my life. At the same time there should be a program to upskill artisans to become engineers. You can achieve the target in terms of kills

We also have to look at our basic education. Some years back there used to be technical high schools that were focusing of engineering, mechanical and whole range of other skills, brick layers, Agricultural high school. These sets a basis for acquiring basic skills .

Let's take a cue from the former Minister of Transport, Mac Maharaj that people 1995/96 taxi recap was that you must be a operator but also have downstream business that will factor in the industry. If you are a taxi operator group yourselves so that you can have tire outlets. Group yourself so that you can have diesel outlets, maintenance outlets. Your business must not rely on other people from its sustainability but you are able to change the tires in your company and diesel within your company and the money is kept within recycle and we will break the lack of transformation and achieve self-sufficiency.

(Participant 1)

Another participant believes that the model to follow is to get people who will look after the start-up company. Company account should be ring fenced. Money comes in should not be touched until UIF, creditors , PAYE ,provident fund are paid before you touch the money. you much pay everybody then you will make a success... Make use of people who have expertise the Mike Jesseman, of this world Carl Myburgh help emerging black operators.

(Participant three)

He further mentioned that, I am working for Mandla Gcaba, no one can do what I do that is to run this business properly. Mohamed Paruk depends on people like Mike Jesseman to run their operations. These people have experience from the old regime to run bus companies. So training and monitoring is crucial. You can't just give money to a guy. Must have people who can monitor them it's the people's money who need the service..

Another operator said that, *I am rewarding you with the share of the industry. There must be sharing of risk. Pledge some percentage as the commitment so that if something goes wrong they can feel the pain. The current model of transformation does not allow for that. If the project does not work out the transformation person walks out uninjured. You need to have the sharing of risk to get the sharing of growth. We need positive and active participant not just a freeloader. You are not going to acquire the management skills if you are not actively participating.*

(Participant 7b)

Participant four argued that *Mentorship, training. Allow them the freedom to run on their own under guardianship. Joint ventures and subcontracting don't not end amicably so the ideal situation is independent contracts under the mentorship of the big business. Independent separate contractor but previous operator to must help.*

(Participant four)

Another participant argued that *Government needs to provide infrastructure even if it based on a loan from the state. If you get buses only where are the depots? Where will you be filling in diesel? Where are you going to fix your fleet? Those are cost the needed in order to run a bus operation.*

Let look at the entire business value chain and determine whether they will sustain themselves. Is the return of investment if we just give these people buses only? What mentorship are you providing to these very same people? You are moving them to another level; you cannot just leave them in deep see when they are unable to swim because I am going to drown. But if you are going to mentor me or get somebody to mentor me, provide proper infrastructure for me to be able to run the business and that would be a proper transformation in the taxi industry.

Not all of us want to go to the buses. We are in transport and there are other various modes but a step from mini taxi is a bus. There is rail, shipping, there is logistics let's look at all these aspect of transportation. Why are we confined to the bus industry?

Proper transformation would look into expertise. Would you be able to diversify to these other sectors of transport? If the case is yes how can we assist so that you participate because when you go to shipping and logistics Africans are still lagging behind? Even aeroplanes, I might be taking too far but we need to start somewhere.

(Participant two)

Management and championing form the government side and decision making. Obviously you cannot plan for everything and need to rethink your strategy. Now at times we would run into problem and require the department to act and they will go for months without taking a decision.

(Participant eight)

4.11. Conclusion

The purpose of this chapter was to highlight the findings which emerged the interviews that were conducted. It is clear from the findings of this research study that economic transformation in subsidised public transport in KwaZulu Natal is a big task that needs to be handled with sensitivity. The lives of certain individuals have been changed for the better and on the other hand the impact has been negative in other people.

As the accounts have shown, transformation needs to be implemented under a guidance of a mentor, through an incubation process to ensure success of the project. As highlighted in the literature review, merely shifting contracts to certain individual does not fulfil the objectives of transformation. This practise further exacerbates the problems faced by beneficiaries of transformation. While they are inundated with the big task of learning a new business and getting off the ground, a mentor could make the process much more pleasant and almost guarantee the success.

