



Labour Regulations in Check: Small and Medium Enterprises' Workforce Wellbeing Conundrums in South Africa

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Abstract

While some labour policies bring dignity to a particular group of employees, other labour policies are purported to be major driving force behind accelerated well-being vulnerability of some employees. However, there is lull in literature about the relationship between employment equity amendments and workforce well-being. With a void of information on the relationship between labour regulations and workforce well-being, it is within this background that this paper sought to investigate the influence of labour policies on workforce well-being with specific attention given to employment equity amendments. Thus, the paper fills a significant lacuna in the literature. The sample for this paper was equated to 226 small and medium enterprises in South Africa. This paper adopted a quantitative research approach, a simple random sampling technique was employed to select a sample in which computer-generated random numbers were utilised in selecting the sample. From the overall viewpoint of the findings, the study indicated that some policies encourage workforce wellbeing while other policies thwarts workforce wellbeing of small and medium enterprises. The study gave a unique work environment perspective which had not been explored before in respect of the impact of amendments to Employment Equity legislation and hence adds significant value.

Key words: Labour policies, employment equity amendment, workforce wellbeing, small and medium companies, South Africa.

Introduction

Small and medium enterprises (SMEs) are fraught with not well-documented labour policy perils. A spike in the dilapidating workforce well-being has been detected as the principal driving force behind underperformance of employees and the shrinkage of South African economy. This is due to the fact that SMEs form the base in which activities of entrepreneurship unfold. Workforce well-being is a paramount pressing concern at the workplace. The deterioration of workforce wellbeing continues unabated. The dire need for restoration of the dignity of people who have historically been disempowered has a paradoxical relationship with workforce wellbeing. Despite an array of policies, aspiration for employment equity remains far from reality for bulk of marginalised employees. Inequalities along racial and gender lines are usually prominent due to the past discriminatory tendencies. Employment Equity Act plays a decisive role in fostering an inclusive workplace. However, some labour policies prove to be largely ineffectual and highly controversial. Some employment equity amendments have been in the centre of debate. This study sought to explicitly address the workforce well-being through relooking into labour policies in South Africa. Workforce well-being has been largely ignored. There is growing debate about employment equity

amendments. Labour policies are intricately linked to wellbeing of employees. Due to deteriorated workforce well-being in SMEs, the stunted growth remains a huge challenge which has been associated with contested and controversial issues.

Labour policies have been in the centre of various debates. There have been repeated calls for academics to address the immediate issue of the relationship between employment equity amendments and workforce wellbeing. There is an interesting paradox about employment equity amendments and workforce wellbeing. As a member of the International Labour Organisation, South Africa is very respectful and serious about the International Labour Organisation's guidelines on a decent work environment. Squire (2015) claims that the chief legislation for the promotion and protection of equality rights at the workplace is the Employment Equity Act (EEA). The development of SMEs is crucial in crafting blocks for a sustainable and growing economy. The National Development Plan of South Africa reports that if effective laws are instituted towards SMEs, about 90% of new jobs will be created by 2030. The amendments to the principal Employment Equity Act No. 55 of 1998 are within the law, namely Employment Equity Amendment Act (EEAA) No. 47 of 2013. After independence in 1994, the promulgation of the EEA 55 of 1998 was not aimed at perpetuating revenge and hurt towards the previously advantaged groups, but was introduced to eliminate discrimination and to redress labour imbalances in the workplace. The central mission of the amendments is to rigorously dismantle the labour market in order to empower the previously disadvantaged groups as a way of redressing past imbalances (Tapanya, 2015). The amendments to employment equity in South Africa spark extensive controversies and critiques, it seems undeniable that they have great impact on workforce wellbeing.

Against a backdrop of uncertain and uneven economic recovery, the global economic recession has prompted a renewed attention to managing workforce wellbeing. A study carried out by SBP in 2013 indicated that SMEs complained about the harsh labour regulations (SBP, 2013). The National Small Business Advisory Council (2015) indicates that it is focusing on finding ways of eliminating or reducing barriers that disturb the development of SMEs in South Africa and creating support systems for the development of businesses. Moreover, a study carried out by Ngcobo and Sukdeo (2015) revealed that government laws and policies are claiming unrealistic, burdensome and complex demands which makes it difficult for SMEs to expand. The concern arises over the alarming rate at which SMEs collapse. The operations of these businesses are marred by inefficiencies. In that study, a number of government regulations and policies were found to be hampering the success of the operations of most businesses. In South Africa, the workforce wellbeing of employees in SMEs have drastically declined. However, the study was not specific as to which were those government laws and policies. On nearly all fronts, the ranking of South Africa in doing business has declined. The retarded growth of SMEs is affected by labour relations law and policy uncertainties within South Africa (Ngcobo & Sukdeo, 2015). Adjusting workforce wellbeing strategies to tally with the new amendments of employment equity remain a challenge, especially for SMEs. South Africa is experiencing a low growth rate of SMEs. The South African economy is characterised by a low growth rate of SMEs and high unemployment (Merchant, Kumar & Mallik, 2018). Generally, there is a poor growth rate of SMEs, uncertainties within the employment equity amendments being the key cause. The purpose of this paper is to assess the impact of labour regulations on workforce wellbeing of small and medium companies with particular attention given to employment equity amendments in South Africa. The key fundamental danger in some of the government policies is that they lose track of the workforce wellbeing of employees in SMEs.

