

# **EMPOWERMENT OF WOMEN IN THE TRANSPORT SECTOR VALUE CHAIN: LESSONS FOR POLICY AND PRACTICE**

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## **ABSTRACT**

Based primarily on a focus group made up of representative voices of women in the transport sector value chain, the paper records progress and challenges in the sector to maximise the participation of women in the value chain, particularly in business. The findings are especially relevant for the implementation of policy and regulations such as the 2017 Preferential Procurement Regulations which, for example, prequalifies women (among other groupings) for at least 30% of public sector work that is subcontracted to designated groups. Much progress has been made in the procurement legislation. However, the participation of women in the transport sector value chain is far from mature. Reasons for this include diluted commitment by institution in both the public and private sectors, especially the private sector, to empowerment ideals. Furthermore, progress is not systematically measured and reported and therefore corrective measures are not readily identifiable. The absence of a critical mass of success stories also dampens traction. A comprehensive transport sector profiler is seen as critical to unlock opportunities. Organisational skills of non-governmental organisations also require strengthening in order for these organisations to prepare and mobilise the transport sector for much needed change.

## **1. INTRODUCTION**

The paper uses outcomes of a focus group to explore the status of gender mainstreaming in the transport sector, with particular emphasis on the participation of women in the sector value chain. This exploration is important because sustainable development is preconditioned on gender mainstreaming (Mashiri et al., 2005), and in South Africa gender mainstreaming gives effect to the Constitutional imperatives on gender equality. The paper is particularly beneficial for the enhancement of the transport sector gender mainstreaming policies and practices.

## 2. BACKGROUND

Historically, women in South Africa, particularly Black women, were considered second class citizens (Andrews, 2001). This position is rooted in a society with patriarchal beliefs, and was aggravated in South Africa by the laws of the country such as the various Bantu Acts (for example Bantu Education Act and Bantu Labour Act) in the case of Black women. This has in turn given rise to the structural differences between men and women in South Africa in terms of participation in the economy and decision making bodies in favour of men.

In a direct response to these historical blunders, and among other criteria, Section 9(3) of the South African Constitution (RSA, 1996) prohibits direct and indirect unfair discrimination of any person on the basis of gender. In fact, the Constitution elevated the importance gender equality through the establishment of a Chapter 9 Constitutional body referred to as the Commission for Gender Equality with a mandate to “*promote respect for gender equality and the protection, development and attainment of gender equality*”. The Women Empowerment and Gender Equality Bill (RSA, 2013) states that “*Despite any other law, targets for women in all laws and policies on empowerment shall be at least 50%*”, meaning half of all decision making bodies must be made up of women. Despite these interventions, however, gender-based disparities prevail. For example, while women make up 51% of South Africa’s population (StatsSA, 2017), within the private sector, women are grossly underrepresented (less than 20%) in both low and high skilled professions as well as in business leadership (Manzini and Mosenogi, 2012).

Lately, women have become one of the designated groups in terms of the South Africa’s preferential procurement legislation (RSA, 2017). This implies that where pre-qualification criteria in the public sector procurement is applied, tenders will be awarded to businesses which are “*at least 51% owned by black people who are women*”. In the cases where subcontracting is specified by the procuring public sector entity, at least 30% of the contract should also be awarded to qualifying businesses which are “*at least 51% owned by black people who are women*”.