However the one positive thing is that the majority of the operators believe in transformation, they just have differing views on how it must be implemented.

5. CHAPTER FIVE: DISCUSSION & RECOMMENDATIONS

5.1. INTRODUCTION

The focus of this research study was to examine the effectiveness of transformation programs implemented in KwaZulu Natal. The key focus is to determine whether the objectives of transformation were achieved. Further the study looked at the impact these programs made on the existing operators in subsidised public transport.

This chapter will provide an interpretation of the findings obtained; it will illustrate why the findings are relevant to the research. The findings of this study are based on the interpretation and analysis of data obtained through the process of semi structured interviews of nine participants who were actively involved in the transformation programs.

5.2. FINDINGS IN RELATION TO THE RESEARCH QUESTIONS

5.2.1. Theme 1: Views on Economic Transformation

The need for transformation within public transport in KwaZulu Natal came as the main theme. The majority of participants argued that transformation needs to happen in the province in order to open the industry for previously disadvantaged individuals. It is notable that one participant contradicted himself. He first said transformation needs to happen and they are welcoming it as an organisation but then again questions the merits of transformation on the basis the transformation within public transport is happening within the BEE group. He noted that transformation in subsidised bus transport must happen if the constitution's definition of black is not being followed because that is what they are doing because now black by virtue of interpretation does not include Indian people. This participant seems to challenge the legitimacy of the transformation.

Traditionally economic transformation in South Africa has always been along racial lines between black and white people and the black based on the constitutional

definition. He does have a point and this can create a problem for the government where economic transformation might be enforced on the basis of ethnicity in future in South Africa. One can argue that the economic transformation within public transport in KZN is to a large extent flawed, process is done by people who still have hangover from apartheid and the process is very divisive which was the main goal of the apartheid regime. Economic transformation is supposed to correct the wrongs of the past regime and create social cohesion, however in KwaZulu Natal the process is believed to be exacerbating the situation and creating 'victims'.

According to Sunday Times journalists Jika and Skiti (2017) Indians and coloureds could in future be blocked from state contracts of more than R50-million in KwaZulu-Natal if an audacious move to shake up the empowerment landscape is accepted. The bid to reshape BEE policies to benefit "black Africans" is being spearheaded by KwaZulu-Natal economic development MEC Sihle Zikalala. The proposal was sent to National Treasury Director-General Dondo Mogajane in August. It is being seen as a possible template for sweeping change in empowerment legislation to incorporate the objectives of "radical economic transformation" being touted by President Jacob Zuma. KwaZulu-Natal's attempt to redefine "black" is at odds with legislation and practice, which regard Indians, coloured people and Chinese who were in South Africa before 1994 as "black", and eligible to benefit from laws and initiatives on BEE Jika and Skiti (2017).

5.2.2. Theme 2: The roles of Taxi industry in public transport

Transformation in public transport is important both for the development of the province and social cohesion. It is clear from the findings that transformation in public transport means a different to different people but the common views are; inclusion, restructuring, growth and modernising public transport networks. The findings suggest that any transformation in public transport that does not include taxi industry is doomed to fail. The greater part of economic transformation is

modernising the transport systems and providing safe and reliable public transport, therefore integrating the taxi industry into the mainstream of public transport is critical.

The Provincial vision envisages that minibus-taxi services will be transformed over time into scheduled public transportation services. Thus the future of minibus-taxi services cannot be viewed as a separate mode to bus and rail seen in isolation and in competition. This integrated approach to public transport is being implemented through IRPTN which requires both the minibus taxi industry and the local municipalities to undergo a rapid transformation in order that they can fulfil their responsibilities in providing a vastly improved public transport service to their communities. This is a great step to modernise public transport and also transform the taxi industry, a step forward in the provision of safe, affordable and reliable public transport services to the communities.