Research Objectives

This study is guided by the following research objectives:

1. To establish the key amendments to Employment Equity Act of 2013 in South Africa.
2. To investigate the impact of employment equity amendments on workforce wellbeing of small and medium enterprise.
3. To propose strategies that can be used to enhance the implementation of employment equity amendments without negative effect on workforce wellbeing.

Literature Review

Effects of Amendments to Employment Equity on Workforce Wellbeing

Employee experiences, perceptions and attitudes are crucial in examining workforce wellbeing (Azar and Ciabuschi, 2017). One of the key indicators of workforce wellbeing is adaptability. For this study, adaptability entails the proactive strategy to align with the changes of the new amendments to employment equity. The organisations adopt a strategic thrust to adapt to the new amendments (Laila, 2015). The section 6(4) clause was put in place to give effect to the *Fila SA (PTY) & Others vs Mangena and others* judgement in which the judge cited challenges in the Employment Equity Act of not having clear clause that specifically deal with 'equal pay-for-equal work' (Mathapelo, 2014). It is also in this context that the legislation should meet International Labour Organisation Convention 100 obligations. Pay reflects on employee's sense of self-worth, hence giving a clear recognition of employees from designated groups, especially women, and maintains equal status amongst employees who are doing the same work in a modern day South African labour market. Equal work-for-equal pay is believed to be a great catalyst that boost employee satisfaction as employees see that they are fairly treated. There is a strong argument that the insertion of section 6(4) and 6(5) that focus on equal work equal pay in the Employment Equity Amendment Act contributes directly towards the increment of salaries of the employees from historically disadvantaged groups in South Africa. This can remedy the under-valuation of Black employees' work and effort. This is usually prevalent in SMEs where they usually do not pay much attention to pay structures.

SMEs encounter a challenge of retaining and recruiting skilled employees from previously disadvantage groups while fostering a conducive work environment that promotes the attainment of self-sustenance and workforce wellbeing. Organisational human capital has taken the centre of the labour issues and remains the critical source of gaining competitive edge against competitors. Skilled employees are crucial assets in companies, the government is pushing the nation into deep skills crisis as those with critical skill are leaving. This expertise is required to enhance the productive capacity of the country, which in turn boosts economic prosperity and development. Economic prosperity stimulates high consumption and huge demand for greater commodities. This is creating pressure for SMEs to focus on keeping employees embedded and engaged in the work in order to retain them for long periods. If the present conditions are not managed promptly, the labour that the government is attempting to protect will vanish due to frequent business failure (Sitharam & Hoque, 2016). In this case, businesses cease to exist. Government needs to re-look at this as this may be getting late for SMEs which are less capable of surviving and sustaining in excessive, tight regulatory requirement and costs. Although SMEs are limping in their overall workforce, this aspect of employment equity deserves more prominence. The distasteful hype of the collapse of business and the cynicism which is generated by wake-up calls from business can no longer mask this essential fact that the execution of employment equity amendments is necessary. While these amendments appear to serve parochial interests, top management overlooks their payoffs, nor has their development been considered in light of the overall corporate strategy. The government may be advised to turn down its focus on populist policies that are aimed at drumming up support at the expense of interests of the economy, thereby destroying veritable engines that grow the economy, in particular employment creation.

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 labour market and ii) fair treatment and the promotion of equal opportunities in the labour market through the eradication of unfair discrimination (Squire, 2015). The amendments to the principal Employment Equity Act No. 55 of 1998 are within the law, namely Employment Equity Amendment Act No. 47 of 2013 in South Africa. A remarkable number of amendments were made, key amendments are the following:

Firstly, inclusion of equal treatment (work of equal value) - The insertion of the new section 6 (4) and section 6(5) explicitly focus on the concept of equal treatment, which requires more than the issue of 'equal pay-for-equal work'. The amendment was made in respect of the EEAA 47 of 2013 as per presidential

proclamation which came into effect 1 August 2014. Before the introduction of section 6(4), there was no specific provision in the EEA that regulates the claims of 'equal pay-for-equal work'. Prior to section 6(5), claims of 'equal pay-for-equal work' were indirectly dealt with under EEA's section 6(1) which forbids discrimination based on unfair grounds (Dube, 2017). Secondly, discriminatory grounds extended - Section 6(1) of the Amendment Act expands the grounds of unfair discrimination (Rautenbach, 2016). Previously, the grounds of discrimination were restricted to aspects in section 6 of the Act's list which include race, age, pregnancy, sex, marital status, colour, disability, belief, culture, HIV status, religion, political opinion, birth, language, sexual orientation, ethnic or social origin, family responsibility, conscience and gender. The expansion of the meaning of unfair discrimination prohibits unjustified discrimination based on arbitrary grounds.

Thirdly, the burden of proof (amendment to section 11)- This section was expanded on. This amendment was recommended and endorsed by the all the social partners at NEDLAC. The amendment provides the manner in which the newly introduced section of the act; 'arbitrary ground'; is regulated (Mason & Roman, 2015). Previously, whenever a dispute of unfair discrimination arose, the burden to establish the fairness of discrimination was in the hands of the employer. However, now the amendment act forms two facets of 'burden of proof' where it is borne by either the employee or employer. Fourthly, CCMA jurisdiction (amendment of section 10)- Earlier under the principal act, the adjudication of all claims related to unfair discrimination were dealt with exclusively under the Labour Court's jurisdiction. Now all matters that concern sexual harassment of all employees irrespective of their earning thresholds; or issues related to unfair discrimination in which the earning threshold of the 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 the CCMA, where arbitration for the dispute can be handled in terms of Section 10(6) after conciliation (Tapanya, 2015).

Fifthly, annual reports- In the past, annual reports were required to be submitted by designated employers that had more than 150 employees, whilst those designated employers with less than 150 staff were obliged to submit by the second year. However, the new amendment now requires all designated employers to submit their reports annually. Sixthly, increased fines (amendments to sections 59, 61 and schedule 1)- The maximum fine for breach of the Act is now increased threefold. This amendment aligns with changes in the value of money since its introduction in 1998. Should the revenue be higher than a fine, a fine range which varies from 2%-10% of the turnover is charged depending on the offence committed for failure to abide by provisions of affirmative action within the Act (Peyper, 2017). Seventhly, only apartheid victims to benefit from employment equity- Amendments to the definition of 'designated groups' in terms of Chapter III ensures that affirmative action beneficiaries are now only restricted to people with a disability, women and Black people who were citizens of South Africa prior to the democratic era of 27 April 1994 or would have got citizen entitlement but were deprived by apartheid policies or who are South Africa by descent or birth (Rautenbach, 2016).

Eighthly, enforcement procedures (amendments to sections 39 and 40)- For enforcement to be conducted effectively and efficiently an amendment to truncate the procedures is introduced. In particular, the compliance order is now issued by the labour inspector without initially waiting to receive written undertaking from the employer. Section 36 that dealt with employer's undertaking to abide with the request of the labour inspector is deleted (Squire, 2015). Ninthly, occupational categories excluded- As confusion avoidance criterion and simplification of procedures in respect of affirmative action, occupational levels now set as points of references. Occupational categories are removed (Geldenhuis, 2016). Tenthly, assessment of compliance- The factors that determine employer's compliance in implementing the Act were revised. Regulations that deal with compliance assessment where issues such as economically active population of regional and national are taken into consideration is now falls under the hands of the Minister of Labour. Eleventhly, reports to the director-general (amendments to section 21)- This amendment gives time-frame of when the designated employers are expected to submit reports to the Department of Labour's Director-General (DG). The amendments states that the reports should be submitted on the first day of

October or other prescribed dates to the Director-General (Mason and Roman, 2015). A notification in writing should be sought to the Director-General in the event that submission of the report cannot be done as prescribed stating failure of submission of the report on October's first working day in terms of section 21(4A) of the EEAA.

Twelfthly, consequences of failing to comply with director-general (amendment to section 45)- An amendment to section 45 is done to make extension where section 45(1)(a) and (b) is now included. The extension provides specific action that is taken by the Director-General in the event of failure of the employer to abide by a requisition issued by Director-General in accordance with section 43(2) or according to section 44(b) recommendation made by the Director General (Peyper, 2017). Thirteenth, total annual turnover threshold (amendments to schedule 4)-Amendment to section 64A increases the annual threshold that is required to be exceeded for the employer to fall under the classification of designated employer. The annual turnover in each sector is extensively increased by 300% (Heerden, 2015). Fourteenthly, psychometric tests- In the past, if the psychometric tests were scientifically proven to be reliable and valid, they could be fairly applied to the entire groups of employees and were unbiased against whatever group or employee (Meiring & Buckett, 2016). Now the further requirement is that employers that use psychometric tests should make sure that the tests have the approval and certification of the Health Professions Council of South Africa (HPCSA).