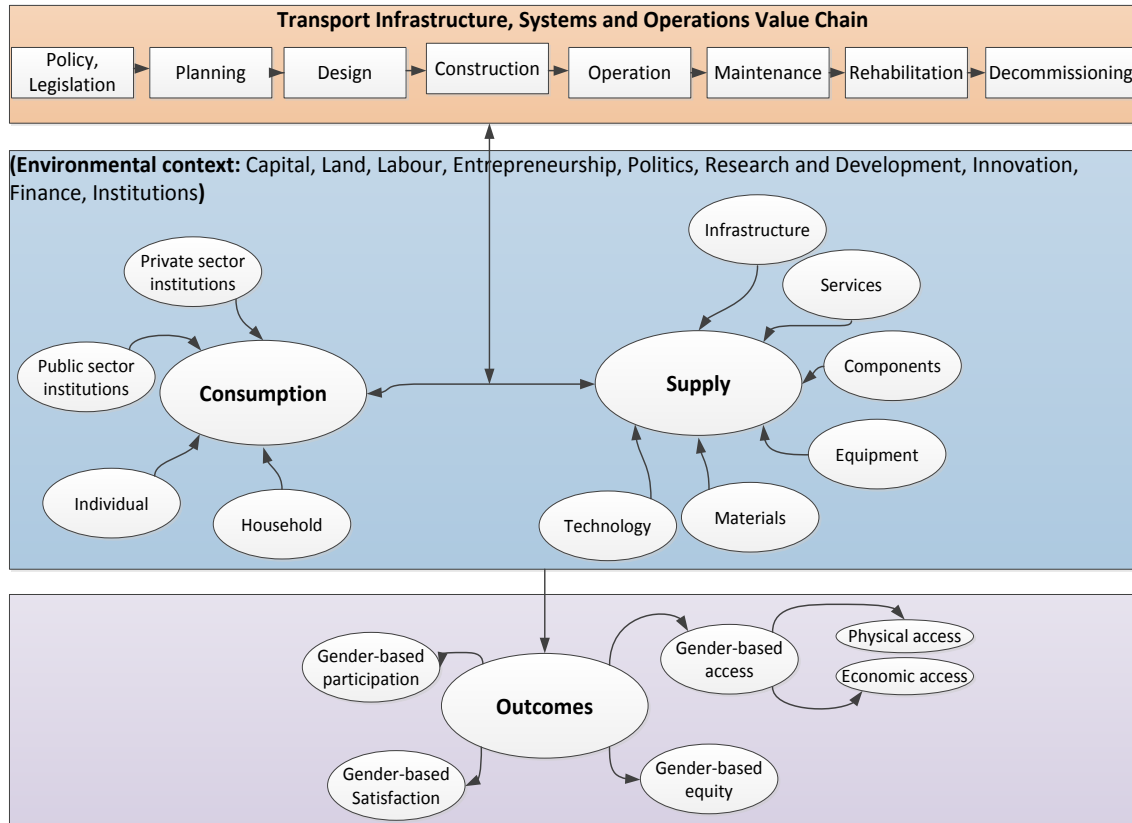
Other parts of the world have moved from voluntary to legislated quotas. For example, in Norway non-compliant boards of listed firms would be dissolved for not meeting the targets (Hills, 2015). However, when discriminatory attitudes are deep-rooted, like in South Africa, voluntary attempts to correct the situation may never be more than superficial (Lincoln et al., 2002).

## 3. THE TRANSPORT SECTOR VALUE CHAIN

There is no official definition for the transport sector (a shortcoming that should be addressed through the country’s industrial policy). However, for the purpose of this paper the sector is considered to comprise a value chain of activities aimed at providing the transfer of passengers and goods using requisite infrastructure.

Figure 1 is a depiction of the components of the transport sector within the context of this paper. The value chain comprises activities from policy

formulation to the decommissioning of infrastructure and services, and it is influenced by dynamics between demand for and supply of infrastructure and services. The performance of the sector in this instance is manifested through such things as gender-based participation and gender-based access in the value chain.



**Figure 1: High level depiction of the transport sector**

#### 4. FOCUS GROUP

A focus group was considered an appropriate method to unearth issues pertaining to gender mainstreaming in the transport sector. To this end, a focus group was convened, hosted the South African Network for Women in Transport (SANWIT) in December 2017. The group comprised fifteen participants made up of 12 females [entrepreneurs in the transport sector (construction, information technology, manufacturing, investor, general trade, public transport operators, lawyer and a skills development specialist), a public transport user, development banker, and a municipal transport planner], and one male participant who represented the Department of Small Business Development (DSBD). Participants have specific experiences in road and rail transport. Most of the participants were the registered members of SANWIT. The participants indicated that have national experience, and one participant was able to contribute insights from a regional (southern African) perspective.