The improvement of our existing public transport environment is a crucial driver to more integrated cities, faster economic development and greater social cohesion. It is a clear priority of our national development planning ambitions. In support of this, the national government already allocated billions of Rands a year for the establishment of integrated public transport networks that have been designed to completely transform our public transport landscape. While there is broad support for the end goal of improved public transport services, the existing approach to designing and implementing these systems have been characterised by long implementation time lines. The delays in implementation are largely because of the tensions within and between the two main stakeholder groups of bus companies and the informal minibus taxi industry. It is clear from the findings that the situation has escalated into violence in KwaZulu Natal with taxi industry accusing the bus operators of stalling in implementing transformation. Further the role of the department is viewed as making the tension worse by communicating conflicting messages.

On the one hand KZN DOT is telling the taxi industry that they will benefit from transformation through implementing BRT (Go Durban) and giving the impression that the bus industry does not want transformation. The issue is that the department has communicated in depth about their plans of transformation but the implementation is proving to be difficult and the taxi operators are too eager. The one challenge is that the implementation of BRT is done gradually; corridor to corridor therefore it might take years for the taxi to benefit if their corridor will only be implemented at a later stage. These are the discussion the municipality and the department of transport should communicate with their stakeholders and not give blanket statement of transformation and create the expectation that from the onset the taxi operators will benefit. Again from these findings it is clear that the process of economic transformation is not about healing and creating a tolerant environment but about pushing quotas.

5.2.3. Theme 3: The Criteria for beneficiaries

The criteria used in some of the economic transformation programs in KwaZulu Natal were marred with controversy. There is a feeling that a handful of individuals and their friends were handpicked for certain lucrative contract in the province, in a way creating new monopolies. According to the former Finance Minister of South Africa, a high level of monopolisation accompanying one of the highest levels of global inequality and a pervasive level of structural unemployment suggest that strong structural changes are required to escape the low growth trap. More inclusive growth has become the urgent call. The existing structure of concentration in the product market, gives ample room to those who seek wealth quickly to justify corruption, patronage and rent seeking. The level of concentration is seen as blocking entry into markets and the formal economy. It is for this reason that, this year will be about signing the budget to enhance broad-based transformation and making economic growth more inclusive (National Treasury, 2017).

The majority of the participants argued that people who have been operating in the bus industry for a long time should benefit. The argument is that these people have

operated in the industry without a subsidy from the government and maintained operations with no assistance so their chances of survival and growing the businesses is greater than merely giving contracts to people who have not experience and interest in the industry. The majority of respondent did not mention the new entrances in the industry.

Another strong view in the findings is that the beneficiaries should be the people be operators in the area where the project will be implemented be it taxi operators or small bus operators instead of handpicking beneficiaries. Former Secretary General of the South African Communist Party (SACP) cautioned about “the sensitivity towards the fact that BEE currently only enriches a small group of players who are either politically connected and/or who have already benefited tremendously from BEE” (Nzimande, 2007).

So in case of BRT operators the beneficiaries would be the taxi operators who are set to lose operating licenses on the BRT routes. Another example is Go Durban BRT, with its implementation there are local bus and taxi companies that will be affected. Furthermore, said Kaunda, the department will ensure that all its contracts integrate the minimum 30% local content target for beneficiating communities where work and services are provided. “We will also fast-track the development of small and local contractors, social enterprises, and co-operatives so that they can become active participants in the mainstream economy, and help drive job creation, across the transport sector including in public transport,” said Kaunda (Thabethe, 2017).

One participant, a senior member in parliament argued that the criteria should be Women, youth and people with disabilities should be included in transformation. This view is also shared by the MEC for transport in KZN he mentioned that that economic transformation will entail effecting procurement reforms to achieve empowerment targets for the youth (35%), women (30%), military veterans (10%) and people with disabilities (5%), in line with the Provincial Executive’s decision. The

department will also create a dedicated Youth Directorate to drive youth socio-economic empowerment initiatives (Thabethe, 2017).

One of the participants argued that of the criteria must be that individual beneficiaries must put out some equity. the lack of creation of value and wealth as a weakness amongst Black people due to “lack of exposure, historical factors, education and the socio-economic situation of black people in South Africa”.

