UCT GRADUATE SCHOOL OF BUSINESS

the international business school in Africa

Masters in Wine Business Management
Dissertation

Name: Gerard Martin

Title: Creating viable Black Economic Empowerment initiatives on the primary producer level in the South African Wine Industry

Student no: mrtger002

Date: 2nd of November 2009

Acknowledgements

TABLE OF CONTENTS

PLAGIARISM DECLARATION SHEET

UNIVERSITY OF CAPE TOWN

GRADUATE SCHOOL OF BUSINESS

2nd of November 2009

DECLARATION

1. I know that plagiarism is wrong. Plagiarism is to use another's work and pretend that it is your own.

2. I have used the Harvard System 1st edition referencing convention for citation and referencing. Each significant contribution and quotation from the works of other people has been attributed, cited and referenced.

3. I certify that this submission is all my own work.

4. I have not allowed and will not allow anyone to copy this essay with the intention of passing it off as his or her own work.

Signature: Gerard Martin   Date: 2/11/2009

Tables and Figures
Tables:

Figures:

Acronyms and Abbreviations

AD	Affinity Diagram
ANC	African National Congress
AgriBEE	Agricultural Broad-Based Black Economic Empowerment
AgriQSE	Agricultural Qualifying Small Enterprise
BAWSI	Black Association for the Wine and Spirits Industry
BEE	Black Economic Empowerment
BBBEE	Broad Based Black Economic Empowerment
BSP	Basic Social Process
BUSCO	Wine Industry Business Support Committee
CASP	Comprehensive Agriculture Support Programme
CDE	Centre for Development and Enterprise
CEO	Chief Executive Officer
CLD	Causal Loop Diagram
CoP	Community of Practice
CRDP	Comprehensive Rural Development Programme
DEVCO	Wine Industry Development Company
DLA	Department of Land Affairs
DoA	Department of Agriculture
DAFF	Department of Agriculture, Forestry and Fisheries
the dti	Department of Trade and Industry
GDP	Gross Domestic Product
HRDT	Human Resources Development and Training Unit
ID	Interrelationship Diagraph
IE	Instrumental Enrichment
LARP	Land and Agrarian Reform Project
LPAD	Learning Propensity Assessment Device
LRAD	Land Reform for Agricultural Development
KWV	Koöperatieve Wijnbouwers Vereniging
MAFISA	Micro-Agricultural Finance Initiative of South Africa
MLE	Mediated learning Experience
NAFU	National African Farmers Union
PDI	Previously Disadvantaged Individual
PLAS	Proactive Land Acquisition Strategy
QSE	Qualifying Small Enterprise
RDP	Reconstruction and Development Programme
RUDNET	Rural Development Network
SAD	South African Dried Fruits
SALBA	South African Liquor Brand Owners Association
SARS	South African Revenue Services
SAWB	South African Wine and Brandy Company
SAWIC	South African Wine Industry Council
SAWIS	South African Wine Industry Information and Systems
SAWIT	South African Wine Industry Trust
SCM	Structural Cognitive Modifiability
SED	Social and Economic Development Unit
SCOPA	Standing Committee of Public Accounts
SLAG	Settlement/Land Acquisition Grant
VinPro	Service Organisation for Primary Wine Producers
WCSA	Wine Cellars South Africa

WIDA	Wine Industry Development Association
WINETECH	Wine Industry Network of Expertise and Technology
WIP	Wine Industry Plan
WOSA	Wines of South Africa

Abstract

The South African economy experienced profound restructuring after 1994 in many sectors and industries. Land Reform in South Africa has particularly been slow since 1994. Since 1994 the framework for land reform policy was set out in the White Paper on South African Land Policy, released by the Department of Land Affairs (DLA) in April 1997, and can be divided into three broad areas:

- Land Restitution- relief for certain categories of victims of forced dispossession
- Redistribution – Discretionary grants to acquire land
- Tenure reform – Secure and extend tenure rights of victims of past discriminatory practices.

Today there exist an outstanding legal framework and structures to regulate and drive the process of Black Economic Empowerment and agricultural land reform. "One, however, get the idea that there are not a lot of synergies to take the process forward" (Herman Bailey, 30 August 2007).

Prior to 1994 most black individuals on the primary producer level in the South African Wine Industry were performing very low level tasks and they therefore had low skills levels.

The low education levels of the beneficiaries of empowerment projects are of great concern because these are the individuals that must effectively manage the empowerment farms so that it becomes viable businesses.

The perception when one speaks to stakeholders, transformation managers and academics is that there are only a small amount of Black Economic Empowerment projects that are on the path to become viable wine business ventures over time. Many land reform projects have not succeeded an economic performance that matches expectations, (Agri-Africa Consultants, 2005, p.iv).

This research study focuses mainly on the internal environment of land reform in the South African Wine Industry. Therefore it deals specifically with empowerment projects in the South African Wine Industry on primary producer level.

Given the concern as mentioned above the following research question was formulated:
How does one increase the leadership and management capabilities of individuals within empowerment projects on the primary producer level in the South African Wine Industry?

New black wine farmers with a relatively low level of understanding of the wine business, do not utilize resources that are available to them effectively in their businesses.
These farmers lack the capacity to make effective business decisions as to how resources should be managed and used to make their businesses viable in the long-term.

During the research period it became clear that projects with individuals, who were truly motivated to farm, showed more potential to become successful over time than projects where there was no motivation to farm. In these projects it was found that there was effective leadership and management. The individuals who managed these land reform projects had a clear intention; they are in the wine business because they have a passion for it and they believe that they can make a success of the venture by persisting to deliver.

Beneficiaries of empowerment projects in the South African Wine Industry generally lack training in the field of management. This area is completely new for them and it becomes critical to find new ways to develop these individuals. Individuals need to be developed so that they have the ability to think and reason effectively. Individuals need to be developed so that they can go on a continual learning and development path through engaging in activities that prevent deterioration of existing skills and nurture new ones. They should be equipped to learn how to learn.

Cognition is defined as the act of knowing or knowledge. Cognitive skills therefore refer to those skills that make it possible for us to know. Addressing cognitive deficiencies through various cognitive intervention programmes will help to increase the learning potential of individuals and it will equip them with the ability to become self-directed learners for the rest of their lives. They will be equipped to approach new situations, figure out for themselves what to learn, plan their own learning and apply what they learn.

The influx of new knowledge in most fields makes it very easy to fall behind (Edmondson, 2008). For emerging farmers this is critical because without access to new knowledge they can easily fall behind and they will never be able to catch-up with commercial farmers.

There needs to be an environment where one can cultivate and select black managers so that they can become the future leaders of viable Black Economic Empowerment initiatives. The solution lie in creating an environment where knowledge is shared between the beneficiaries of empowerment projects on a continuous and very regular basis, like in a Community of Practice (CoP).

It is further concluded that if one wants to create a Community of Practice that continuously builds and exchange knowledge, one need to build a strategic network around the Community of Practice. This means one also needs the buy in of commercial farmers and those with knowledge so that they can help new entrant farmers to make their ventures more viable.

The building of the strategic networks will help to increase the social capital of the Community of Practice and this will bring valuable knowledge and insights into the community. Over time and with relevant cognitive intervention programmes individuals within the Community of Practice can develop their leadership and management capabilities. This implies that leadership can take the form of distributed leadership within the Community of Practice.

The core of distributed leadership is about the idea that leadership is not the preserve of an individual but it is an emerging property rather than a fixed phenomenon (Spillane, 2006). This is where leadership moves beyond the beliefs and actions of a single leader to leadership as a dynamic organisational entity (Harris, 2008).

Within the Community of Practice this will lead to the establishment of disciplined leaders and managers who are better informed and who therefore can make disciplined decisions and take disciplined actions to achieve a competitive advantage so that their agribusiness can become viable.

Introduction

As an Assistant manager at the Wine Industry Network of Expertise and Technology (Winetech)[1] the responsibility is to co-ordinate and facilitate technology transfer and training for the South African Wine Industry.

A project was created during October 2005 to encourage a technology transfer enabling environment for previously disadvantaged individuals in the South African Wine Industry (farm- and cellar workers as well as emerging wine producers). It was found that a number of emerging wine producer projects that received land through the land reform programme[2] of South Africa were struggling to create viable wine businesses and some projects even failed completely. However, there were some projects that were viable.

A qualitative research study was implemented to understand and learn what the few successful land reform projects in the South African Wine Industry where doing right and what the unsuccessful ones were doing wrong.

The objectives of this study were:

> To develop a comprehensive framework of the land reform programme in South Africa and to understand how the land reform programme takes place on the primary producer level in the South African Wine Industry.
> To create a framework that would help to explain why land reform projects on the primary producer level in the South African Wine Industry are failing.
> To provide a solution that could help to create more viable land reform projects on the primary producer level in the South African Wine Industry.

