




“Perceptions of small and medium companies toward employment equity amendments in South Africa”

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PERCEPTIONS OF SMALL AND MEDIUM COMPANIES TOWARD EMPLOYMENT EQUITY AMENDMENTS IN SOUTH AFRICA

Abstract

Small and medium companies (SMCs) are needed for the successful and meaningful development of the South African economy. These companies bring a significant reduction in unemployment levels. Apart from lowering unemployment levels, SMCs play a pivotal role in transforming the South African economy. However, there is a high failure rate of small and medium companies. Although the labor laws of South Africa are believed to be the major obstacle that is significantly affecting the growth of SMCs, there is no prior empirical study conducted to investigate this subject. The scourge of failure of these companies has gripped the growth of the economy. Hence, the aim of the study is to examine the perceptions of small and medium companies toward employment equity amendments in South Africa. The study uses a qualitative research method and purposive sampling to select the data. An open-ended questionnaire collected usable data from 73 employees of small and medium companies. The findings of the study revealed that the employment equity amendments were viewed as too harsh for small and medium companies. SMCs perceived that these amendments bring more harm than good. Therefore, they should engage the government to enforce amendments to the legislation that stimulate business performance rather than those that hinder it.

Keywords

neo-institutional theory, discrimination, employment equity amendments, perception, small and medium companies, South Africa

JEL Classification J53, J71

INTRODUCTION

The emergence of racial discrimination and consistent poverty amongst people from previously disadvantaged groups has forced national governments to enact conventions at a global level and statutes at a country level that govern stakeholders and actors in the labor market. The amendments to the Employment Equity Act, Employment Equity Amendment Act (EEAA) 47 of 2013, are in line with the International Labour Organization (ILO). The International Labour Organization (ILO) helps governments and employers formulate programs and policies that provide improved working conditions and decent employment at national and international levels (Ebrahim, 2018). The ILO put in place the 'decent work' concept, which has four pillars, namely, equal representation, workers' rights, employment opportunities, and social protection. This decent work concept is expected to be implemented at the country, provincial, and organizational levels.

According to Sitharam and Hoque (2016), a small company has not more than 50 employees, and a medium company has 51 to 200 employees. Therefore, small and medium companies (SMCs) in

South Africa with 50 employees and above or employers with less than 50 staff but who meet the minimum annual turnover threshold are obliged to abide by the provision of the Amendment of Employment Equity Amendment 55 of 1998 (Mathapelo, 2014).

Regarding the key aim of the legislation, SMCs are required to create a staffing policy where all racial groups are fairly represented, particularly those that play supervisory and managerial roles (Mason & Roman, 2015). Moreover, unfair discrimination needs to be eliminated. It is also important to mention that the workforce profile of these small and medium companies must reflect South African society's demographic composition. However, most SMCs have disproportionate racial and gender representation, especially in the middle to top management positions (Zondi, 2017). Employment equity requires adequate racial and gender representation for SMCs to pass the compliance test. The employment equity amendments came on the eve of various amendments to South African legislation, including the Labor Relations Amendment Act, the Basic Conditions of Employment Amendment Act, and the Skills Development Amendment Act. Therefore, it can be argued that no area of South African law is of greater importance than the area that handles the elimination of unjustified discrimination in the labor market.

It is worrisome that both new and existing SMCs continue to fail within a few years of their establishment. The growth of SMCs in South Africa is substantially low despite receiving considerable support from the government (Lose & Tengeh, 2015). The employment equity amendments, directly and indirectly, affect the factors impacting SMC business performance. However, the nature of business companies covered by these statutes is of concern in this study. The procedures followed to abide by the statutes are also cause for concern, especially for emerging businesses, particularly SMCs. Some of the elements within the sections of the new employment equity amendments impede the performance of the already financially troubled small and medium companies. Some elements hamper efficiency, leading to businesses' insolvency (Eniola et al., 2015).