The three hour focus group was framed around these questions:

- Why is it important for women to actively participate in the transport sector value chain?
- What does active participation mean?
- What progress has been made with the improved participation of women in the transport sector value chain?
- What are the contributory factors to the state of affairs?
- What short and long terms interventions should be introduced to further improve the participation of women in the transport sector value chain?

The focus group session was recorded with an electronic voice recorder and subsequently transcribed for analysis.

## **5. FINDINGS**

The focus group findings are discussed in line with the components of the high level transport sector in Figure 1. The narration is mainly limited to business perspectives.

### **5.1 Policy and legislation**

Participants indicated that although there are policies and legislation in place to promote the participation of small businesses in the economy, including women owned businesses, the transport sector does not have a special dispensation.

The group also pointed out that there is a notable knowledge gap between what government intends with strategies and policies, and what is experienced and understood at grassroots levels. Greater effort on government side to raise awareness and educate female entrepreneurs was seen as necessary.

*“...so what I find is that when you go around, there is quite a huge gap between what the positioning or the strategy of government or the national development plan is, and what industry is, and what the normal person on the ground like small businesses and other big businesses do’.*

The participant dealing with the support of small business enterprises indicated that the manner in which the National Development Plan (NDP) is written (specific reference was made to the economic development chapter), may be compounding the problem of lack of explicit recognition of the transport sector value chain in that the transport sector (like electricity) is seen more as infrastructure supporting economic development than is a business.

It was also pointed out that, although there are legislation and policies in place to promote the participation of female owned businesses, they currently lack enforcement. There was a feeling from some participants that large private enterprises should be regulated with regards to the manner in which they engage with contractual issues and women entrepreneurs in the transport sector. Some members of the groups, however, disagreed with this position in that the private sector cannot be seen to be “forced” by government to act, because the entities need to be seen exercising their own discretion:

*“...it is unconstitutional so let's not raise the expectation that we can monitor how private sector procures...”*

However, it was agreed that government can compel private entities to procure from small businesses, cooperatives and women, in cases of government contracts. Accordingly, a Black Economic Empowerment (BEE) Commission has been established, whereby private and government entities will be required to report on all their contracts in order to monitor the extent to which small business under black ownership is contracted.

Monitoring and evaluation should also consider the issue of “fronting” as the feeling is that companies make use of female contractors only to get the contract, but then do not make use of them. The question was how government intends to monitor this, and to also oversee the subcontracting fairness in that female contractors receive non-empowering work:

*“Women need to gain experience so that they can tender for contracts on their own. ...when you go with them as women, they just put your names there and at the end of the day they are giving you nothing. What is the government doing at the end of the day? Are you sending people to go investigate or check if it is real or women are there, women are doing the job? Or you just want the name of the women company?”... “I think there the government has to play a role as well, if you put the rules like 30% of contract value to women, then you need to make sure that those women are there and participate meaningfully”*

Some reported that in certain instances, some large companies “bribe” them to take part in a tender even if they know the female contractor cannot deliver on the required work.

*“I reported them to government, but even today I am still waiting, and the other thing I do not want to be blacklisted as a start-up – I do not want to be in trouble because these companies talk among themselves. So, it is a situation where you can't really stand up for yourself”*

## **5.2 Planning**

Transport is currently viewed as a service that government provides, and the general feeling from the group was that transport should become a “*beyond government offering*”. In transport plans and transport strategies, “*transport should also be presented as a business opportunity for SMMEs and cooperatives and enterprises... as opposed to government only undertaking*”

The local government transport planner indicated that planning in municipalities is participatory: “*Integrated planning of transport is conducted through consultation to design all-inclusive municipal transport services*”. However, the participant pointed out that much more should be done to explicitly plan for women's transport needs.

### 5.3 Design and Construction

The focus group agreed that the support of female entrepreneurs in the transport value chain should take into consideration local context, and to build capacity for the local context.

Many of the issues in construction revolved around the Construction Industry Development Board (CIDB) requirements and experience. This seems to be space in which very few female contractors are able to compete at a high level. Participants also indicated that they experience challenges in complying with CIDB requirements. There was a feeling of frustration that the CIDB may be purposefully making compliance difficult for female contractors owners

With regard to industrial development, it was mentioned that the Department of Trade and Industry's (DTI) Industry Participation Action Plan (IPAP) seems to be limited in scope and focus. Industrial development of the transport sector is therefore impeded by a perception that transport should be provided by government. Another shortcoming identified was the DTI's focus on the automotive trade programme where focus (and incentives) is on the assembling of vehicles. *"In contrast the focus should rather shift to the manufacturing of parts (in support of local businesses) rather than importing parts from Germany or Czechoslovakia"*.