The Aspect of Workforce Well-being

Workforce wellbeing refers to a situation whereby an employee has physical, social and psychological resources he or she needs to meet the physical, social and psychological challenges (Cvenkel, 2020). By promoting workforce wellbeing, productivity increases, employment may fall, and the organisation grows. The aspect of workforce wellbeing has gained traction in labour policy debates both organisations and academics, as well as employer and national agendas. Organisations require employees to get work done at the optimum way. While poor workforce wellbeing poses productivity costs to the organisation, promoting workforce wellbeing increase employee productivity (Krekel, Ward & De-Neve, 2019; Page & Nilsson, 2017). In other words, a company which put workforce wellbeing as one of its core goals is likely to reap noticeable productivity gain. According to Isham, Mair and Jackson (2020), a workplace that supports workforce wellbeing is one that encourage employees to reach their maximum potential and thrive for the benefit of the organisation and themselves. There is a major applaud in favour of encouraging policy makers and businesses to avoid short-termism thinking of drawing immediate gains at the expense of appreciating long term benefits of decisions. The term workforce wellbeing can be defined in different ways, namely eudaimonic approach and hedonic approach (Auton, Clay-Williams, Cartmill, Braithwaite & Rapport, 2019). Eudaimonic approach views the workforce wellbeing as the self-realisation, the degree to which an employee reaches full functioning (Cvenkel, 2020). Hedonic approach sees workforce wellbeing as happiness and pleasure in pain avoidance and goal attainment. According to Krekel, Ward and De-Neve (2019), there are a number of measurements that can be used to check the workforce wellbeing, that is, objective and subjective measures.

Objective measures include intrinsic motivation, growth, engagement, social support, quality relationship with leaders, the level of working in harmony with co-workers, and quality connections. Subjective wellbeing includes the negative and positive effect, positive attitudes, and job satisfaction. Page and Nilsson (2017) state that the workforce wellbeing can be seen in a holistic and expansive way both as public policy and organisational policy level which includes the physical and psychological aspects of employee life. In short, three components of workforce wellbeing include social wellbeing, physical wellbeing and psychological wellbeing. Employees' experiences, perceptions and attitudes reflected in employees are crucial in examining workforce wellbeing (Azar & Ciabuschi, 2017). In this study, the term workforce wellbeing is limited to employees only. One of the common measures is labour turnover of experienced employees, absenteeism rate and output per employee. One of the key indicators of workforce wellbeing is adaptability. Another instance is trying to make a comparison of employee's sales. For

example, sales per employee of a company in the construction industry which outsources most of its site works is different from a company in retail that utilises its own crews to do site work.

Theoretical Framework

According to Jain, Horwitz and Wilkin (2012), the Neo-institutional theory focuses on shaping the actions of the organisation to align with external social forces. These forces influence the manner in which operations of certain functions are conducted, thereby becoming institutionalised within the organisation. These external forces impact on the wellbeing of the workforce. In accordance with neo-institutional theory, the key assumption is that organisations want to prove legitimacy from the external world. In relation to this study, SMEs seek to abide by the amendments to Employment Equity regardless of the how their businesses are performing. Ignorance to heeding this law's demands results in SMEs fined hefty penalties that in turn affect workforce wellbeing in terms of finances. Primary mechanisms that affect organisations' actions are subdivided into three: regulatory forces, normative forces, and mimetic forces. Firstly, the regulative forces, are forces connected to certain government rules and laws. The Neo-institutional theory is general in nature in the sense that it is not specific to a particular law. Hence, this study will narrowly and clearly expand the existing Institutional theory to align with Employment Equity amendments by employing a deductive approach which is grounded in the empirical testing of critical incidents that come as a result of the execution of amendments to employment equity. In this case, the theory can be expanded to clearly align with the Employment Equity Amendment Act.

Methodology

Research Design

This study adopted the descriptive research design. The descriptive research design can effectively address the research problem relating to the impact of employment equity implementation on the financial performance in South Africa. Descriptive research addresses all types of the research questions and it is used when problems are at an initial stage (Kothari, 2020; Carrie & Kevin, 2014). This study utilised a quantitative approach. A quantitative research approach gave the quantitative relationships and examined the empirical analysis between amendments to EEA and financial performance in a mathematically expressed manner.