In addition, some uncoordinated approaches, particularly regional and national demographics, confuse many businesses. As a result, support for developing SMCs in South Africa remains sluggish, even though these companies contribute 50% of GDP (FinScope, 2010; Sitharam & Hoque, 2016). Ayandibu and Houghton (2017) studied the role of SMCs and found that SMCs immensely contribute to a considerable proportion of the Gross Domestic Product (GDP) of the country's economy. The amended Employment Equity Act (EEA) affected the growth of most businesses in South Africa, particularly SMCs. The Employment Equity Act (Republic South Africa, 1998) seeks to correct the problem of imbalances in the demographics of the workforce in South Africa by compelling the employers to eliminate barriers to advancing people with disabilities, Indians, women, colored, and Africans in all levels of employment (Hideg & Ferris, 2014).

1. LITERATURE REVIEW

The South African economic development and growth of the SMC sector remain affected by many challenging issues. The chief constraint among those issues is the obligation to meet and comply with government laws and rules (Moos & Botha, 2016; Rambe & Mosweunyane, 2017; Sitharam & Hoque, 2016; Soni et al., 2015). In addition, Bosma (2013) revealed that the survival of SMCs around the globe is minimal. As a result, the growth rate of SMCs is lower in South Africa.

According to Chimucheka and Mandipaka (2015), an average of 50% of SMCs fail to grow. SMCs face a myriad of constraints, mostly encountering retarded growth and development emanating from prolonged poor long-term performance (Chimucheka & Mandipaka, 2015; Donga et al., 2016; FinScope, 2010). Although the contribution of SMCs is much appreciated, Bouazza et al. (2015), Ayandibu and Houghton (2017), and Eniola et al. (2015) revealed that in developing countries, there is a higher rate of SMCs failure compared to developed countries.

Table 1. Standard size for the definition of small and medium companies in South Africa

Source: Government Gazette (2003).

Category of a company	Number of employees	Annual turnover	Balance sheet
Small	Not more than 50	Maximum R13m	Maximum R5m
Medium	51-200	Maximum R51m	Maximum R19m

This study adopts the quantitative definition of SMEs in South Africa as proposed by the National Small Business Amendment Act 26 of 2003. This definition is reflected in Table 1. The data in Table 1 show that a small company has no more than 50 employees, and a medium company has 51 to 200 employees (Ayandibu et al., 2019; Bushe, 2019; Donga et al., 2016; Sitharam & Hoque, 2016). The employment equity amendments are believed to influence small and medium companies' business performance (Donga et al., 2016; Soni et al., 2015).

1.1. Amendments to employment equity legislation

The EEA 55 of 1998 was promulgated to address two main issues: i) the execution of measures of affirmative action as a way of redressing the setbacks faced by employees from previously disadvantaged groups in the labor market, and ii) fair treatment and the promotion of equal opportunities in the labor market through the eradication of unfair discrimination (Booyesen & Nkomo, 2014; Hideg & Ferris, 2014; Kowalik, 2014; Squire, 2015). Since discrimination becomes complex to recognize and correct, employees experience unlawful and unfair treatment in organizations. Due to the realization that employment equity legislation has achieved little transformation since its initial period of reporting in 2000, the proposal for its amendment was promulgated in 2013, which is EEAA 47 of 2013 (Burger et al., 2016; Collier, 2018; Dube, 2017; Mathapelo, 2014).

On January 16, 2014, the amendments were published for general information, which marked the first amendment publication after annual reporting periods of 14 years (Kowalik, 2014). The EEAA of 47 of 2013 then took effect on August 1, 2014 (Ebrahim, 2018; Van Wyk & van Heerden, 2015; Henrico, 2015; Squire, 2015). The effectiveness and efficiency of the business actions of SMCs have been affected since the amendments to the Employment Equity Act were promulgated

in 2014. Van Wyk and van Heerden (2015) stated that any designated employer should ensure that discrimination is eliminated. As a result, qualified and suitable employees from previously disadvantaged groups are afforded the same chances of employment prospects, and all categories have reasonable representations across job levels.