5.2.4 Theme 4: Financial Support for TSPTP

The first phase of TSPTP was criticised for the lack of financial support from the side of the government. The working capital that was promised to the beneficiaries never materialised. Even worse, some of the beneficiaries could not get funding to purchase buses which mean then that they will continue using old unsafe fleet; this against goes against one of the pillars of transformation, which is modernising the economy and providing efficient services. The concern for the operators is that these old buses have a high failure rate and compromise the service and safety of the commuters.

However the MEC for transport in KZN has announced a R9.96 billion's budget that is aimed at driving radical socio-economic transformation, while expanding roads and transportation infrastructure and services in KwaZulu-Natal. All socio-economic transformation initiatives will be housed within the new “IGULA” programme. One hopes that some of the money will be contributed towards the infrastructure development of the beneficiaries in order to alleviate the financial burden of purchasing these assets. One of the participants argued that “Government needs to provide infrastructure even if it based on a loan from the state. If you get buses only where are the depots? Where will you be filling in diesel? Where are you going to fix your fleet? Those are cost that are needed in order to run a bus operation” Participant Two.

5.2.5. Theme 5: Consultants' role in TSPTP

Most of the participants did not appreciate the role of the consultants. They were accused of not fulfilling their promises made to the beneficiaries. One participant said they did not understand the bus industry and credited their appointment to the lack of capacity by government officials. Governments have interest in assisting entrepreneurship because new venture creation is considered an engine of job creation. Governments, even in developing countries, commonly have solid networks of specialists and experts, who can provide the necessary know-how, while they are also in position to offer publicly owned working space to entrepreneurs (Dutt et al., 2015). Nevertheless, due to limited expertise and misaligned motivations, they usually fail to provide meaningful support to incubated firms in terms of market reach development. Government is better at providing training and administrative support to entrepreneurs.

5.2.6. Theme 6: Impact of TSPTP on existing operators?

According to one of the participants the existing operators did not lose any contract during the implementation of TSPTP because during the consultation process they were asked to put forward routes that they were willing to give to the transformation project. They put forward routes that they were doing as additional but not paid subsidy for them. So this would be the additional bus they put on the road to meet the client demands. So there was minimal if any impact on the existing bus operators.

5.2.7. Theme 7: Perceptions of what it would take to improve the effectiveness of TSPTP?

Most of the participants argued that mentorship and incubation are important aspects of transformation in order to ensure success. Co and Mitchell (2006) comment that the vast majority of Black people in South Africa have grown up with little home experience of business innovation or entrepreneurship and recognise the need to encourage entrepreneurship through training and educating Black people. An

argument was made that the big operators should mentor these new operators for a year through subcontracting of similar arrangement so that they can learn the skills and then stand on their own. This argument has some merit in it however how about the bus operators who have been subcontracting for over 10 years but were never given any skills to run the operation.

Further another participant suggested that government looks at the entire value chain of transport instead of concentrating on one segment. This view is echoed by the MEC for transport in KZN who argued that black empowered entrepreneurs “In their own right, they should become manufacturers of parts such as tyres, electronic management systems, scrapping administration agents, produce diesel, as well as access other opportunities in the value chain ,” (Thabethe, 2017).

A reference was made to the skills audit of the taxi industry so that the taxi operators can be place on different programs not only focusing on bus industry. “Not all of us want to go to the buses. We are in transport and there are other various modes but a step from mini taxi is a bus. There is rail, shipping, there is logistics let’s look at all these aspect of transportation. Why are we confined to the bus industry? Look at the entire business value chain and determine whether they will sustain themselves. Is the return of investment if we just give these people buses only” said participant two.

5.3. RECOMMENDATIONS

Economic transformation is important part of South Africa’s strategy to grow the economy while opening up the markets for previously disfranchised group. There is a lack of coordinated functions by the department of transport. The researcher recommends that a unit that will deal with transformation be established. This unit will vet all procurement going through the department to ensure that they all meet the transformation criteria. This will alleviate that burden on the directorate responsible for subsidised transport. This directorate is heavily inundated with servicing the

public and to add another responsibility, these issues of transformation will not receive the attention it needs.

