The Impact of Preferential Procurement in South African Construction Industry

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Abstract.

The South African government has contributed in promulgating the Preferential Procurement Policy Framework Act (PPPFA) in order to improve, develop and uplift the socio-economic status of historically disadvantaged individuals (HDIs)/black contractors. The PPPFA aimed at improving the socio-economic status of HDIs/black contractors registered under grade 1-6 with the construction industry development board (CIDB). The PPPFA such as BBBEE, LED, etc, recognize that the HDI/black contractors in general contribute a substantial amount to the country’s economy through participating under small, medium and micro enterprise (SMME) contractors in the construction industry. An explanatory mixed (semi-structured interview and written questionnaire) method was adopted for in-depth understanding. As a client, government implements PPPFA for purpose of uplifting HDIs to achieve the socio-economic objectives. Policies and Programmes implemented by government namely PPPFA, EPWP and NCDP are not fully effective; hence, HDIs/black contractors did not fully benefited from these policies and programmes. The outcome of this study shows that there are problems in the implementation of PPPFA during tendering and procurement processes and procedures for achieving success in government projects.

Keywords: HDIs, PPPFA, Policies, Programmes, Procurement.

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