A remarkable number of amendments were made. Firstly, enforcement procedures (amendments to sections 39 and 40) were introduced. The labor inspector now issues compliance orders without initially waiting to receive a written undertaking from the employer. Section 36, which dealt with employers' undertaking to abide by the request of the labor inspectors, is deleted.

Secondly, "only apartheid victims to benefit" – amendments to the 'designated groups' definition in terms of Chapter III state that affirmative action beneficiaries are now only restricted to women, people with disability, and black people who were citizens of South Africa prior to the democratic era (before April 27, 1994) or who would have received the citizen entitlement but were deprived by apartheid policies, or who are South Africa by descent or birth (Burger et al., 2016; Debatwise, 2017; Squire, 2015; Stine, 2015; Tandwa, 2017).

Thirdly, "increased fines (Amendments to sections 59, 61, and Schedule 1)" – the maximum fine for breach of the Act is now increased threefold. Should the revenue be higher than a fine, a fine range which varies from 2 to 10% of the turnover is charged, depending on the offense committed for failure to abide by the provisions of the affirmative action within the Act (Peyper, 2017).

Fourthly, "annual reports (Amendments to sub-section 21(1) and (4A))" – in the past, annual reports were required to be submitted by designated employers that had more than 150 employees. In contrast, those designated employers with fewer than 150 staff were obliged to submit in the second year. However, the new amendment now requires

all designated employers to submit employment equity reports annually (Jain et al., 2015; Johane, 2017; Kershwyn, 2017).

Fifthly, “the burden of proof (Amendment to section 11)” – the amendment act forms two facets of ‘burden of proof’, by either employee or employer. Firstly, in section 11(1), the burden to prove lies in the employer’s hands, where the ground of unfair discrimination is listed in section 6(1), and proof should be based on a balance of probability. In this scenario, the employer has the onus to furnish evidence that shows that the alleged unfair discrimination never happened or is justifiable and fair. Secondly, in terms of section 11(2), the burden to prove shifts to the employee (complainant), where the unfair discrimination lies on arbitrary grounds (not listed ground) and should be proven based on a balance of probabilities (Mason & Roman, 2015; Mathapelo, 2014; Matyala, 2016).

Sixthly, “CCMA’s jurisdiction (Amendment of Section 10)” – all matters that concern sexual harassment of all employees irrespective of their earning thresholds, or issues related to unfair discrimination in which the earnings threshold of employees involved falls below R205 433.30 prescribed in section 6(3) of the BCEA, or by consent of both parties, matters of unfair discrimination of employees who have higher earnings are dealt with under the jurisdiction of CCMA where arbitration for the dispute can be handled in terms of Section 10(6) after conciliation (Van Wyk & van Heerden, 2015).

Seventhly, “psychometric tests” – employers that use psychometric tests should ensure that the tests have the approval and certifications of the Health Professions Council of South Africa (HPCSA). Eighthly, “inclusion of equal treatment (‘equal pay for equal work or work of equal value’)” – the insertion of the new section 6 (4) and section 6(5) explicitly focuses on the concept of equal treatment, which requires more than the issue of ‘equal work for equal pay’ (Henrico, 2015; Johane, 2017; Tafirenyika, 2016; Tandwa, 2017; Tapanya, 2015).

Ninthly, “discriminatory grounds extended” – Section 6(1) of the Amendment Act expands the grounds of unfair discrimination. The expansion of the meaning of unfair discrimination prohib-

its unfair discrimination on any other arbitrary grounds (Olckers, 2014; Peyper, 2017; Rautenbach, 2016; Kershwyn, 2017; Tafirenyika, 2016). Tenthly, “total annual turnover threshold (Amendments to schedule 4)” – amendments to section 64A increase the annual threshold that must be exceeded for the employer to fall under the classification of ‘designated employer’.

Eleventh, “occupational categories excluded” – occupational levels are now set as reference points. Occupational categories were removed. Twelfth, “assessment of compliance” – regulations that deal with compliance assessment where issues such as economically active populations of regional and national levels now fall under the hands of the Minister of Labour (Tapanya, 2015).