Research Paper Layout

In Chapter one the current situation of land reform in South Africa were critically studied as well as a brief overview of the South African Wine Industry and land reform in the South African Wine Industry. A Conceptual framework of what would create more viable empowerment projects in the South African Wine Industry is illustrated. The Conceptual framework highlights the concern variable and from this a research question is drafted. An outline of the answer to the research question shows how it addresses the concern. Lastly the findings are concluded and a brief illustration is given as to how the findings could be applied in practice.

A literature review in chapter 2 locates the findings in the broader body of knowledge.

---

[1] Provides the South African Wine Industry with a sustainable basis of forefront technology and human resources in order to strengthen both local and international competitiveness and profitability.

[2] Policy programme of the African National Congress (ANC) government that seeks to restructure the agricultural sector by transferring access to and ownership of land from whites to Africans, to redress the injustice of colonial and apartheid dispossession as well as to transform social and economic relations in the countryside (ANC 1994)

In chapter three the research framework used to conduct the research is discussed.

Research findings and solutions are discussed in chapter four.

An evaluation and conclusion of findings concludes the paper in chapter five.

Chapter 1: Going nowhere slowly

1.1 The South African Economy

The South African economy experienced profound restructuring after 1994 in many sectors and industries. Some impressive achievements that have been achieved since democracy include stable economic growth, a stable inflation rate and increase social services delivery to ordinary citizens (Hall, 2007, p.2).

The South African government delivered generally well when there was a lot of focus, e.g. the National Treasury and the South African Revenue Service (SARS) (CDE, 2005, p.34). The private sector also ensured a difference when it came to policy and delivery and gave strategic direction especially when the country faced difficult challenges (CDE, 2005, p.34).

The South African economy increasingly integrated into global markets and there was significant growth in the exports of manufactured goods and value added services (Department of Trade and Industry, 2003, p.4). Due to these factors South Africa established itself as an advanced manufacturing economy.

The countries annual economic growth rate has averaged above 4 per cent from 2004 to 2007 and in the fourth quarter of 2007, the country recorded its 33rd quarter of uninterrupted expansion in real Gross Domestic Product (GDP) since 1999[3].

The annual GDP growth for 2008 was reported at 3,1 percent and the economy has been under severe pressure as growth in the mining and motor manufacturing sectors slowed as a result of the global economic recession[4].

Figure 1: GDP growth in South Africa 1999 to 2007
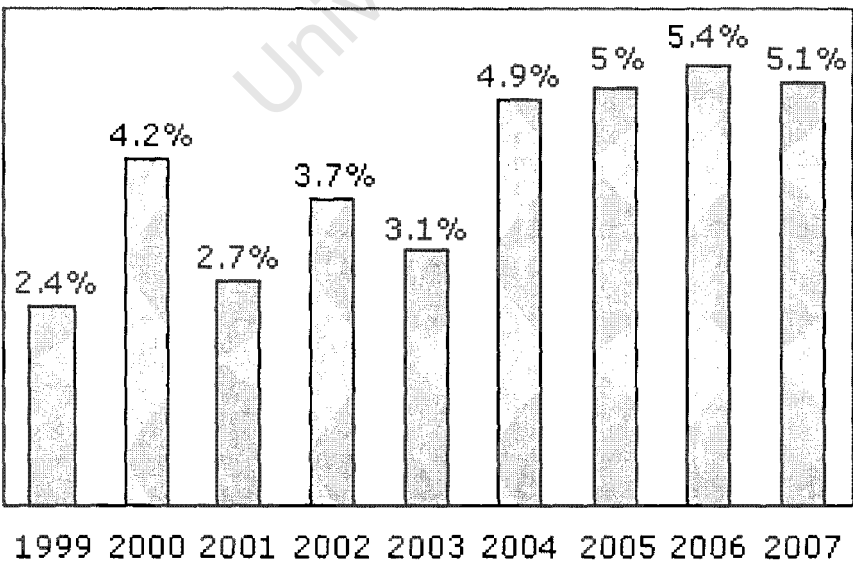
1999 2000 2001 2002 2003 2004 2005 2006 2007
(Data source: Statistics South Africa)

---

[3] South Africa: economy overview (www.southafrica.info/business/economy/econoverview.htm)
[4] http://emergingminds.org/South-Africa-s-GDP-drops-1.8-percent-in-fourth-quarter-2008.html

Roubini (2009) claim the current worldwide economic and financial crisis resulted in a slowdown in economic growth in industrial as well as developing countries. The global recession is regarded as the worst in decades and it first took its toll on the United States of America's economy and then through a variety of channels it spread to the rest of the global economy (Roubini, 2009).

The South African economy, which is Africa's biggest economy contracted at an annualised rate of 6,4 per cent between January and March 2009 compared with the same period in 2008. This was the biggest decline since 1984 and it follows an annualised 1,8 per cent fall in the previous three months. This meant that the South African economy was officially in recession, which is defined as two consecutive quarters of negative growth. In the second quarter of 2009 the South African economy contracted by 3 per cent, which mean the country is still in recession (South African Reserve Bank, 2009)

In 1994 the inflation rate of South Africa stood at 9.8 per cent and it declined to 3.9 per cent in 2005, well below the upper level of the inflation target range of 6 per cent that was set by the South African Reserve Bank. In 2007 global prices pushed the rate back up to 6.5 per cent[5].

Figure 2: South Africa's inflation rate (CPIX)[6]
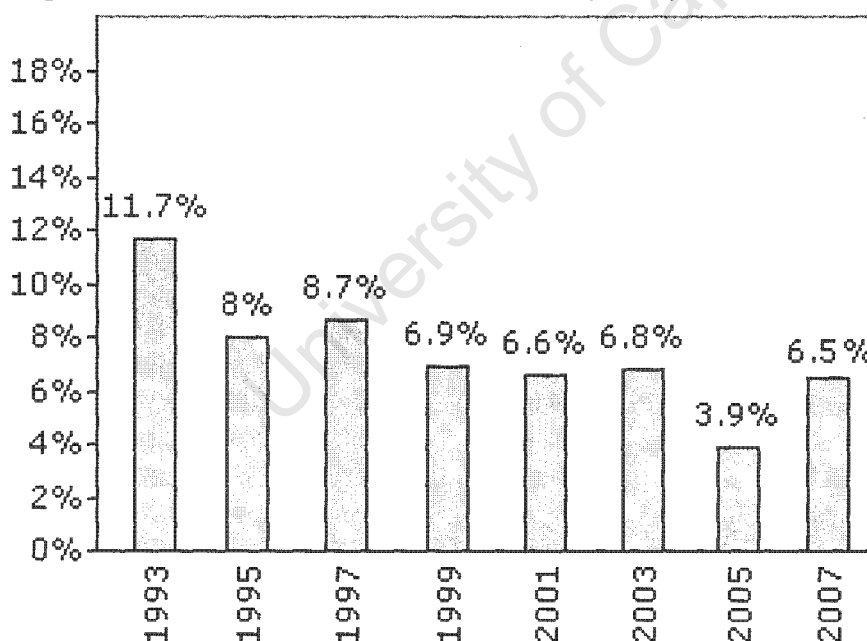
(Data source: Statistics South Africa)

---

[5] South Africa: economy overview (www.southafrica.info/business/economy/econoverview.htm)

[6] The **consumer price index** (CPI) is the official measure of inflation in South Africa. One variant, the consumer price for all urban areas urban areas (CPIX), is officially targeted by the South African Reserve Bank and a primary measure that determines national interest rates. CPIX is measured by excluding one section of the CPI basket of goods and services, the owner's equivalent rent, from the calculation

The 2007, annual country assessment report of the International Monetary Fund (IMF), highlighted unemployment along with poverty, large wealth disparities and the high HIV/Aids rate in South Africa as the biggest challenges to economic growth in the country (IMF, 2007, p.3).

About 40 per cent of the South African population resides in rural areas and it is in these areas that poverty and unemployment are critical (Cousins, 2009). Rural development is currently one of the five key focus areas that the South African government will focus on, and there is a belief that the redistribution of farmland as well as other rural development programmes can make a positive reduction to poverty (Cousins, 2009).

1.2   The South African Agriculture Sector

In 2009 the president of South Africa, Mr Jacob Zuma, decided to split land affairs and agriculture[7]. The Department of Rural Development and Land Reform replaced the Department of Land Affairs (DLA) and the new department is responsible for rolling out the national Comprehensive Rural Development Programme (CRDP) [8], land planning and information. The CRDP has a three prong strategy namely Agrarian transformation, Land reform and Rural development. The mandate of the Department of Agriculture (DoA) has expanded to include, Forestry and Fisheries and it is now known as the Department of Agriculture, Forestry and Fisheries (DAFF).