Further this will eliminated dependency on the consultants and beneficiaries will have easy access to the department without going through 3rd party. The researcher recommends that this directorate works with an incubator institute linked to an academic institution to run the training. The responsibility of the head of this directorate is to monitor and evaluate both the incubator and incubatees. The directorate needs to have a balance core card of programs of transformation to successfully implement within a specific financial period.

Furthermore, economic transformation affects everyone. The provincial government of KwaZulu Natal should try and look for private sector partnership not only in the province but the whole country. They can form partnership and place youths and people with disabilities as part of learnership in private companies who are service providers for the transport sector. The student will acquire different skills such as IT systems, mechanics, engineers and many other skills utilised in transport sector.

One of the participants mentioned that our education system failed by closing training colleges. National government needs to look into opening these institutions because it is where practical skills were horned for workplace. There is an issue of funding, government cannot afford to afford fund empowerment initiative but they can use their influence to get supplier as vendors. This requires a joint partnership from financial institutions and Government, civil society and business emphasis should be put on education, skills transfer and those with skills will become entrepreneurs in the long run.

5.4. FINDINGS COMPARISON WITH PREVIOUS RESEARCH

The findings of this research study are similar research carried on Black economic empowerment in general. It could be said the even though the government has put in place different programs of economic transformation the criteria for beneficiaries has remained the same in case where people who are linked to political leaders are handpicked for contracts disadvantaging legitimate deserving beneficiaries. The first phase of economic transformation in the country as a whole saw a handful powerful ANC linked leaders and their families benefiting in government contract.

After 1994 elections the ANC government formulated industry charters to voluntarily transform industries and awarded governmental contracts to Black-owned firms or firms with significant Black shareholding, thereby incentivising firms committed to the transformation process (Klemz *et al.*, 2006). This period was characterised by 'tenderpreneurs' and a handful of billionaires such as Cyril Ramaphosa, Tokyo Sexwale and Patrice Motsepe. Similarly in KZN the findings suggest that people such as Mandla Gcaba are hand-picked beneficiaries of transformation because of their relationships with the ruling party.

Another issue is failure rate of these transformation programs which is attribute to lack of training and mentorship. One of the participants mentioned Durban Transport which has been bailed out by government a couple of times.

5.5. CONCLUSION

This chapter offered an interpretation of the findings obtained and demonstrated why the findings are relevant to the research and to other research carried out. I tried my best to ensure that the research is credible and biases are kept minimal.

The overall study seeks to examine the effectiveness of the transformation programmes of subsidised public transport in KwaZulu-Natal. The abovementioned chapters examined the impact of the first phase of transformation of subsidised bus

transport. In addition to looking at the impact for both beneficiaries and existing bus operators, the research looked at the criteria use for beneficiaries of transformation. Semi structured interviews were conducted. The use of semi-structured interviews allowed for more in-depth insight into the personal experiences of economic transformation allowing the advantages and disadvantages to be discussed in an open and sincere manner, which made the interpretation and analysis of the findings more meaningful.

A review of the literature was presented corresponding to the research topic on the effectiveness of the transformation programmes of subsidised public transport and the role of work. Finally, an interpretation of the findings obtained was provided, along with why the findings were relevant to the research with comparisons to other research carried by other researcher. Even though I could not find research on transformation within subsidised public transport there is extensive work done on black economic empowerment.

The findings of this research are relevant to other provinces that are also set to implement transformation in public transport. Economic transformation is a sensitive but important topic in the whole of South Africa. This study highlighted that the impact of economic transformation was felt by all, but its impact was noticeably differently between participants, with both negative and positive outcomes.

6. REFERENCE LIST

Bøllingtoft, A. and Ulhøi, J.P. 2005, 'The networked business incubator-leveraging entrepreneurial agency? ' *Journal of Business Venturing* 20 (2), 265-290.

Bengtss, M. 2016. How to plan and perform a qualitative study using content analysis. *International Journal of Nursing Studies*, (2) 8-14.

Breisinger, C., X. Diao, J. Thurlow, R. M. Al-Hassan. 2008. Agriculture for development in Ghana: New opportunities and challenges. Washington, D.C. International Food Policy Research Institute.