Thirteenth, “reports to the Director General (Amendments to section 21)” – this amendment gives a timeframe of when designated employers are expected to submit reports to the Department of Labour’s Director General (DG) (Stine, 2015). Fourteenth, “consequences of failing to comply with Director General (Amendment to section 45)” – an amendment to section 45 makes an extension where sections 45(1)(a) and (b) are now included. The extension provides specific action taken by the Director General in the event of failure by the employer to abide by a requisition made by the Director-General in accordance with section 43(2) or section 44(b).

1.2. Neo-institutional theory

According to Jain et al. (2015), the neo-institutional theory focuses on shaping organizational actions to align with external social forces. These forces influence how operations of specific functions are conducted, thereby becoming institutionalized within the organization. These external forces affect business performance (Collier, 2018). Under the neo-institutional theory, the critical assumption is that organizations want to prove legitimacy from the external world (Ayandibu et al., 2019; Conley & Page, 2018).

In relation to this study, SMCs seek to abide by the amendments to employment equity regardless of how their businesses perform. Ignorance to heeding this law’s demands results in small and medi-

um organizations being fined hefty penalties that, in turn, affect operational performance in terms of finances (Bushe, 2019). Primary mechanisms affecting organizations' actions are subdivided into regulatory, normative, and mimetic forces. Firstly, the regulative forces are forces connected to specific government rules and laws. A substantial theoretical literature on SMCs has revealed that over-regulation through the amendments to employment equity (EE) leads to the failure of many SMCs. However, no empirical studies have analyzed the influence of amendments to EE on SMCs. The study examines the perceptions of small and medium companies toward employment equity amendments in South Africa.

2. METHODOLOGY

2.1. Target population and sample

For this study, the target population constituted all 550 industrial relations representatives (industrial relations managers, industrial relations officers, or any industrial relations assistants) in SMCs across all Durban industries registered under the Durban Chamber of Commerce and Industry (DCCI). Under the non-probability sampling approach, purposeful sampling was adopted (Gray, 2017; Adams & Lawrence, 2015). Consequently, the sampled respondents have adequate information to assist the study regarding the research topic. Therefore, a sample size of 226 was utilized for a target population of 550 elements/units.

2.2. Data collection and research instrument

For this study, an open-ended questionnaire was employed as a research instrument to gather primary data. The questionnaires were sent via email to the respondents using QuestionPro software. An online mail survey was employed to collect the data for this study. The questionnaire was developed to gather the primary data. The web-administered survey was utilized in this study. Sekaran and Bougie (2014) described a questionnaire as a document with questions crafted to solicit relevant data for the analysis. The open-ended questionnaires were utilized. For the open-ended questionnaire, respondents were asked to answer the

question in answer spaces below each question. The open-ended qualitative questionnaire contained 6 questions. All the questions were derived and developed from the literature and are directly linked to the objectives of this study.

2.3. Trustworthiness, data analysis, and ethical considerations

The four components of assessing the trustworthiness of the qualitative part of this study, namely transferability, dependability, credibility, and conformability, were ensured (Gray, 2017).

The paper has chosen the thematic analysis because it is an unsupervised approach, meaning there is no need for set-up categories and algorithm training. Hence, thematic analysis captures the unknowns easily. The responses from the open-ended questionnaire were quoted verbatim. Confidentiality and anonymity were maintained by ensuring that the public did not access the answered questionnaires. In addition, it was made sure that respondents did not divulge their names on the questionnaires. The respondents were assured of absolute identity protection and that their responses were confidential.