The DAFF is responsible for the Agrarian Transformation Programme of the CRDP. The Provincial Departments of Agriculture will drive the process and local authorities will manage projects[9]. There are currently two pilot projects underway in Giyani in Limpopo and Riemvasmaak in the Northern Cape.

The South African agriculture sector has declined from 23 per cent of GDP in 1920 to 3 per cent in 2008 (NAMC, 2009). The deputy minister of Agriculture, Forestry and Fisheries, Dr Pieter Mulder, highlighted in his speech to parliament recently that 8,5 million people are directly or indirectly dependent on agriculture for employment and income. According to the World Trade Atlas of 18 February 2009, the preliminary value of South Africa's total agricultural exports amounted to R45,3 billion in 2008 and the agricultural imports was R39,0 billion. This resulted in an agricultural trade surplus of R6,3 billion for 2008.

---

[7]Budget Vote No 27, Speech by the Deputy Minister of Agriculture, Forestry and Fisheries, Dr Pieter Mulder, on response to the Budget Vote , Old Assembly Chamber Parliament of the Republic of South Africa, 17 June 2009 (www.daff.gov.za).

[8] CRDP is a long-term relationship between government, business, organs of civil society and community members, as such, the Department for Rural Development and Land Reform will commit itself to rural communities the programme is being initiated and implemented for a period of not less than two years (Department of Rural Development and Land Reform, www.dla.gov.za/Comprehensive_rural_dev/CRDP)

[9] Budget Vote No 27, Speech by the Minister of Agriculture, Forestry and Fisheries, Ms Tina Joemat-Pettersson, Old Assembly Chamber Parliament of the Republic of South Africa, 17 June 2009 (www.daff.gov.za).

In 2005 the Centre for Development and Enterprise (CDE) estimated that there are about 91 000 black commercial farmers in South Africa, which is double than the number of 'white' commercial farmers. The black farmers, however, have far smaller farms and own less than 5 per cent of commercial agricultural land. White owned farms produce more than 90 per cent of marketed produce, but it is being delivered by fewer and fewer farmers. This shows that successful commercial farmers are buying out commercial farmers that are struggling. In other words you are not guaranteed success if you are a commercial farmer. Due to the sharp increases in cost and the reduction in subsidies commercial farming became more demanding and competitive (CDE, 2005). The current recession also has a negative impact on the viability of commercial farmers.

Over the past decade farming has increasingly become a knowledge-intensive industry and managerial and professional inputs have tripled, while unskilled inputs have halved (CDE, 2005).
Commercial agriculture, whether established or emerging, is a fragile, relatively small, and knowledge-intensive rather than labour-intensive sector (CDE, 2005, p.13).

1.3 A review on land reform in South Africa

With regards to land it is clear from various sources that the pace of land reform has been very slow in South Africa. The challenge to respond to the demands of the landless for land and livelihoods and to introduce a sector of African smallholders, to reduce poverty and to promote equity was enormous in 1994 (Hall, 2007, p.87).

The World Bank (1994, pp. 213–223) proposed to the incoming African National Congress (ANC) government in 1994, that 30 per cent of commercial farming land in the former 'white' areas could be transferred to 600 000 black smallholders through a market-led land redistribution programme (Hall, 2007, p.88). The World Bank estimated that it could be achieved at a cost of R21 billion, but that it would require substantial expanding in the institutional capacity of the public sector to implement a programme on this scale (World Bank, 1994, pp.219-223).

There were extensive criticisms against the proposals at the time and one of the main criticisms was that the proposal was ideologically driven and untested it ignored the reality of land markets and that it would be prohibitively expensive (Williams, 1994).

The policy was, however, adopted in the Reconstruction and Development Programme (RDP)[10] of the ANC in 1994 and it was anticipated that the 30 per cent target could be achieved within the first five years of the programme.

---

[10] The Reconstruction and Development Programme (RDP) is an integrated, coherent socio-economic policy framework. It seeks to mobilise all our people and our country's resources toward the final eradication of the results of apartheid and the building of a democratic, non-racial and non-sexist future. It represents a vision for the fundamental transformation of South Africa.

This was to be achieved through a market-led programme where the state would support 'willing buyers' to buy land from 'willing sellers' (Hall, 2007, p.88). The 'willing buyer, willing seller' policy was confirmed in the *White Paper on South African Land Policy* (DLA, 1997).

The framework for land reform policy was set out in the *White Paper on South African Land Policy (1997),* released by the Department of Land Affairs (DLA) in April 1997, and it is divided into three broad areas:

> ➢ Land restitution – relief for certain categories of victims of forced dispossession
> ➢ Land redistribution – Discretionary grants to acquire land
> ➢ Tenure reform – Secure and extended tenure rights for victims of past discriminatory practices.

This study only looks into land redistribution and land restitution.

In 1999 less than 1 per cent of agricultural land was transferred through all the aspects of land reform (Hall, 2007, p.88). After a ministerial review the government adopted a revised and more realistic target of transferring 30 per cent of land by 2014 (Hall, 2007, p.89).

Approximately 82 million hectares of commercial farmland (87 per cent of all farmland, 68 per cent of the total surface area) was in the hands of the white minority (Lahiff, 2008). This means that the target for land transfer in all forms is 24, 6 million hectares by 2014.

1.3.1 Land Redistribution

In a presentation to parliament by the DLA, it was reported that land redistribution and restitution amounted to 4 196 000 hectares at the end of March 2007 (Lahiff, 2008). This means that the land reform programme in all its forms had transferred roughly 5 per cent of white-owned land to historically disadvantaged South Africans (Lahiff, 2008) in 13 years. From March 2006 to 2007 there is an increase of 24,4 per cent in the total number of hectares that was transferred through land redistribution and restitution.

Table 1: Land transferred by redistribution and restitution, 31 March 2007[11]

	Redistribution	Restitution	Total
Hectares	2 299 000	1 897 000	4 196 000
Percentage	54.79	45.21	100.00

---

[11] Department of Land Affairs, Presentation of the 2006/07 Annual Report to the Select Committee on Land & Environmental Affairs, 6 November 2007. Power Point presentation

Table 2: Breakdown of land transfers, 31 March 2006[12]

	Redistribution	Restitution	Tenure reform	State land	Total
Hectares	1 477 956	1 007 247	126 519	761 524	3 373 246
Percentage	43.81	29.86	3.75	22.58	100.00

CDE (2008) estimate that the true extent of land reform is now close to 6,8 per cent of commercial agricultural land. CDE (2008) reports that in some areas black people own more than 7 per cent of commercial agricultural land. CDE's (2008) own research indicate that black farmers own 32 per cent of commercial farmland in the KwaDukuza district, and almost 30 per cent of commercial farmland in the Eastern Cape regions of Elliot and Ugie. This indicates that there are some substantial increases in land reform, but it is still far behind the official targets.

For the purpose of this study the percentage of total land transferred that was provided by the DLA are used.

Figure 3: Target and actual land transfers under the redistribution programme, 1994 to 2007
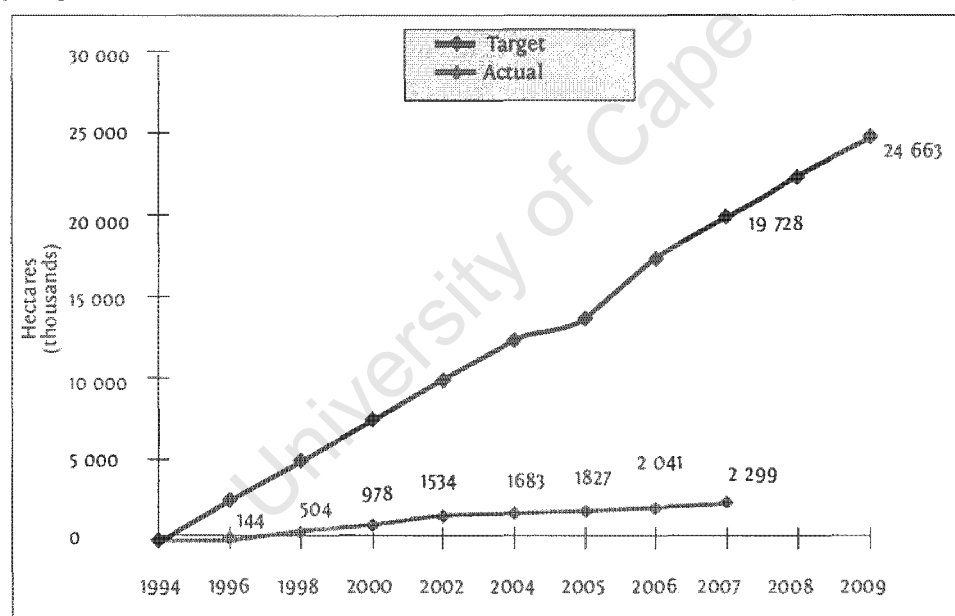
Source: Department of Land Affairs. Presentation of the 2006/07 Annual Report to the Select Committee on Land & Environmental Affairs. 6 November 2007 Powerpoint presentation.