In the words of one participant *"...about a month or so ago, I was with Malaysian rail companies. They have an express (rail ink) between the airports and the main cities. I was talking to the CEO of Malaysia rail, and she mentioned after our conference she was going to go Czech Republic, to check material covering seats, in the cabins. So that was quite interesting. We have a lot in South Africa, I think we have some of the best interior designers. We may not be able to build a ship but we can equip the interior design..."* In addition, it was felt that given that there are a few business success stories within the transport sector, there is a need to promote the role that local small women owned businesses can play within the transport manufacturing sector.

### 5.4 Operations

There was a general feeling that business opportunities in transport operations are underutilised. These opportunities should be harnessed given that traditional sectors such as mining and manufacturing no longer create many new job opportunities. However, there are still prejudices against women public transport operators. Nonetheless, females consider themselves safer with less accidents than male owned companies.

Some participants pointed out that women entrepreneurs in transport operations should embrace innovation beyond traditional forms of service models: *"Another example is "Uber" which does not own cars, does not employ staff, but they designed a service, of connecting you to a transport service wherever you are. China has reverse engineered Uber and has become a leading service provider. In South Africa Uber is being condemned. However, the lessons learnt from this example is that there needs to be deliberations in government on how to enable local suppliers or transport operators to acquire*

*new technologies that can, for example, be leased to companies to improve transport service delivery”.*

## **5.5 Maintenance and rehabilitation**

Maintenance services have mainly been limited to include grass cutting in rail and road reserves as well as road markings. There was a feeling that women-owned enterprises should also be exposed to other forms of maintenance and rehabilitation work.

## **5.6 Other issues**

**Empowerment of women:** There was a feeling that both public and private sectors tend to reduce empowerment to the mere training of women rather than providing actual work opportunities. A rather strong sentiment was expressed that *“women are tired of being trained over and over again... even after the training has been completed there is no guarantee of work”*. Procurement issues were considered particularly difficult for women who do not have much education. Part of empowering women should therefore be to raise levels of education and literacy.

**Capital and Guarantees:** Contracting firms expect small business owners to provide guarantees and insurance for goods that are supplied. This is considered unfair and also difficult for their small businesses: *“contracting firms think up guarantees. Before there were no guarantees. So if they give you whatever tender, before you can do anything, they want you to present them with a guarantee of ten percent of the contract amount”*. The manner in which payments are made also creates a cash flow problem. Small female owned businesses need to wait for long periods of time to receive payment (at end of contract) for work already done, or they are paid according to longer-term milestone rather than at specifically agreed intervals. This practice becomes a problem for small businesses without cash reserves. Private sector is seen to perform better with regard to payments than government: *“...private sector accommodates female contractors by paying them as much as 60% to 70% of the contract amount upfront”*. While National Treasury has a 30-day rule for the payment of supplier invoices, late payments were still being experienced. However the Department of Small Business Development has put measures in place to help enforce this 30-day payment rule. There is also a task team within National Treasury responsible for tracking department who are not complying. Chief financial officers are also required report non-payments: *“In actual fact the law, the new rule says that you can be charged as an official for sitting with an invoice of more than 30 days...But it is not necessarily a transport issue it is a procurement and payment issue across all sectors”*.

**Networking:** Sentiments were expressed that women entrepreneurs should widen their exposure to possible new markets and new technologies. This will happen if women renew their thinking to look at the whole transport value chain and not just the traditional businesses, for example aviation and maritime. This will increase with improved networking. Participation in trade fairs was recommended. However, even though participants would like to participate they often lacked the necessary funding, especially for overseas events, and

therefore need sponsorships. *“It is unfortunate when government leaders go to these international trade fairs they do not invite industry...in other countries industry is sponsored to attend because you know it is quite expensive to do it. At trade shows there are always the same industry representatives and there is an opportunity for women entrepreneurs to make use of these trade shows as platforms to present their services and to learn about other transport sector opportunities in which they as entrepreneurs can add value”*. Government was considered key in opening up these alternative opportunities as well providing financial support for female owned businesses to enter new markets.