3. RESULTS

Six open-ended questions were utilized to solicit qualitative information. The primary aim of the open-ended questionnaire was to support the research objectives. For this study, the sampled group consists of 226 respondents. For this part of the study, a purposive sampling technique was utilized. This entails that the sample constituted participants with the required characteristics and knowledge. In other words, to be included in the sample, the participants should meet set criteria. Hence, participants selected for this part of the study were industrial representatives of SMCs in Durban. The data were successfully collected from 73 employees. The biographical data of the respondents utilized for the collection of primary data were obtained. To ascertain that the respondents included in the study were relevant, the study asked them for some demographic information. The background information that relates to the number of employees that a company has, the

sector to which the companies belong, occupation of the respondents, the level which the occupation falls under, highest level of education, gender, age bracket and race of the respondents were analyzed.

In terms of gender, bulk of the respondents (63.38%) were males. In relation to age, the majority of the respondents (54.17%) were between 46-50 years old. The findings indicate that most respondents (69.44%) had degrees as their highest qualification. This clearly indicates that the respondents were reasonably educated to grasp matters pertaining to the impact of amendments to employment equity legislation. In terms of the race, Africans had the highest respondents (31.94%). The most respondents (26.39%) belonged to repair services, motor trade, and retail industry. Majority of the respondents (63.89%) held the senior industrial relations manager position. Out of the entire respondents surveyed, 64.44% occupied the top management level.

The qualitative data were analyzed using thematic analysis. This method allows the usage of textual data. In this case, themes were analyzed, identified, and then reported. The themes identified in this study were aligned with the research questions of this study. The answers that emerged often were captured and formed part of the themes. Sub-themes also emerged from the main themes. In this study, semantic themes were predominantly utilized in creating and identifying themes. Latent themes were not identified in this study.

After collecting the data through an open-ended questionnaire, the study thoroughly analyzed the answers. After familiarizing with the answers, the paper started generating initial themes as an initial step to coding. Then, explicit and latent messages were identified and developed. Upon completion of coding, themes emerged and were named. Again, sub-themes emerged from some themes. The responses from the open-ended questionnaire were quoted verbatim. The use of verbatim responses permits one to augment the presentation without alteration of the original statements from the participants. In this case, themes emerged through the responses from the open-ended questionnaire.

The themes were derived from the textual content obtained from the responses. Concordant and corresponding materials were put together and then

analyzed. Sekaran and Bougie (2014) stated that interpreting data is difficult until it is organized well. Part of the data organization process was synthesizing contradictory and dissimilar information into different themes. The process of coding helped to identify themes that were deduced from the responses. In this study, the gathered extracts from participants' responses are collated. The data were analyzed and interpreted from the patterns that arose. In addition, it also assisted in designing and developing concepts and concept maps. Similar phrases were merged into themes, which were organized to make it easy to edit and review them.

The thematic analysis uses two typical mechanisms, namely deductive and inductive (Gray, 2017). The paper utilized the inductive mechanism. Themes cover broad aspects than codes. Codes are normally combined to make a theme. Other codes were discarded because they were not relevant or too vague. Codes may become a theme. A code is a phrase or sentence that describes content (Sekaran & Bougie, 2014).

The participants' responses were systematically reviewed to facilitate the coding process. This review involves the identification of words that were frequently used. In addition, the review encompassed the phrases and key terms that vividly capture the information relating to the research questions. In this case, the phrases and words from the data gathered from responses were critical aspects of the analysis. The initial codes were sorted into simplified groups. Then codes were put into sequential order using a color-coded scheme to identify the keywords and phrases. A color-coded scheme facilitated the controlling and tracking of the data for easy interpretation. It also helped in highlighting the sub-themes and themes. The data content was reviewed several times to identify omissions or potential omissions. Additional reviews of the content improve the trustworthiness of the analysis by considering pertinent and accurate information prior to analysis (Scheyvens, 2014).

The trustworthiness was obtained by reaching data saturation. Data saturation refers to the level at which the study is unable to identify any new information or themes that can support the research

Table 2. Themes

No.	Themes
1	Major employment equity amendments
2	Negative perceptions of employment equity amendments
3	Positive perceptions of employment equity amendments
4	Negative effects of employment equity amendments
5	Application of national and regional demographics

study (Gray, 2017). Therefore, accomplishing the trustworthiness of the investigation incorporates attaining data saturation, which aids in meeting the transferability, dependability, conformability, and credibility of the findings. In this study, data replication was observed as the respondents' responses were common and similar, reflecting the high conformability of the questions. Based on the responses, the pre-determined themes were modified, and the final themes in Table 2 were considered.