Bruneel, J., Ratinho, T., Clarysse, B. and Groen, A. 2012. The evolution of business incubators: Comparing demand and supply of business incubator services across different incubator generations. *Technovation* 32 (2), 110-121.

Bryman, A., Bell, E., Hirschsohn, P., Dos Santos. A, DuToit .J, Masenge, A, Van Aardt, I., & Wagner, C. 2014. Research methodology: Business and management contexts. South Africa, Cape Town: Oxford University Press.

Carayannis, E. & Zedtwitz, M. (2005). Architecting gloCal (global?local), Real-virtual Incubator Networks (G-RVINs) as Catalysts and Accelerators of Entrepreneurship in Transitioning and Developing Economies: Lessons Learned and Best Practices from Current Development and Business Incubation. *Technovation*. Vol. 25.

Chamane, S. 2015. Provincial Strategy for transformation of subsidised public transport contracts. Paper presented at Kwa Zulu Natal SABOA conference. 15

March 2015.

http://www.saboa.co.za/index_htm_files/17%20%20KZN%20presentation%20Transformation%20in%20Bus%20Industry%20Adv%20Chamane%20kzn%20DOT%20050315.pdf Date of access: 20 February 2016.

Co, M.J. and Mitchell, B. 2006. Entrepreneurship education in South Africa: A nationwide survey. *Education and Training*, 48(5), 348-359.

Deacon, D., Pickering, M., Golding, P. and Murdock, G. 2010. Researching Communications: A practical Guide to Methods in Media and Cultural Analysis. London: Edward Arnold.

Department of Transport, 2004. Development of a National Public Transport. <http://www.transport.gov.za/Portals/0/Annual%20Reports/DoT%20Annual%20Report%20WEB.pdf> Date of access: 2 October 2016.

Dutt, N., Hawn, O., Vidal, E., Chatterji, A., McGahan, A., and Mitchell, W. 2015. How Open System Intermediaries Address Institutional Failures : The Case of Business Incubators in Emerging-Market Countries. *Academy of Management Journal*.

Ebbers, J.J. 2013. Networking behaviour and contracting relationships among entrepreneurs in business incubators: Entrepreneurship Theory and Practice, Early View. https://www.dcrnetwork.nl/wp-content/uploads/SmC2014_Paper-Ebbers_Networking-and-outsourcing-behavior-incubators-ETP-2014-final.pdf Date of access: 2 October 2016.

Esterberg, K. G. 2002. Qualitative Methods in Social Research. Boston: McGraw-Hill.

Eyewitness News. 2017. South Africa needs to revamp its transport system.
<http://ewn.co.za/2017/10/13/south-africa-needs-to-revamp-its-new-public-transport-system>. Date of access: 14 November 2017.

GEM. 2001 . Global entrepreneurship monitor. www.gemconsortium.org Date of access: 10 August 2017.

Grimaldia,R, Grandia, A. 2005. Business incubators and new venture creation: an assessment of incubating models. *Technovation* 25:111–121.

Hannon, P. D. 2003. A Conceptual Development Framework for Management and Leadership Learning in the UK Incubator Sector. *Education Training*. . 45, No. (8/9): 449-460.

Hendriks, L. 2003. Enhancing the role of women in economic development. Pretoria: The department of Trade and Industry.
http://www.provincialgovernment.co.za/departement_annual/45/2013-kwazulu-natal-community-safety-and-liaison-annual-report.pdf Date of access: 20 February 2016.

Human Development Research. 2017. What do we understand about Socio Economic Development?.
<http://www.holisticdevelopmentresearch.org/socioecodev.html> Date of access: 14 November 2017.

Jika, T. Skiti, S. 2017. Are you black enough for South Africa's BEE policies? <https://www.timeslive.co.za/news/2017-10-15-are-you-black-enough-for-south-africas-bee-policies/> Date of access: 15 October 2017.

Jones, S. 2002. Rewriting the word: Methodological strategies and issues in qualitative research. *Journal of College Student Development*, 43(4): 461-472.

Jones, S. R., Torres, V., & Arminio, J. 2006. Negotiating the complexities of qualitative research in higher education. New York: Routledge.