Instrumentation

For this study, the primary data was collected utilising structured close-ended questionnaires. The mail survey utilised a structured questionnaire. The 'five-point Likert scale' was utilised for each of the questions that was asked (strongly agree, agree neutral, disagree and strongly disagree). The closed-ended questionnaire responses were coded in a data set form in which both inferential and descriptive statistics was utilised for analysis. Then the data was analysed utilising the Statistical Package for the Social Sciences (SPSS) version 25 for Windows by employing relevant statistical tests. For this study, the target population constituted all 550 SMEs across all industries in South Africa. In this study, the number of employees was used to determine whether or not the employer qualifies to be a designated employer. In terms of EEAA, the employer should have at least 50 employees and above to qualify to be a designated employer. Probability sampling was utilised. A simple random sampling technique was employed to select a sample in which computer generated random numbers was utilised in selecting the sample. In accordance with a sample size table developed by Krejcie and Morgan (1970), a sample size of 226 should be utilised for a target population consisting of 550 elements/units. Computer-generated random numbers were utilised in selecting the sample.

Results

Reliability Testing

The suitable test for this study was the internal consistency reliability test which was performed by computing Cronbach's alpha. The minimum accepted value of Cronbach's alpha coefficient is 0.6, especially for descriptive research. For the measurement of internal consistency, Cronbach's alpha was the most ideal tool because the questionnaire had multiple Likert scale statements. In this case, Cronbach's alpha established the extent to which the scale is reliable. The coefficient alpha of equal pay-for-equal work is 0.93. The coefficient alpha of extension of discriminatory grounds is 0.71. A Coefficient alpha of 0.65 was obtained for removal of non-SA citizens from the designated groups. Increased fines scored a coefficient alpha of 0.86. The coefficient alpha of removal of occupational categories is 0.88. A coefficient alpha of 0.97 was obtained for consequences of failing to comply with the Director-General. The coefficient alpha of burden of proof is 0.95. A coefficient alpha of 0.93 was obtained for annual reporting. The coefficient alpha of enforcement procedures is 0.72. A coefficient alpha of 0.86 was obtained for sexual harassment handled by CCMA. The coefficient alpha of increment of total annual turnover threshold is 0.93. The coefficient alpha of assessments of compliance is 0.73. The coefficient alpha of psychometric tests is 0.92. A coefficient alpha of 0.69 was obtained for 'financial performance'.

Descriptive statistics

The biographical data of the respondents utilised 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. In terms of the biographical data, 63.38% of the respondents were males, with majority of the respondents (54.17%) were between 46-50. Majority of the respondents (69.44%) had a degree level as their highest qualification, with the bulk of respondents (63.89%) held the senior manager. Majority of the respondents (64.44%) occupied the top management level.

Table 1

Descriptive Statistics

| Statement | Maximum | Mean | Std. Deviation |
|---|---------|------|----------------|
| I perceive the higher satisfaction that comes as a result of equality increases our business performance. | 5 | 3.77 | .755 |
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| We are no longer consider foreign nationals for our mandate to meet equity goals. | 5 | 3.60 | .878 |
| Our company has policies that counter discrimination. | 5 | 4.00 | .236 |
| We once received a penalty for not meeting employment equity targets. | 5 | 2.99 | .858 |
| Our company submits employment equity reports every year. | 5 | 3.75 | .703 |
| The removal of a chance to object to some compliances causes inflexibility in our business. | 5 | 3.78 | .731 |

| | | | |
|---|---|------|------|
| I think exclusion of occupational categories in the new employment equity amendment is good for the company. | 5 | 3.68 | .864 |
| We use psychometric tests when selecting the right candidate for the job. | 5 | 3.40 | .758 |
| I think that amendment does not affect us as we are holding the same position of proving that an employee has not been discriminated against. | 5 | 3.86 | .585 |
| The new enforcement procedures force us to hire ill-skilled people for the sake of achieving compliance. | 5 | 3.88 | .744 |
| We once experienced a case of sexual harassment in our organisation. | 5 | 3.56 | .833 |
| We fall above the total annual turnover threshold stipulated in the new amendment. | 5 | 3.82 | .694 |
| Our company considers both regional and national demographics when placing employment equity targets. | 5 | 3.21 | .971 |
| Our business is growing slowly due to inexperienced employees available. | 5 | 3.77 | .755 |
| Our process of production is so sophisticated such that it requires experienced employees. | 5 | 3.73 | .750 |
| Our company has high potential of growth once we keep our expert team of employees. | 5 | 3.74 | .782 |
| Valid N (listwise) | | | |