In terms of Table 2, the recognized final themes include: major amendments to employment equity; negative perceptions of employment equity amendments; positive perceptions of employment equity amendments; negative effects of employment equity amendments; and application of national and regional demographics.

3.1. Major employment equity amendments

The increase in fines, removal of non-South African citizens, equal pay-for-equal work, annual reporting, enforcement measures, and removal of occupational categories appeared to be the major amendments to employment equity that strongly affected the performance of SMCs. Equal pay-for-equal work and removing occupational categories emerged as the two main amendments that improved respondents' performance. In contrast, the increase in fines, removal of non-South African citizens, annual reporting, and new enforcement measures were cited as the major amendments hindering their businesses' effective performance. The following statement from one of the respondents was quoted verbatim, *'increase of fines, removal of non-South African citizens, annual reporting, enforcement measures are the main changes that scary our organization. It is sad to say that we might have great downfall if these measures remain in place. On the other hand, we welcome the equal pay for equal work or work of same val-*

ue' and the 'removal of occupational categories' as they come as relief to us.' The employment equity amendment legislation is an excellent regulative force, and organizations risk penalties for failure to abide by the law.

3.2. Negative perceptions of employment equity amendments

Overall, the employment equity amendments were viewed as too harsh for SMCs. This is deduced from the analysis of the responses. The following statement from one of the respondents was quoted verbatim, *'Obviously, the amendments are too bad for us as a still growing company. However, not all measures in the amendment of employment equity are bad, as few of them support the success of small business like us'*. The responses indicated that there was much hardship that SMCs were going through in an attempt to comply with the amendments while simultaneously striving to accomplish business performance. The industrial relations representatives perceive that the EEAA is over-regulating the work environment, which is biased towards employees' interests. Hence, this is hampering the efficient and effective performance of the business. Another statement from one of the respondents quoted verbatim reads, *'Though I personally support the aims of the employment equity legislation in general it brings equality and fairness, the enforcement of the new measures is not sustainable for SMCs. They need to be enforced gradually in order to allow our growth.'* In light of the responses, Booysen and Nkomo (2014) stated that other countries implementing employment equity, such as Canada, the USA, and Australia, differ from South Africa. These countries do not push the organizations through heavy penalties in order for them to hire local semi-skilled employees from the designated groups in top positions at the expense of critical employees who are non-citizens.

3.3. Positive perceptions of employment equity amendments

However, the amendments are highly recognized as they push organizations to consider employees from designated groups who have been in dire situations for many years. They should not remain at a certain level of employment when they qualify for higher posts. The following statement from one of the respondents was quoted verbatim: *‘On my view the new amendments of the Employment equity legislation is good because it coerces us to recognize the victims of apartheid, it brings equality in the labor market. The issue of representations in the labor market is one of the key national priorities.’* The response is in line with Olckers (2014), who views that the discriminatory policies of apartheid left an uneven playing field. Hence, it is necessary to afford employees from designated groups a preferential treatment to keep the ground leveled. Pegging stiff enforcement measures is an essential step toward accomplishing employment equity. This stimulates an increase in representation, thereby decreasing the socio-economic gap. In addition, this enhances confidence amongst employees from designated groups.