---

[12] Department of land Affairs, presentation to the Select Committee on Land and Environmental Affairs: Annual Report 2005/06. 19 June 2007. Power Point presentation

1.3.2 Land Restitution

The Commission on Restitution of land rights (2007) states that 74 417 claims was settled out of a total of 79 696 claims lodged, which means that 5 279 claims still have to be settled. In effect this means that more than 90 per cent of restitution claims have been settled. Urban claims was mainly settled by cash payments and many rural claims have also been settled with cash, the DLA signalled that they would prefer to settle more claims via land transfers (CDE, 2008).

The remaining claims mentioned above (5 279) are the ones that are more difficult to process and settle (CDE, 2008). The complexity of these claims have shift some focus to expropriation, nevertheless by the end of 2007 only one expropriation had actually been carried out, at Pniel in the Northern Cape (Lahiff, 2008).

Figure 4: Restitution claims settled (and projected), 1994 - 2008
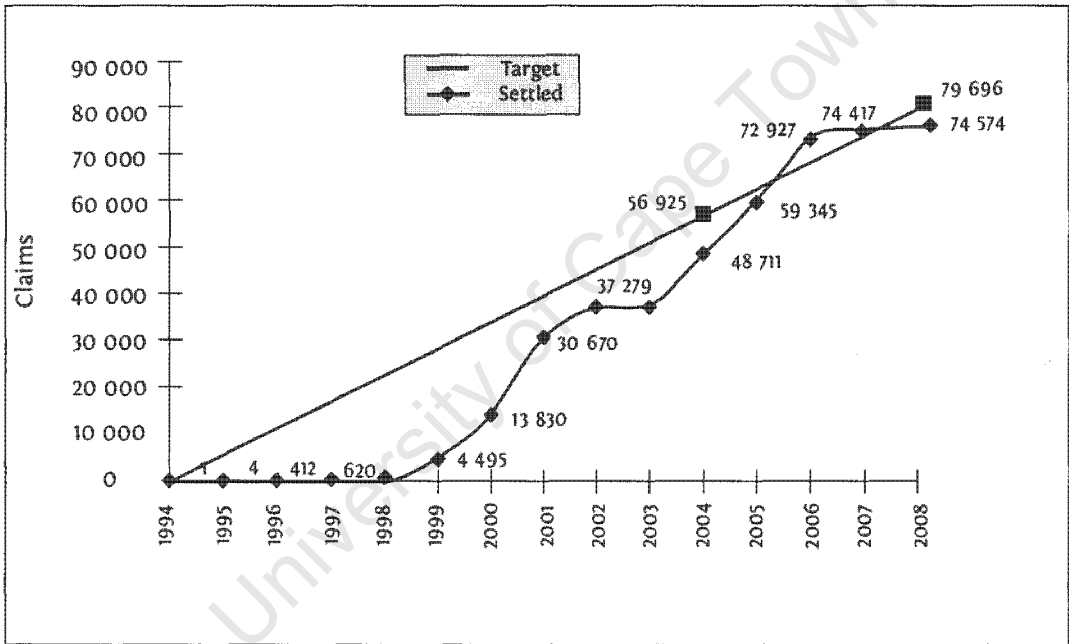
Source: Department of Land Affairs, 2006/07 Annual Report to the Select Committee on Land & Environmental Affairs, 6 November 2007. PowerPoint presentation.

On the 17th of June 2009, the new minister of Rural Development and Land Reform, Mr Gugile Nkwinti, reported to parliament that the commission on restitution of land rights is left with approximately 4 296 complex rural claims to settle[13]. This means that almost 95 per cent of restitution claims have now been settled. The minister further stated that four of the regional offices intend to finalise their claims by the end of the 2009/10 financial year. These are the Gauteng office (3 claims); Free State office (22 claims); Northern Cape (164 claims) and the Western Cape (573 claims).

---

[13] Budget Vote 27, Speech of Minister for Rural Development and Land Reform, Mr G Nkwinti, Parliament of the Republic of South Africa, 17 June 2009 (www.info.gov.za).

The minister of Rural Development and Land Reform further reported to parliament that cumulatively 2, 47 million hectares, which represents a 10 per cent contribution to the overall target of redistributing 30 per cent of white owned farm land was transferred to black South Africans via the restitution process[14].

Recent reports in the media reported that the coffers of the commission on restitution of land rights have dried up (*Business Day*, 2009). This resulted in the placing of a moratorium[15] on buying land under claim until there is money available to do so. The commission on restitution of land rights requested R 5,3 billion for 2009/10 from the National Treasury, which would mostly be used for honouring outstanding commitments to land owners, however, they only got R1,9 billion. The commission has spent R 20,3 billion since 1995 to settle 95 per cent of the restitution claims.

The National Treasury and researchers, however, argued that the case the commission on restitution of land rights presented to parliament for R 65,3 billion, to wrap up its work was not convincing (*Business Day*, 2009).

1.3.3 Land Redistribution Policies

From 1996 to 2000 land redistribution policy centred on the provision of the Settlement/Land Acquisition Grant (SLAG). The grant was to the value of R16 000 and households with an income of less than R 1 500 per month qualified for it. This grant generally targeted the poorest of the poor, it was, however, criticised for 'dumping' large groups on commercial farms without skills and other support services to make projects viable (Lahiff, 2008).

In 2001 SLAG was replaced by a programme called Land Redistribution for Agricultural Development (LRAD). The aim of it was to promote commercially oriented agriculture but it claimed to cater for other groups as well (Lahiff, 2008). LRAD was different to SLAG in the sense that it paid grants to individuals rather than to households. Beneficiaries could access the grant through a sliding scale from R 20 000 to R100 000. Beneficiaries had to make a contribution in cash or kind, and the minimum contribution was R 5 000, which could be made in the form of a labour contribution and with this a grant of R20 000 could be obtained. LRAD therefore made it possible for smaller groups to buy commercial farms.

At the national land summit of 2005 there were signs for radical changes in land reform policy (Lahiff, 2008). President Mbeki's state of the nation address in 2006[16] also focused on the fact that the state would play 'a more central role in the land reform programme'.

---

[14] Budget Vote 27, Speech of Minister for Rural Development and Land Reform, Mr G Nkwinti, Parliament of the Republic of South Africa, 17 June 2009 (www.info.gov.za).
[15] Suspension of an ongoing activity.
[16] State of the Nation Address of the President of South Africa, Thabo Mbeki: Joint Sitting of Parliament, 3 February 2006 (www.info.gov.za).

The minister of Agriculture and Land Affairs, Ms Thoko Didiza, in her Budget Vote speech in March 2006[17] also echoed this sentiment (Lahiff, 2008). This could be seen as an intervention by the state to address the shortcomings of the 'willing seller, willing buyer' approach adopted in the *White Paper on South African Land policy in 1997*.

The Proactive Land Acquisition Strategy (PLAS) policy was adopted in 2006. This policy centred on the state becoming the 'willing buyer' of land for redistribution. Through this policy the state acquired land directly from the owners rather than the beneficiaries through the LRAD grant system. This land could then be leased for three to five years, where after the lessee could have an option to purchase the land from government. It is unclear to me how the state determined which beneficiaries are eligible to lease the land and also the process the state use to select appropriate beneficiaries. The lease period is also a concern because agriculture is a long-term industry and there will be a small amount of farmers who will be able to purchase the land after a three or five year period.

By the end of 2007 the government had a new approach to land redistribution. This initiative was set to be co-ordinated by the Ministry of Agriculture and Land Affairs with representatives from both the Department of Agriculture and the Department of Land Affairs. It was launched in October 2007 and was called the Land and Agrarian Reform Project (LARP). The aim was to deliver five million hectares of land by 2009 to 10 000 new agricultural producers.

The Land and Agrarian Reform Project (LARP) provides a new framework for delivery and collaboration on land reform and agricultural support to accelerate the rate and sustainability of transformation through aligned and joint action by all involved stakeholders. It creates a delivery paradigm for agricultural and other support services based upon the concept of 'One –Stop Shop' service centres located close to farming and rural beneficiaries (MoA 2008: 7).