Kaunda, T. M. 2017. Budget Vote Speech 2017/2018 : Presented to the KwaZulu-Natal Legislature on Thursday, 20 April 2017. <http://www.kzntransport.gov.za/speeches/2017/Budget%20Speech%202017-18%20Transport.pdf> Date of access: 10 June 2017.

Khan, S. 2014. Historical evolution of Durban's public transport system and Challenges for the post-apartheid metropolitan government. [https://dspace.nwu.ac.za/bitstream/handle/10394/12856/No_70\(2014\)_10_Khan_S.pdf?sequence=1](https://dspace.nwu.ac.za/bitstream/handle/10394/12856/No_70(2014)_10_Khan_S.pdf?sequence=1) Date of access 20 February 2016.

Klemz, B.R., Boshoff, C. and Mazibuko, N.E. (2006) Emerging markets in black South African townships. Small local independently owned versus large national retailers. *European Journal of Marketing*, 40(5): 590-610.

Kumar, R. 2005. Research Methodology – A Step by Step Guide for Beginners. 2nd ed. London: SAGE Publications.

Kuznets, S. 1973. Modern economic growth: Findings and reflections. Nobel Memorial Lecture. *American Economic Review* 63(3): 247–258.

Leader. 2017. No radical economic transformation without economic growth.
<http://www.leader.co.za/article.aspx?s=6&f=1&a=6647> Date of access: 14 November 2017.

Maqutu, A. 2016. Gauteng to overhaul costly bus contracts.
<http://www.bdlive.co.za/business/transport/2016/04/19/gauteng-to-overhaul-costly-bus-contracts> Date of access 2 October 2016.

McAdam, M., and McAdam, R. (2008). High tech start-ups in University Science Park incubators: The relationship between the start-up's lifecycle progression and use of the incubator's resources. *Technovation*, 28(5), 277–290.
<http://doi.org/10.1016/j.technovation> Date of access: 15 July 2017

Mokonyama, M. 2008. Second Economy Strategy: Addressing Inequality and Economic Marginalisation An initiative. Urban Landmark.
http://www.tips.org.za/files/u65/transport_and_the_urban_poor_-_mokonyama.pdf
Date of access: 13 March 2016.

National Treasury. 2017 budget: People's guide. www.treasury.gov.za Date of access: 1 November 2018.

North, D. C. 1990. Institutions, Institutional Change and Economic Performance. New York: Cambridge University Press.

Nzimande, B. 2007 The ethos of Black Economic Empowerment. In: Mangcu, X., Marcus, G., Shubane, K. and Hadland, A. (ed.) (2007) Visions of Black Economic Empowerment. Pretoria: Jacana Media.

Oyelaran-Oyeyinka, B. & Lal, K. 2016. Structural Transformation and Economic Development: Cross Regional Analysis of Industrialization and Urbanization. Taylor & Francis. United Kingdom.

Pahad, E.G. 2006. Speech presented by honourable Dr E.G. Pahad, Minister in the Presidency, at the GWE unit, National Consultation Policy Conference, Women Entrepreneurship, 3-4 August 2006.

<http://www.info.gov.za/speeches/2006/0608041515003.htm> Date of access: 13 July 2018.

Polity, 2015. KZN: MEC Mchunu reaffirms progress in KZN DOT's efforts to increase Black people's participation in its programmes <http://www.polity.org.za/print-version/kzn-mec-mchunu-reaffirms-progress-in-kzn-dots-efforts-to-increase-black-peoples-participation-in-its-programmes-2015-11-19> Date of access: 15 February 2016.

Singh, A. 2012. Public Transport in Durban: Indian Privilege versus African Empowerment-Process and Perceptions.

http://reference.sabinet.co.za/webx/access/journal_archive/10231757/222.pdf Date of access: 20 February 2016.

Thabethe, S. 2017. Road to Economic Transformation.

http://www.kzntransport.gov.za/reading_room/promo_mat/Budget%20Supplement%202017-18%20English.pdf Date of access: 10 October 2017.