3.4. Negative effects of employment equity amendments

The findings indicated that non-SA citizen employees were leaving primarily for European countries. Since the experts who hold permanent resident status feel that their upward mobility opportunities have been blocked, they leave for countries with enough opportunities for personal growth. For example, South African permanent residents are leaving for the USA, United Kingdom, Australia, Canada, New Zealand, Netherlands, and Greece because there are no hindrances to upward professional mobility. As a result, production was negatively affected on a large scale as these SMCs struggled to get locally skilled and qualified people to replace them. The following statement from one of the respondents was quoted verbatim: *‘Many of our non-SA citizens employees in our company are leaving for mostly European countries. It is very sad the available ones are not suitably experienced to do the work’. ‘The production is negatively affected immensely because as a company*

we have no option but comply with the measures outlined in the amendment of legislation. This is largely contributed by the tough enforcement measures and inconsideration of the skilled non-South African particularly those that got their permanent residency based on the critical skills they possess.’ This implies that SMCs become more focused on abiding by the legislation instead of achieving the real mandate of the law, which is the transformation of the workforce.

Another statement from one of the respondents quoted verbatim reads: *‘In fact, it is frustrating us because we cannot get competent employees from previously advantaged employees at the time right time that we need them.’* The study also found that SMCs were losing employees to well-established big companies because they offered them better packages. The following statement from one of the respondents was quoted verbatim: *‘Because of these amendments that revolve around giving space to people from designated groups, big companies are headhunting our skilled employees from previously disadvantaged groups in order to meet their targets. They are offering big salaries that we are not able to offer as small company. Hefty penalties have intimidated us to hire unskilled employees from designated employees and this is suicide to our production.’* In line with the responses, Ahmed (2015) stated that there is high competition for competent and skilled employees from previously disadvantaged groups in the labor market. Therefore, the critical question is how SMCs could hire and retain employees from designated groups with a mixture of skills relevant to the available financial constraints. The study also revealed that the move from reporting after every two years to reporting annually posed a work burden and cost to already understaffed organizations. Moreover, this added enormous costs to SMCs. The following statement from one of the respondent was quoted verbatim: *‘Because we have work overload, currently we are hiring a professional consultant who can assist in dealing with these especially the yearly submission of reports. It is clear the process on its own is costly.’*

3.5. Positive effects of employment equity amendments

However, the findings indicated that the insertion of equal pay for the same job or the exact job value

brought remarkable motivation to the workplace. Moreover, due to poor payroll administration within SMCs, cases of receiving unequal salaries are highly prevalent (Moos & Botha, 2016). Hence, the introduction of equal pay for an equal job or equal value of job comes as a motivator to those complaining about being given different pay but performing the same tasks. The following statement from one of the respondents was quoted verbatim: *'We are witnessing joy among employees especially those who were grumbling about receiving lower pay than others because of insertion of this equal pay for equal job or equal value of job. The performance of employees is improving at the workplace.'*

3.6. Application of national and regional demographics

The findings revealed misunderstanding and confusion around the execution of the national and regional demographics. The following statement from one of the respondents was quoted verbatim: *'Due to several changes to this issue, it is absolute difficult for us to implement it. It remains unclear even now with the employment equity amendment legislation how we should execute it.'* Another statement quoted verbatim reads: *'For us it is confusing when the amendment of employment equity legislation states that the national and regional demographics will be determined by the Minister, it is still vague as to how and when the Minister will furnish that information.'* The boundaries that specifically define regional demographics are unclear, although it appears that it means province. There is still confusion on whether regional demographics only mean province or the meaning can extend to incorporate more localized areas.

4. DISCUSSION

The findings revealed that respondents perceive that employment equity amendments bring more harm than good. This finding is supported by Dube (2017), who posits that employment equity amendments do not encourage the growth of small companies and bring much harm to still-growing companies compared to large firms. A similar finding affirmed that these negatively affect their performance in business.

Considering the global knowledge, there is a low number of skilled professionals in South Africa. According to Lanvin and Monteiro (2020), South Africa's employer-labor cooperation is the fifth worst ranked around the globe. In terms of knowledge around the world, there is a comparatively small number of skilled professionals. Lanvin and Monteiro (2020) further highlight the country's struggle to retain skilled talent to enhance economic prosperity. This has caused South Africa to slide downwards in its overall rankings as the problem continues to crop up. Furthermore, SMCs have raised concerns that the amendment of employment equity legislation worsened the already over-regulation of the labor market (Conley & Page, 2018). The above findings may connote a negative perception of the employment equity amendments.