The concept document of LARP outlined the following objectives for it:
  ➢ To distribute 5 million hectares of white-owned agricultural land to 10 000 new agricultural producers;
  ➢ To increase the number of black entrepreneurs in the agribusiness industry by 10 per cent;
  ➢ To provide universal access to agricultural support services to the target groups;
  ➢ To increase agricultural production by 10 to 15 per cent, under the LETSEMA-ILIMA Campaign[18]; and
  ➢ To increase agricultural trade by 10 to 15 per cent for the target groups.

---

[17] Budget Vote 25, Speech of Minister for Agriculture and Land Affairs, Ms Thoko Didiza, at the National Assembly, 28 March 2006 (www.info.gov.za).

[18] Letsema/Ilima means working together to liberate ourselves from the oppression of poverty. The ethos of Letsema/Ilima emanates from the fact that great areas of land that have been handed over to communities and individuals, land in tribal hands and land that has been under cultivation for decades, is now lying fallow or underutilised. This campaign will therefore serve to encourage our people to use land productively during the current and coming planting seasons (Strategic Plan DoA, 2007).

In 2008 the minister of Agriculture increased the minimum LRAD grant for qualifying applicants from R 20 000 per individual to R 111 125 and the maximum grant from R 100 000 to R 430 085 per qualifying individual (DLA, 2008).

Farm worker groups have also used the LRAD grant to buy equity shares in existing farming enterprises. This particularly occurred in the Western Cape where land is very expensive (Lahiff, 2008). The share-equity schemes have been described as more successful but it has also been criticised for perpetuating unequal relations between white owner managers and black worker shareholders, and for providing little by means of material benefits to workers (Mayson 2003; Kleinbooi et al. 2006).

Recent reports in the media stated that the minister for Rural Development and Land Reform has pulled the plug on farm equity schemes (*Business Day*, 2009). Analyst's thoughts on this are that the share-equity schemes are politically unpalatable as they do not lead to immediate land transfers to black workers.

The minister of Agriculture, Forestry and Fisheries, Tina Joemat-Pettersson, said "government could not go on to buy shares for black people in white farms, as this will not help them to achieve the 30 per cent target by 2014" (*Financial Mail*, 2009). The government is encouraging a joint venture equity model, where the state would make funds available to buy the equity for the black farmer, and the white farmer will have the minority share but with a contract that is underscored by an exit strategy after 10 to 15 years after technology and information transfer has taken place (*Financial Mail*, 2009).

The minister further added that the land would be held in a trust and it would be managed by the Industrial Development Corporation (IDC). There should also be a contract with the new entrant farmers where they would need to show that they are motivated and committed to make a success of the venture. They need to understand from the beginning that they need to show that they deserve to have full ownership of the farm.

1.3.4 Post Settlement support to new entrant farmers

To address post settlement support to new entrant farmer's, government introduced two programmes in 2004. It was the first time that capital budgets were earmarked for post-settlement support. The Comprehensive Agricultural Support Programme (CASP) which is a grant for development of infrastructure (Lahiff, 2008). The other one is called the Micro-Agricultural Finance Schemes of South Africa (MAFISA), which is a state scheme to provide micro and retail financial services, in the form of small loans (Lahiff, 2008). In spite of this development, many projects may or may not receive support and this means that the economic climate for small scale emerging farmers is very hostile (Hall, 2007).

Hall (2007) states that post-transfer support to the beneficiaries of land reform projects have been identified as a critical gap in land reform by two official reviews and three official Quality of Life surveys (Turner 1997; May & Roberts, 2000, quoted in Hall 2007, p.108).

1.4   The slow pace of land reform

The slow pace of land reform that is reported above could be ascribed to the complexity of land reform in South Africa.   This, however, is not unique to South Africa since land reform in any country is a very complex and difficult process (CDE, 2005).

Land redistribution is happening far too slow to achieve the target set by government to put 30 per cent of commercial agricultural land in the hands of black farmers by 2014 (CDE, 2008). Land restitution settled almost all urban claims, but the last phase of restitution, to settle difficult rural claims has resulted in productive commercial land being placed under claim and therefore being frozen and let to lie unproductive for years (CDE, 2008). The presidential target to finish the restitution programme by 2008 has not been met (Lahiff, 2008).

Some new black farmers have also found that their new properties are under claim, which highlights the fact that the restitution process proceeds in isolation from the land redistribution policy (CDE, 2008). The approach by South Africa towards land reform issues has therefore reached a crossroad (CDE, 2008).

Land reform projects that have included large numbers of beneficiaries have failed (CDE, 2008). The amount of new policies and programmes that government introduced over the last couple of years to address land redistribution indicates to me that government don't know how to effectively address the issue of land reform. On the other hand this could also be seen as a positive progression on government's thinking about land reform. The policies set huge goals and targets without systemically understanding what it would take to achieve these goals. One see the one policy after the other, but policies mean nothing if it can't be implemented effectively and if it can't deliver the result that was intended.

It is also unknown if the Department of Rural Development and Land Affairs and the DAFF have the internal capacity to achieve these high goals set by government. Most of the officials at land affairs and members at provincial government that deals with agriculture do not have qualifications in agriculture and knows little about farming (Evans, 2008, quoted in CDE, 2008, p.3). In many instances this causes huge delays in projects that have a seasonal nature, for example in grape farming if one does not plant by August/September of a specific year, one stand to lose a full year. New entrant farmers cannot afford this since vines already takes between three and five years to provide a full harvest.

The alignment of services between the old DLA and the old DoA was also noted as a failure to provide adequate support to beneficiaries (Hall, 2005). One hopes that there would be better co-ordination and alignment of services in the two new departments.

1.5   Emotional Attachment to land

All ethnic groups in South Africa have attached great emotional and political importance to land (CDE, 2005). Black South Africans are in general very attached to land and particularly to the land of their ancestors. Black people have been structurally excluded from economic power since the late 1800's when the first land dispossessions occurred. This continued throughout the 20th century with the Land Act of 1913, and various other 'apartheid'[19] laws enacted after 1948 (The Department of Trade and Industry, 2003, p.6).

Memories of a once thriving peasant agriculture that was cruelly destroyed by white governments, memories of forced removals, anger to how white farmers where subsidised, while black farmers were dispossessed and discriminated against and a strong desire by black South Africans to show that when given opportunities, land and resources they can make a success of farming, contributes to the emotional elements that plays a role when it comes to the context of land reform in South Africa (CDE, 2005).

A consequence of the high emotional attachment to land causes that land reform in South Africa is a very sensitive and potentially a very explosive issue (CDE, 2005). Land reform should therefore be handled with care and the utmost should be done to ensure its success. The land reform programme in South Africa must ensure that it makes beneficiaries better off. With this said, government should also take cognisance of the expectations that is created by the land reform programme and it should put measures in place to manage this effectively.

Given the above context it is, however, also important to note that not all black South Africans want to manage and own a farm. A national survey that was conducted by CDE (MarkData Omnibus Survey, July 2001, quoted in CDE, 2005), showed that a mere 9 per cent of black people who are not farmers, have clear aspirations to become farmers. Only about 15 per cent of farm workers that was surveyed had aspirations to farm.

The issues that black South Africans wanted to be resolved in South Africa as a priority were unemployment, urban land and housing issues (CDE, 2005).

The redistribution or restitution of high potential or high production agricultural land to individuals who have no intention to farm the land and deliver a product to the market have serious consequences for the agricultural sector and the economy of South Africa as a whole.

The transfer of land that has taken place from individuals who optimally utilised the land to individuals who have no intention to farm the land could lead to a decrease in production and a crisis in food security.

---

[19] A strict system of racial segregation and discrimination formerly practised in the Republic of South Afric

Parker (2008) claims South Africa, became a net importer of food in 2008[20] and we therefore cannot waste farm land that should be used to produce the crops that we need to feed our citizens.

As mentioned earlier, farming has become more knowledge intensive and effective management of farms is a necessity if we want to be a net exporter of food.   This will not happen if we transfer land to individuals who have an emotional attachment to land, but who have no desire to farm the land.

1.6   Show me the money

The small budget for land reform (around 1 per cent of the national budget) is also a worrying factor. National Treasury feels that they cannot allocate more money to a programme that fails to create viable land reform projects and there is also a lack of evidence that land reform is making an impact on decreasing rural poverty (Cousins, 2009). Without money the targets for land reform that was set by government will never be achieved by 2014.

Given the fact that market related prices need to be paid for land, the budgets of the land reform programme have to account for the rapidly rising market prices of land (Hall, 2007). In recent years there have been strong increases in the budget allocation to land reform. In the 2005/06 budget restitution rose to R 2,7 billion from R 933 million in the previous year, while the land reform budget rose from R 474 million to R 770 million. There, however, still remains doubt that the substantial boost to land reform will not be sufficient to bring the land reform programme on track (Hall, 2007).