UKBI (2012), Best Practice in Business Incubation, Birmingham, UK Business Incubation.

UNDP, 2014. Small Business is Big Business in South Africa: A UNDP Perspective on SMME Development in South Africa.

www.za.undp.org/.../SMALL%20BUSINESS%20IS%20BIG%20BUSINESS%20A

Date of access: 2 October 2016.

Walters, J. & Manamela, L. 2016. Challenges facing small bus operators in participating in the formal public transport system.

http://www.saboa.co.za/index_htm_files/13%20-%20Nat%20Survey%20Among%20SMME%20Bus%20Operators,%20Prof%20J%20Walters,%20Univ%20of%20Jhb%2010h00%20100316.pdf Date of access: 12

February 2017.

Wicks, J. 2017. Malema at his fiery finest at EFF birthday bash: Malema takes aim at allegations of racism within the Indian community in KwaZulu-Natal.

<https://www.businesslive.co.za/bd/politics/2017-07-29-malema-at-his-fiery-finest-at-eff-birthday-bash/> Date of access: 15 October 2017.

Williams, J.J. 2000. South Africa Urban transformation. Elsevier Science Ltd. Great Britain. [http://www.oreconsulting.co.za/upload/docs/Publications-](http://www.oreconsulting.co.za/upload/docs/Publications-Williams_Urban_Transformation_in_SA.pdf)

[Williams_Urban_Transformation_in_SA.pdf](http://www.oreconsulting.co.za/upload/docs/Publications-Williams_Urban_Transformation_in_SA.pdf) Date of access: 2 October 2016.

7. APPENDICES

APPENDIX A: 1st draft of data collection instrument (interview guide)

Semi structures interview questionnaire

- What are your views on Economic Transformation?
- What was the criterion for transformation?
- What was the role of consultants in the TSPTP?
- What were the strengths of the TSPTP?
- What were the weaknesses of TSPTP?
- Do we need economic transformation in public transport in KwaZulu Natal

Appendix B: Consent letter

NWU School of Business and Governance

The effectiveness of the transformation programmes of subsidised public transport in KwaZulu-Natal

Research conducted by:

Miss. Z.N Qwebani (28228138)

Cell: 062 254 8201

Dear Mr....

You are invited to participate in an academic research study conducted by Zandile Qwebani, Masters Student from the School of Business & Governance at the North- West University-Vaal Campus.

The purpose of the study is to evaluate transformation within public transport in KwaZulu Natal. This is an academic research and information may be published on academic journals.

Please note the following:

- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions during this recorded interview session as completely and honestly as possible. This should not take more than 60 minutes of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- Please contact my supervisor, Prof CJ Botha, Tel: 018 299 1411, email:christoff.botha@nwu.ac.za if you have any questions or comments regarding the study.

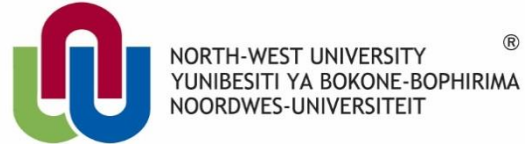
Please indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis. (Please tick)

YES

.....
Participant's Signature

.....
Date



28228138
QWEBANI ZN
mazeth@gmail.com

NWU School of Business & Governance

North-West University
Private Bag X6001, Potchefstroom
South Africa 2520

Prof CJ Botha

Tel: (018) 299 1672

Email: christoff.botha@nwu.ac.za

15 June 2017

ETHICAL CLEARANCE

This letter serves to confirm that the research project of **QWEBANI, ZN** has undergone ethical review. The proposal was presented at a Faculty Research Meeting and accepted. The Faculty Research Meeting assigned the project number **EMSPBS16/06/03-01/48**. This acceptance deems the proposed research as being of minimal risk, granted that all requirements of anonymity, confidentiality and informed consent are met. This letter should form part of your dissertation manuscript submitted for examination purposes.

Yours sincerely

Prof CJ Botha

Manager: Research - NWU Potchefstroom Business School

Original details: Wilma Pretorius(12090298) C:\Documents and Settings\Administrator\My Documents\Briewe MBA\2017\