The finding revealed that sometimes organizations hire employees from previously disadvantaged groups to avoid penalties. This concurs with the literature that the low skills profile of South Africa has resulted in a small number of employees from previously disadvantaged groups occupying senior positions in firms (Matyala, 2016). In this respect, one would not lose sight of the low-quality standards of South African education given to the majority of the population, which negatively affected people's skills. For this reason, many senior-level positions in companies are not occupied by employees from designated groups. According to Lanvin and Monteiro (2020), 81% of companies stated that they are experiencing difficulties hiring employees from designated groups because they are short of the minimum required skills for high positions.

According to Deloitte report (2021), 61% of the respondents indicated that employment equity candidates are scarce. For this reason, companies are going outside their prevailing pay rates to give equity candidates a considerable salary to attract and retain them. This increases the labor costs of a company. Unfortunately, this might be unsustainable in terms of finances for SMCs. Moreover, this may bring about the issue of salary discrepancies. In line with the above discussion, the findings attest that employee experience is crucial to improve the performance of SMCs. SMCs feel the vast number of reports has increased the adminis-

trative burden. This is evidenced by findings that confirmed that the increase in the number of reports increases their administrative burden. The reports require proper planning, where critical strategies must be scrutinized before implementing employment equity targets.

However, executing equal work for equal pay appears to be a recipe for business success, as the findings of this study established that companies perceived that higher satisfaction of their employees has been stimulated by enforcing equal pay. A clear-minded application of equal work for equal pay brings good results for the organization. A sense of satisfaction among employees can be seen. Positive relationships, therefore, ensure a healthier and stress-free individual with higher productivity and a safety-conscious focus (Hammer & Avgar, 2017). Turnover and absenteeism figures drop when employee morale is high, and they are motivated to provide their best efforts. For businesses to succeed, not only one employee but the whole business team must perform consistently at their best. While the findings

conceded that the higher satisfaction that comes as a result of equality increases business performance, particularly production, a large percentage of respondents reported that they were still struggling to bear the costs of wage adjustments resulting from equal work-equal pay. However, it can be concluded that a better organizational culture of equal pay for equal work or work of the same value is one of the driving forces of SMC performance.

Small and medium companies should initiate discussions with the government to have deepened understanding of business performance, rather than proposing new regulations or setting targets that adversely affect growth. For SMCs to strike the dual goals of business growth and transformation in line with amendments to employment equity legislation, excellent decisive measures should be ensured. The critical stance is to consider measures of amendments to employment equity legislation that benefit employees, management, and the government in enhancing business growth, equality, and economic growth.

CONCLUSION

The aim of the study was to examine the perceptions of small and medium companies toward employment equity amendments. As a result, it can be concluded that most amendments in the EEAA affect SMCs negatively, with a majority of SMCs speaking about the need for a review of most of these measures. Notably, the amendments to employment equity in South Africa spark extensive harm and an issue of increasing concern is that they have undeniable made an artificial increase in the demand for skilled and competent Black employees, which is causing small and mediums companies to lose their small portion of critical skills to large companies. This brings to the fore of the government that the new employment equity amendments caused a reshuffling of the current workforce instead of creating jobs. Generally, through the results of this study, there is a clear inverse link between employment equity amendments and future growth of small and medium companies, which may require the government to act promptly.

It can be concluded that it is not just a matter of having adequate representations of employees within the organizations. However, the government must ensure that employees with requisite skills are available in the organization. Adequate support in respect of the identified tremendous challenges should be provided to SMCs by the government as curative rather than reactionary intervention, as it has an oversight role to ensure economic development of the country. It is clear that currently SMCs bore the brunt of most amendments to EEA and these amendments were singling out as the prime impediment to their success. For future studies, it would be useful to study the perceptions of large companies toward amendments to employment equity legislation in South Africa.

AUTHOR CONTRIBUTIONS

Conceptualization: Reward Utete.
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