The budgets to deal with land reform have been vastly underestimated and even the increase in the budgets for land reform will not help to achieve the targets set by government. There are also serious concerns about the Land Bank's capacity to finance land reform projects, because of the fact that the bank reported a net loss of R 20 million for the 2007/08 financial year (*Business Day,* 2008). The administrative authority was transferred from the minister of Agriculture, Lulu Xingwana, to Finance minister, Trevor Manuel, in July 2008. Recent reports in the media states that the Land Bank is making a financial turnaround and that have found new ways to pursue their development role in agriculture (*Business Day*, 2009)

Emerging farmers need financial, technical, marketing and business support systems in place in their businesses. The absence of these systems leads to serious viability concerns for their businesses.

---

[20] www.parapundit.com/archives/005813.html

1.7   AgriBEE

Land reform is considered as a means to achieve Black Economic Empowerment, as required by the Broad-Based Black Economic Empowerment Act, No 53 of 2003 (Lahiff, 2008). A draft Agricultural Broad Based Black Economic Charter (AgriBEE) was released in July 2004. The Charter was further modified at the AgriBEE summit in November of 2005. The Charter was finally launched in April 2008, and some farmers' organisations complained that they were not properly consulted (Lahiff, 2008). minister Xingwana, reported that the Department of Agriculture is in the process of finalising the formation of the AgriBEE Charter Council[21].

The Charter was developed as a Transformation Charter for the agricultural sector in terms of Section 12 of the Act[22]. The Charter reiterates the target of 30 per cent of agricultural land to black South Africans by 2014. "Targets contained in the Indicative AgriQSE[23] Scorecard are based on those contained in the final version of Phase I of the Codes of Good Practice and those contained in the draft Phase II Codes of 20 December 2005 as well as on stakeholder inputs, comments and recommendations (Transformation Charter for Agriculture, 2008)". It should be noted that targets contained in Phase II of the Codes are subject to change, following a public commentary process. In this case, the AgriBEE charter will align its targets with those contained in the final version of Phase II of the Codes, except where justification for deviation can be adequately provided (Transformation Charter for Agriculture, 2008).

Table 3: Indicative AgriQSE Scorecard

Element	QSE Scorecard Weighting	Draft Phase 2 Scorecard Weighting
Ownership	20 points	20 points
Management control	20 points	10 points
Employment equity	20 points	10 points
Skills Development	20 points	20 points
Preferential procurement	20 points	20 points
Enterprise development	20 points	10 points
Residual	20 points	10 points

---

[21] AgriBEE Charter Council will report to the Black Economic Empowerment Advisory Council, appointed in terms of the Act and the Minister of Trade and Industry on progress made by the Sector in terms of the AgriBEE Charter.
[22] This means that it is a clear statement of intent and commits all stakeholders to transformation of the sector.
[23] Agricultural Qualifying Small Enterprise Scorecard by nature of having total revenue of more than R 5 million but less than R35 million.

The targets that are mentioned above apply throughout the value chain and not only on the producer level, in other words it include value adding and processing industries that you find in secondary agriculture (Lahiff, 2008). The Charter is effectively an Agribusiness Charter, because the BEE focus to deracialise demographics in shareholding, management and procurement is relevant to your larger farms and other Agribusiness enterprises (Lahiff, 2008).

It is unclear how the majority of land owners will be influenced by the charter and also how it will be to the benefit of farm workers and emerging producers (Lahiff, 2008).

It still has to be seen whether the charter will achieve its desired outcome. Companies should have a genuine motivation when they do empowerment initiatives. When you force somebody to do something that they do not believe in but which they need to do just because of legislation, they will always look for loopholes that could help them to get away by doing the absolute minimum.

An Enterprise's indicative BEE status will determine the proportional indicative BEE procurement recognition level that the Enterprise will enjoy as a supplier to other entities applying the AgriBEE Charter (Transformation Charter for Agriculture, 2008).

Table 4: BEE Status and BEE procurement recognition level

BEE Status	Qualification	BEE procurement recognition level
Level One Contributor	≥100 points on the AgriBEE/ AgriQSE Scorecard	135%
Level Two Contributor	≥85 but <100 points on the AgriBEE/ AgriQSE Scorecard	125%
Level Three Contributor	≥75 but <85 on the AgriBEE/ AgriQSE Scorecard	110%
Level Four Contributor	≥65 but <75 on the AgriBEE/ AgriQSE Scorecard	100%
Level Five Contributor	≥55 but <65 on the AgriBEE/ AgriQSE Scorecard	80%
Level Six Contributor	≥45 but <55 on the AgriBEE/ AgriQSE Scorecard	60%
Level Seven Contributor	≥40 but <45 on the AgriBEE/ AgriQSE Scorecard	50%
Level Eight Contributor	≥30 but <40 on the AgriBEE/ AgriQSE Scorecard	10%
Non Compliant Contributor	<30 on the AgriBEE/ AgriQSE Scorecard	0%

1.8 The South African Wine Industry

1.8.1 A glance at the South African Wine Industry

Over 90 per cent of South Africa's wine grapes are grown in the Western Cape and the rest in the Northern Cape and Free State. In 2003 it was estimated by Conningarth Economist that the South African Wine Industry contributes R 16, 3 billion to South Africa's gross domestic product (GDP) (Conningarth Economists, 2004). It was estimated that this translates to 1, 5 per cent of the country's gross domestic product and 8,2 per cent of the gross geographical product of the Western Cape (Conningarth Economists, 2004).

It is estimated that there are 256 000 individuals employed in the South African Wine Industry. Most permanent farm worker families are Coloureds and there are a high proportion of African men and women among seasonal and casual workers (Williams, 2005).

According to the latest statistics (2009) by the South African Wine Industry Information and Systems (SAWIS), South Africa's area under wine grapes was 101 325 Hectares in 2008. There were 3 839 wine grape producers and 58 producer cellars, 504 private wine cellars and 23 producing wholesalers that harvest grapes. Producer cellars crush more 80 per cent of the total harvest and sold most of their wine to wholesalers and exporters.

In 2008, 1 425 612 tons of grapes were crushed, which produced 1 089, 0 million litres of wine, brandy and grape juice concentrate. South Africa produces 3,6 per cent of the world's wine and is the world's 7th largest wine producer. Consumption per capita is 7,5 litres per person and with this consumption per capita it is ranked, 30th in the world, with France at the number one spot with 53,9 litres per person.

South Africa exported 411, 8 million litres of natural wine, fortified wine and sparkling wine in 2008. From 1998 to 2008 exports of natural wine, fortified wine and sparkling wine increased by 250,8 per cent. The main markets for South African wine include the UK, Germany, Netherlands and Sweden. In recent years there has been a significant increase of bulk wine exports to Angola.

1.8.2 External support for BEE in the South African Wine Industry

After 1994 the South African Wine Industry like many other industries went through a period of transformation. Transformation has to do with creating equal opportunities for all and the promise of shared growth and development for all South Africans in the long-term. Two significant events during the 1990's fundamentally changed the operating conditions of the South African Wine Industry (Spies, 2002):
  ➤ The scrapping of stabilising production, surplus and price controls, and
  ➤ Election of South Africa's first democratic government in 1994.

The minister of Agriculture and Land affairs, Derik Hanukah, allowed the Koöperatieve Wijnbouwers Vereniging (KWV) to convert itself from a co-operative to a company on 9 September 1997 (Williams, 2005). With this the KWV initially agreed to provide R477 million over ten years, which was modified to R369 million to fund a South African Wine Industry Trust (SAWIT). The South African Wine Industry Trust (SAWIT) was established in 1999 to advance the transformation of the South African Wine Industry and promote South African wine and spirit exports.

SAWIT was divided into two non-profit (Section 21) companies: BUSCO (Wine Industry Business Support Committee) and DEVCO (Wine Industry Development Company). BUSCO was allocated 54.56 per cent of the Trust's income and its focus was on research, development and technology transfer in the South African Wine Industry as well as generic export marketing. DEVCO received 45.44 per cent of the Trust's income and its focus was on three aims:

> - The establishment of new farmers in the South African Wine Industry from previously disadvantaged groups
> - The support and upliftment of farm workers in the South African Wine Industry and their communities
> - Assistance with the marketing of wine products and access to extension services for new wine grower entrants

A wine education fund gave bursaries to black South Africans to study viticulture and oenology and wine business management (Williams, 2005).

"The proposals for a formal representative structure for the South African Wine Industry were unanimously accepted at a meeting of all stakeholders in the industry – probably the widest possible representation ever rallied to discuss industry business" *(WineLand magazine, 2002)*.