As illustrated in Table 1, the respondents agreed that they perceive the higher satisfaction that comes as a result of equality increases workforce wellbeing, as reported by a mean score of 3.75. It is clear from this study that full implementation of equal pay-for-equal work or work of equal value brings high satisfaction amongst employees, which leads to high productivity. As depicted in Table 1, the respondents agreed that they no longer consider foreign nationals as they push for their mandate to meet equity goals, as indicated by a mean score of 3.60. However, as observed from Table 1, the sample respondents affirmed that their companies have policies that counter discrimination, as shown by a mean score of 4.00. However, sample respondents affirmed that they submit employment equity reports every year. This was confirmed by a mean score of 3.75. In terms of the consequences of failing to comply with the Director-General, the sample respondents indicated that the removal of a chance to object to some compliances causes inflexibility in their businesses, as indicated by a mean score of 3.78. In the same vein, the sample respondents indicated that the exclusion of occupational categories in the new employment equity amendment is good for the company, as shown by a mean score of 3.68. The overall viewpoint from the findings implies that the removal of occupational categories is favourable for the organisation.

On another statement in Table 1, the respondents affirmed that the new enforcement procedures force them to hire ill-skilled people for the sake of achieving compliance, as shown by a mean score of 3.88. In

the same vein, the sample respondents conceded that they once experienced a case of sexual harassment in their organisations, as supported by a score mean of 3.82. The sample respondents confirmed that they fall above the total annual turnover threshold stipulated in the new amendment, as reported by a mean score of 3.82. These findings imply that the companies that participated in this study are suitable for this research since they fall above the total annual turnover threshold stipulated in the new amendment. The sample respondents indicated that their companies consider both regional and national demographics when placing employment equity targets, as supported by a mean score of 3.21. The findings imply that although small and medium companies consider the regional and national demographics, they are experiencing confusion in respect of their practical implementation. The sample respondents indicated that their process of production is so sophisticated such that it requires experienced employees, as supported by a mean score of 3.73. It is interesting to note that the sample respondents affirmed that their companies have a high potential of growth once they keep their expert team of employees, as indicated by a mean score of 3.74. However, it is worrisome to note that the sample respondents indicated that their businesses are growing slowly due to inexperienced employees available, as shown by a mean score of 3.77. However, it is worrisome to note that the respondents believed that the loss of foreign skilled employees lowers production, as supported by a mean score of 3.73. These results were in line with the views of Makhitha (2016) that inadequate available skills from citizens of South Africa is one of the crises that SMEs are facing, which is compromising production.

Inferential statistics

As evident in Table 2, the regression equation, the EEAA has a significant relationship with stakeholder performance. This was indicated by the correlation value (R) of 0.990, which is a considered a significant relationship because the value falls above 0.70 (Pallant, 2011). The adjusted R square reflects that 97.5% (0.975) of workforce wellbeing could be explained by the independent variables.

Table 2

Model summary- employment equity amendments and workforce wellbeing

| Model | R | Adjusted R Square |
|-------|-------------------|-------------------|
| 1 | .990 ^a | .975 |

Predictors (Constant): EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; psychological tests and assessments of regional and national demographics).

Table 3

ANOVA Test Results

| Model | Sum of Squares | Df | Mean Square | F | Sig. | |
|-------|----------------|-------|-------------|--------|---------|------|
| 1 | Regression | .745 | 14 | 24.811 | 199.594 | .000 |
| | Residual | 2.409 | 57 | .124 | | |
| | Total | 3.154 | 71 | | | |

a. Dependent variable: Workforce wellbeing

b. Predictors: (Constant) EEAA (equal pay-for-equal work; extension of discriminatory grounds; removal of non-SA citizens from the designated groups; increased fines; removal of occupational categories; consequences of failing to comply with Director-General; burden of proof; annual reporting; consideration of experience;

enforcement procedures; sexual harassment handled by CCMA; increment of total annual turnover threshold; psychological tests and assessments of regional and national demographics)

Critical F= 2.51304

The test in Table 3 reflects a statistically significant F calculated value of 199.594, which is above the minimum critical F value of 2.51304. This implies that the generated regression equation of this study perfectly and significantly predicts the dependent variable. This is also corroborated by a p-value in which $p=0.000<0.05$. This means that the p-value (0.000) reported was lower than the conventional probability of 0.05 significance level. The results of the test depict that the adopted regression equation in this study is of good fit, hence it is suitable to be utilised to predict workforce wellbeing based on the amendments of employment equity reviewed in this study. Table 4 covers the coefficients of regression analysis.