**Personal drive to succeed:** The focus group acknowledged that success will ultimately come from personal drive from individual entrepreneurs: *“At one point I was introduced to something I did not have experience in. These guys wanted me to assist with in terms of health and safety. Well, I did not know anything about it I must tell you. But I had to do it. I quickly learnt what is required, for instance they say they wanted a risk assessment. I had to go and read what slippery replacement were, and what is this and that, and all those things they wanted to tender for. So I am saying certain things need your will and drive”*.

## 6. DISCUSSION

Clearly, there is recognition that progress has been made through policy and legislation to empower women economically. However, this has not translated to equivalent gains in the transport sector. As it is, it appears that initiatives to truly empower women in the transport sector are still in their infancy and much work would be required to streamline policy and practice. Acknowledgement of these shortcomings by authorities, and wider business leadership, will be the first step in the right direction.

It appears empowerment policies and legislation have created expectations that are not being fulfilled. This, it also appears, could be due to lack of appropriate implementation instruments. Under these circumstances, therefore, predatory practices such as fronting, which undermine empowerment efforts, flourish. However, many of the problems identified by the focus group are not unique to the transport sector. It is imperative, therefore, that policy and legislation implementation instruments be critically reviewed in terms of their effectiveness.

With regard to the transport sector value chain, women empowerment does not seem to be deliberate. The very planning of transport infrastructure and services in the form of municipal transport plans does not explicitly incorporate women empowerment. Essentially, this is left to happenstance; that somewhere in the value chain empowerment will take place regardless of the structural nature of gender-based prejudices.

There is a general feeling that, practically, a lot more could be done by both the public and private sector institutions to give effect to the women empowerment imperatives. Ensuring that women owned business are represented at transport sector related trade fairs, for example, may go a long way to strengthening much needed networks between established and emerging businesses.



Speedy payment of invoices in the public sector is another practical measure that could help small women owned business to stay afloat.

It became clear from the focus group that women entrepreneurs are not always aware of the latest information generated by legislators and government departments that is critical to their businesses. This could imply that non-governmental organisations such as the South African Network of Women in Transport (SANWIT) may be ineffective or poorly resourced to support their members in this regard. Improving the organisational skills of organisations such as SANWIT will go a long way in empowering women.

The focus group struggled to identify major success stories involving women in the transport sector value chain as cases for reference. While this may point to the infancy of initiatives to empower women in the transport sector value chain, in the long term it may be dampening transformational momentum. Therefore, it is critical to systematically document success stories involving women in the transport sector value chain for wider dissemination. It was actually for the first time, through the focus group deliberations, that some of the women entrepreneurs were able to see many other non-traditional opportunities in the transport value chain. This implies that the detailed profiling of the value chain (transport sector profiler) may be critical to help unlock opportunities.

## **7. CONCLUSIONS**

The paper reflected on the outcomes of a focus group intended to review the status quo relating to the empowerment of women in the transport sector value chain. While the findings may not be fully representative of experiences in the transport sector, they point to areas that should receive attention from legislators and policy makers.

Much work is still required to truly empower women to participate in the transport sector value chain. However, the work so undertaken must be informed by real-life experiences. Critical to note is that when discriminatory attitudes are deep-rooted, *laissez-faire* attempts to correct the situation may never achieve much. This, however, should not absolve non-governmental organisations, such as SANWIT, to play a meaningful role in terms of truly mobilising women to actively participate in the transport sector value chain.

## **8. RECOMMENDATIONS**

Improved methods to explicitly monitor the outcomes of policy and legislation aimed at advancing the empowerment of women in the transport sector should be formulated and implemented. Deliberate implementation of policy and legislation must take place in order to dismantle the structural problems associated with prejudices against women, especially Black women in South Africa. An integral part of implementation must be the resolute development of women entrepreneurs in the transport value chain.

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