The South African Wine and Brandy Company (SAWB) were established in 2002 to drive the 'Vision 2020 Strategic Programme'[24] to create an 'entrepreneurial and innovative industry' which is 'market- rather than production driven' (Winetech, 2002).

The SAWB represented the total South African Wine Industry, and its board was made up of representatives from four chambers, wine producers, cellars, labour and trade. The core task of the SAWB was to establish strategic collaboration and leadership in the South African Wine Industry.

The SAWB had to co-ordinate, drive and monitor the implementation of the Wine Industry Plan (WIP). The WIP was drafted by the SAWB at the request of the DoA in December 2002 (SAWB, 2002).
All major groupings in the South African Wine Industry helped to formulate the WIP in an inclusive consultative process.

---

[24] Strategic process to focus on designs for the future prosperity and global competitiveness of the wine industry. The aim of Vision 2020 was to design specific and detailed strategies for three wine industry sectors, being wine, brandy and wine distillates, and other grape based products.

The plan had six strategic elements: Economic empowerment and development; social upliftment; technological innovation and transfer; market development and promotion; industry knowledge and intelligence; and Human resources development.

The SAWB's Strategic Plan for the South African Wine Industry, WIP was adopted in 2003 and it realigned Vision 2020 with government's Agriculture Strategy Plan and its Black Economic Empowerment (BEE) Strategy (Williams, 2005). SAWIT and the SAWB signed a "Memorandum of Cooperation" to collaborate on four major strategic areas: generic export promotion and market development; technology innovation and transfer; human resources development and training; and Black Economic Empowerment (SAWB, 2002). This led to the SAWIT Black Economic Empowerment Conference in October 2003, and the WIP was approved by the minister of Agriculture, Thoko Didiza (Williams, 2005).

Figure 5: The Structure of the SAWB
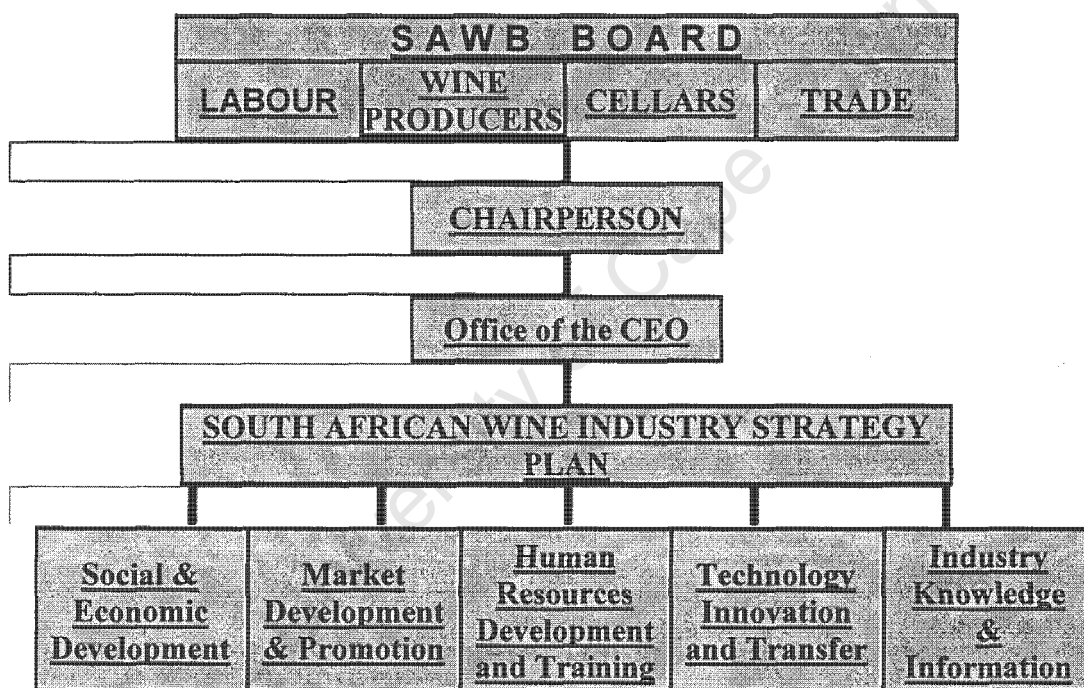
Three business units, the Wine Industry Network of Expertise and Technology (Winetech), Wines of South Africa (WOSA) and the South African Wine Industry Information and Systems (SAWIS) were fully functional to implement the WIP. The Social and Economic Development (SED) and Human Resources Development and Training (HRDT) units still needed to be established to implement the WIP. The latter two units never operated.

In 2005 the minister of Agriculture and Land Affairs, Thoko Didiza, requested the SAWB to reconsider its structure to establish a fully representative body to "determine and drive the strategic agenda of the industry and align it with the relevant national goals and priorities" (The South African Wine Industry Strategy Plan, 2007).

After the restructuring process the SAWB was replaced by the South African Wine Industry Council (SAWIC) on 30 June 2006. SAWIC had wine grape producers, wine cellars, trade, labour, emerging agriculture and civil society as constituency members (Agri-Africa Consultants, 2008). This was a much broader representation than that of the SAWB. VinPro, SALBA, WCSA, BAWSI/RUDNET, NAFU, Labour, SAWIS, Winetech, WIDA[25] and WOSA became members of the Council and fully represented all aspects of the South African Wine Industry.

SAWIC's Board accepted overall strategic responsibility and accountability for the WIP and the core strategies would be implemented through the functional business units of the Council:

> Socio-economic development programmes through the activities of WIDA;
> Technology innovation and transfer through the wine industry network of Winetech
> Market development and promotion through the activities of WOSA; and
> Knowledge and Intelligence systems through the activities of SAWIS

Figure 6: The organisational structure of SAWIC
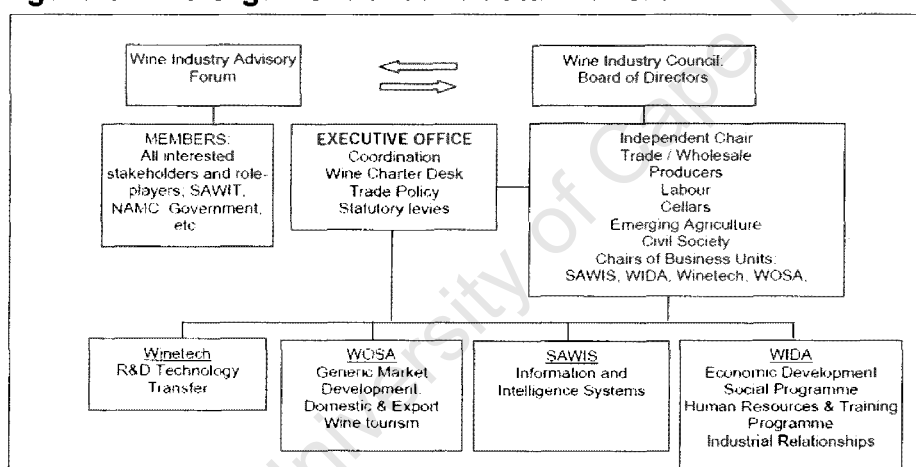
1.8.3 The South African Wine Industry Transformation Charter

In 2004 a Wine Charter Steering Committee was establish from all interested stakeholder groups to draft a South African Wine Industry Transformation Charter[26]. The Charter's purpose was to transform the South African Wine Industry in the context of the governments BEE policy framework and the Codes of Good Practice and Scorecard as well as other relevant initiatives such as the AgriBEE Charter and the Liquor Brand Owners' and Manufacturers' Charter.

---

[25] New Business Unit set-up to drive economic and social development programmes in the SA wine industry.

[26] The Wine Industry Charter, which was approved by the South African Wine Industry Council on 30 July 2007, provides a clear statement of intent and commits all the role-players to the transformation and renewal of the industry.

The South African Wine Industry Transformation Charter was accepted by the industry through the Board of SAWIC on 31 July 2007. The document was sent to the minister of Trade and Industry, Mr Mandisi Mpahlwa, to grant a Section12 status to the Wine Charter.

The insert below is taken from SAWIC's: The Wine Industry Transformation Document 2007.

Variations from the Codes of Good Practice

The Wine Industry Charter conforms to the principles and fulfils the requirements of the Codes of Good Practice on Black Economic Empowerment, as published in the Government Gazette of 9 February 2007. To this end, this Charter adopts the generic scorecard without amendment for enterprises with a turnover of more than R35million.