Table 4
Coefficients

| Model | | |
|---|---|-------------|
| (Independent Variables) | Unstandardized Coefficients β | Sig. |
| Constant | .797 | .000 |
| Equal pay-for-equal work | .928 | .000 |
| Extension of discriminatory grounds | -.632 | .014 |
| Removal of non-SA citizens from the designated groups | -.851 | .000 |
| Increased fines | -.112 | .452 |
| Removal of occupational categories | .101 | .508 |
| Consequences of failing to comply with Director general | -.124 | .241 |
| Burden of proof | -.156 | .371 |
| Annual reporting | -.215 | .169 |
| Enforcement procedures | -.189 | .462 |
| Sexual harassment handled by CCMA | .135 | .523 |
| Increment of total annual turnover threshold | .023 | .821 |
| Assessments of regional and national demographics | -.091 | .718 |
| Psychological tests | 0.069 | .335 |

a. Dependent Variable: Workforce wellbeing

As evident in Table 4, the coefficient value of 'equal pay-for-equal work' was 0.928. This implies that when other independent variables are held constant, workforce wellbeing could increase by 92.8%, given that there is 100% progress of 'equal pay-for-equal work'. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable 'equal pay-for-equal work' makes a highly significant and positive contribution to the prediction of the dependent variable (workforce wellbeing). As reflected in Table 4 above, the coefficient value of 'extension of discriminatory grounds' was -0.632. This means that when other independent variables are held constant, workforce wellbeing could decrease by 63.2%, given that there is 100% progress of 'extension of discriminatory grounds'. The statistical significance ($0.014 < 0.05$) means that the sub-independent variable 'extension of discriminatory grounds' makes a relatively significant and negative contribution to the prediction of the dependent variable (workforce wellbeing).

In relation to Table 4, the coefficient value of 'removal of non-SA citizens from the designated groups' was -0.851. This implies that when other independent variables are held constant, workforce wellbeing could decrease by 85.1%, given that there is 100% progress of 'removal of non-SA citizens from the designated groups'. The statistical significance ($0.000 < 0.05$) means that the sub-independent variable 'removal of non-SA citizens from the designated groups' makes a highly significant and negative contribution to the prediction of the dependent variable (workforce wellbeing). According to Table 3, the coefficient value of 'increased fines' was -0.112. This implies that when other independent variables are held constant, workforce wellbeing could decrease by 11.2%, given that there is 100% progress of 'increased fines'. The statistical significance ($0.452 > 0.05$) means that the sub-independent variable ('increased fines') makes an insignificant and negative contribution to the prediction of the dependent variable (workforce wellbeing).

As illustrated in Table 4, the coefficient value of 'removal of occupational categories' was 0.101. This implies that when other independent variables are held constant, workforce wellbeing could increase by 10.1%, given that there is 100% progress of 'removal of occupational categories'. The statistical significance ($0.508 > 0.05$) means that the sub-independent variable (removal of occupational categories) makes an insignificant and positive contribution to the prediction of the dependent variable (workforce wellbeing). As reflected in Table 3, the coefficient value of 'consequences of failing to comply with the Director-General' was -0.124. This means that when other independent variables are held constant, workforce wellbeing could decrease by 12.4%, given that there is 100% progress of 'consequences of failing to comply with the Director-General'. The statistical significance ($0.241 > 0.05$) means that the sub-independent variable 'consequences of failing to comply with the Director-General' makes a considerable insignificant and negative contribution to the prediction of the dependent variable (workforce wellbeing).

In relation to Table 4, the coefficient value of 'burden of proof' was -0.156. This implies that when other independent variables are held constant, workforce wellbeing could decrease by 15.6% given that there is 100% progress of 'burden of proof'. The statistical significance ($0.371 > 0.05$) means that the sub-independent variable ('burden of proof') makes an insignificant and negative contribution to the prediction of the dependent variable (workforce wellbeing). As indicated in Table 3 above, the coefficient value of 'annual reporting' was -0.215. This implies that when other independent variables are held constant, workforce wellbeing could decrease by 21.5%, given that there is 100% progress of 'annual reporting'. The statistical significance ($0.169 > 0.05$) means that the sub-independent variable ('annual reporting') makes an insignificant and negative contribution to the prediction of the dependent variable (workforce wellbeing).

Table 4 depicts that the coefficient value of 'enforcement procedures' was -0.189. This means that when other independent variables are held constant, workforce wellbeing could decrease by 18.9%, given that there is 100% progress of 'enforcement procedures'. The statistical significance ($0.462 > 0.05$) means that the sub-independent variable (enforcement procedures) makes an insignificant and negative contribution to the prediction of the dependent variable (workforce wellbeing). Table 3 shows that the coefficient value of 'sexual harassment handled by CCMA' was 0.135. This implies that when other

independent variables are held constant, workforce wellbeing could increase by 13.5%, given that there is 100% progress of 'sexual harassment handled by CCMA'. The statistical significance ($0.523 > 0.05$) means that the sub-independent variable ('sexual harassment handled by CCMA') makes an insignificant and positive contribution to the prediction of the dependent variable (workforce wellbeing).

As shown in Table 4, the coefficient value of 'increment of total annual turnover threshold' was 0.023. This means that when other independent variables are held constant, workforce wellbeing could increase by 2.3% given that there is 100% progress of 'increment of total annual turnover threshold'. The statistical significance ($0.821 > 0.05$) means that the sub-independent variable (increment of total annual turnover threshold) makes an insignificant and positive contribution to the prediction of the dependent variable (workforce wellbeing). According to Table 4 above, the coefficient value of 'assessments of compliance' (regional and national demographics) was -0.091. This implies that when other independent variables are held constant, workforce wellbeing could decrease by 9.1%, given that there is 100% progress of 'assessments of compliance' (regional and national demographic). The statistical significance ($0.718 > 0.05$) means that the sub-independent variable 'assessments of compliance' (regional and national demographics) makes an insignificant and negative contribution to the prediction of the dependent variable (workforce wellbeing). According to Table 4 above, the coefficient value of 'psychological tests' was 0.069. This entails that when other independent variables are held constant, workforce wellbeing could increase by 6.9%, given that there is 100% progress of 'psychological tests'. The statistical significance ($0.335 < 0.05$) means that the sub-independent variable 'psychological test' makes an insignificant and positive contribution to the prediction of the dependent variable (workforce wellbeing).

Discussion

The study findings revealed that that the new employment equity amendment legislation has a profound effect on workforce wellbeing. The findings of this study indicated that among all the amendments, only 'equal pay-for-equal work' positively impact workforce wellbeing of SMEs. This is confirmed by Burger, Jafta and von-Fintel (2016) who studied affirmative action and found that the EE legislation is slow in closing the wage differential gaps across both race and gender, especially for blacks who have been earning low wages despite the rise in economic growth in recent years. Regarding equal pay and gender equity, Conley and Page (2018) conducted a study in the United Kingdom, the results of which revealed that an over-reliance on legislation for organisations to implement equal pay at the workplace has caused government not to move from adversarial legislative forms to more relaxed responsive regulative forms of pay equality. However, an important issue met with equal pay for work of equal value was the challenges in measuring the value of work. In respect of this, the study found that SMEs are having difficulties in measuring the value of work. The study also established that 'extension of discriminatory grounds' and 'removal of non-SA citizens from the designated groups' have negative effects on workforce wellbeing. This is confirmed by the findings of a study on the challenges faced by SMEs conducted by Chimucheka and Mandipaka (2015), which revealed that poor government regulations and policies are key impediments to the growth of SMEs. 'Psychometric tests, removal of occupational categories, consequences of failing to comply with the Director general, annual reporting', 'enforcement procedures', 'sexual harassment handled by CCMA', 'increment of total annual turnover threshold' and 'assessments of regional and national demographics' have no impact on workforce wellbeing.

Conclusions

The study findings revealed that that the employment equity amendments have a great impact on workforce wellbeing. The need for transformation overrode the sustenance of SMEs. The amendment of employment equity legislation made an artificial increase in the demand for skilled and competent Black employees, which is causing SMEs to lose their small portion of critical skills to large companies. The new employment equity amendments caused a reshuffling of the current workforce instead of creating jobs. SMEs encountered a challenge of retaining and recruiting skilled employees from previously disadvantage groups

while fostering a conducive work environment that promotes the attainment of self-sustenance and workforce wellbeing. The impact of employment equity amendments on the workforce wellbeing of SMEs have been established hence the primary objective of this study was accomplished.

Practical Implications of the Study

Job grading should be made available. The organisation should have their internal process that monitors and evaluates the existing execution of the measures of the amendment of employment equity legislation. Finding the balance between the benefits of executing employment equity amendment legislation and benefits derived from vibrant workforce wellbeing of SMEs is a lasting solution. The SMEs should engage in job grading, in this way potential friction for employees perceiving to be doing the work of the same value but receiving different compensation is reduced. Compliance with amendments of employment equity legislation must not be seen as a way of fulfilling political imperatives. Instead, they should be integrated as part of business objectives by employers through appointing skilled workforces. Special development programmes should be given to designated employees in order to assist them to cope with the appointed positions, thereby correcting the under-representation of these employees in the company. The current emphasis on transformation should be intertwined with the development of critical skills. Constructive engagement between the government and SMEs is required.

Future research directions

The study only used quantitative research approach. Therefore, future studies should replicate this study employing qualitative research approach to gain a deep understanding of the issues around employment equity amendments and workforce well-being. Future research should also investigate workforce well-being and employment equity amendments in large organisations to elucidate the specific differences and similarities between varied sizes of businesses.

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