The Codes state that sector codes "may deviate from Targets and Weightings used in the Codes only where those deviations are justifiable based on sound economic principles, sectoral characteristics or empirical research. The proposed Sector Code may introduce a new additional Element for measurement" on the same basis. Bearing this in mind, this Charter proposes several industry-specific adjustments to the QSE scorecard. These deviations aim to facilitate BEE in the wine industry by taking account of its unique history and conditions.

The Charter:

Encourages and provides incentives for voluntary participation by exempted microenterprises.
Includes land reform in the ownership, enterprise development and skills development elements.
Redefines the socio-economic development element as the rural development and poverty alleviation element, and stipulates a set of indicators in the measurement matrix, taking into account the characteristics of the industry.
Apart from these deviations to the QSE Scorecard – all of which meet the tests of sound economic principles and taking account of industry characteristics – the Wine Industry Scorecard follows the Codes as published by government, including the definitions and all other provisions contained therein.

1.8.4 Collapse of the external supporting structure

SALBA, VinPro and WCSA which was responsible for funding SAWIC, resigned as members and directors in April 2008 and with this withdrew their cash contributions to SAWIC[27]. They felt that the sudden resignation of SAWIC's chairperson, coinciding with the expiry of employment of the CEO and two staff members would seriously affect the operations of SAWIC and their Advisory Forum.

---

[27] www.winenews.co.za "Media Release Wine Council Stakeholders resign"

The three organisations felt with government's acknowledgement of the South African Wine Industry Charter as a sub-charter of the AgriBEE Charter there was no further need for the co-ordinating role of SAWIC in this regards. It was further concluded that SAWIC did not deliver in two other main objectives:

- To act as spokes body on behalf of the South African Wine Industry with government.
- To provide a forum for communication between the stakeholders in the industry.

SAWIT developed cash flow problems in 2007, due to a loan of R 135 million that they made to empowerment group Phetogo Investment to buy a 25,1 per cent stake in KWV in June 2004 (Williams, 2005). SAWIT amended their trust deeds to stipulate that 80 per cent of its funding would be geared towards BEE transactions (*Mail & Guardian, 28 July 2004, quoted in Williams, 2005*). It was reported that the share of BUSCO was reduced to 40 per cent and that of DEVCO was increased to 60 per cent (*Die Burger, 2004; Business Day, 2004, quoted in Williams 2005*).

In the middle of 2007, SAWIT stopped all financing to beneficiaries. SAWIT was in a process to refinance the loan it made to Phetogo Investments for nearly two years and this seriously influenced the cash flow position of SAWIT. An investigation into SAWIT by the National Agricultural Marketing Council (NAMC) made a recommendation to the minister of Agriculture and Land Affairs, Lulu Xingwana, that the Trust had to be closed because it was not seen as a system to address the transformation challenges in the South African Wine Industry. It was recommended that a new structure should be established to address transformation issues in the South African Wine Industry.

The following notice appear on the website (See www.sawit.co.za) of SAWIT. *SAWIT is no longer accepting new funding applications at this juncture due to a refinancing process underway and other commitments. The public will be notified once the refinance process has been completed and should funding become available again.*

The CEO of SAWIT was subpoena to appear before the parliamentary finance watchdog body- 'Standing Committee of Public Accounts' (SCOPA) in the middle of 2008 to report on the financial statements of SAWIT.
The collapse of SAWIC together with the financial difficulties of SAWIT poses series concerns for the internal environment of Black Economic Empowerment in the South African Wine Industry.

1.8.5 Land Reform in the South African Wine Industry

In the South African Wine Industry it is extremely difficult to implement land reform (Williams, 2005). Williams in his study about Black Economic Empowerment in the South African Wine Industry finds that Agricultural land that are suitable for grape/wine growing comes at a very high price. Establishing vineyards demands high investments and it takes between three and five years before a full harvest are produced from newly planted vines.

This place extreme pressure on land reform projects because many empowerment beneficiaries do not have financial reserves to survive over this period.

After three or five years it's the first time that money enters the system, before then everything else is an expense. Gert van Wyk (2008), VinPro agricultural-economists states that the break-even point of many primary producers in the South African Wine Industry occurs after 9 to 12 years, depending on the size of the land, the costing structure, grape prices, production, product mix etc.

Most of the current white commercial farmers in the industry have either inherit or bought wine farms with money that they made in other industries (Williams, 2005). Williams highlights an important point when he states that the income that one generates from producing grapes is very unlikely to cover your interest repayment if you purchased the property with loan finance. This factor can seriously drive the failure of many land reform projects.

The illusion from individuals, outside of the industry is that you can make a quick fortune in the South African Wine Industry. This, however, is not true and new farmers quickly realise this when they are in the wine business.

Land reform projects in the South African Wine Industry takes on many forms especially because land is so expensive (Williams, 2005). Each of these models have their own pros and cons but this is beyond the scope of this study as I am looking specifically at land reform in total, in other words it cuts across all types of models.

The LRAD grant system of government is not helping either because you need a larger group to buy a wine farm (Williams, 2005). This is known as the "rent a crowd" syndrome and it is found more frequently in land reform projects in the South African Wine Industry. This syndrome cause many projects to fail, because it leads to increase conflict and infighting amongst beneficiaries.

The VinPro/Nedcor Foundation study (2004) found that increasing the beneficiary numbers is not a sustainable practice. This is due to the fact that the expected income per beneficiary becomes too small and it is therefore not making a meaningful difference in the lives of beneficiaries.

1.8.6 Following orders

At the 'SAWIT Black Economic Empowerment Conference' it was stated that less than 1 per cent of the South African Wine Industry was in black hands (Williams, 2005).

The South African Wine Industry Transformation Charter recognizes that broad-based change and development are essential to move forward to a deracialised industry and a non racial society in the 21st century.

The BEE Challenges in the South African Wine Industry as outlined in the South African Wine Industry Transformation Charter booklet, September 2007 is:

- A highly skew ownership regime
- A history of problematic labour relations
- The current realities of farm evictions
- Economically viable and market driven BEE-in process of adapting to market forces
- The importance of becoming integrated into the value chain for global competitiveness.
- The need to support human Social Capital development and to mobilize knowledge, business acumen and capital.

Prior to 1994 most black individuals on primary producer level[28] in the South African Wine Industry were performing very low level tasks and they therefore had low skills levels. These low level tasks included pruning vineyards, and doing general cellar work. Farm workers were told what to do but never why they should do it. In other words they simply followed orders, they were never involved in any management decisions and therefore never saw the bigger picture.

Transformation initiatives in the South African Wine Industry have not been able to create viable black businesses because of individuals who do not have good education and proper skills. It was found that vineyard workers in two wine regions (Paarl and Robertson) had a very low standard of education and a very high degree of illiteracy (Ewert & Muller, 2006). The study found that 25 per cent of all the workers that was interviewed could not read or write and the average standard of schooling was grade 6. Ewert and Muller (2006) argue that many of the vineyard workers will find it very difficult to acquire cognitive skills if they can't read or write (Ewert & Muller, 2006).

Ewert and Muller (2006) argues that vineyard workers require new cognitive and practical skills if the South African Wine Industry wants to meet the challenges in the market. I also feel that we need to look at business skills since these farm workers are the new managers of land reform projects.

The above is very concerning since these are the individuals who currently are the beneficiaries of empowerment projects in the South African Wine Industry. This is not just the case in the South African Wine Industry but it is also the case in many other agricultural industries in South Africa. Many other businesses in South Africa suffer the same fate like businesses in the agricultural sector.

---

[28] Wine grape producers that sell their grapes to cooperatives or the wholesalers.

According to Cherokee tribal lore[29], there is an ancient formula for success:

- Clear intention: Individuals must know what their purpose is and persist in its pursuit.
- Skilful means: Individuals must have good methods and be skilled in their use.
- Affirmation: The tasks of individuals must have integrity, it must not clash with fundamental values, it needs support from others in the organization and from the individuals own heart.

1.8.7 Open the door please

After 1994, however, the South African Wine Industry sector was notoriously difficult to enter for prospective black farm owners because of the high capital requirements and the industry specific skills that are required (Karaan, Reynolds, Wiggins, 2004).

Black individuals with access to capital, from outside the South African Wine Industry, but with no knowledge or skills about wine farming entered the industry. These individuals quickly realized the capital intensive nature of the South African Wine Industry. Wine grape vineyards takes between three to five years to give their full potential harvest and it costs between R100 000 and R140 000 to establish one hectare of a vineyard, and the yearly maintenance costs run between R15 000 to R 20 000 (Van Wyk, 2008).

It takes approximately 10 years for a primary wine producer to break even.
When taking into account the typical 20 year life cycle of a vineyard it is clear that an individual would have been far better off if he/she rather invested the initial capital. (Van Wyk, 2008).

In the South African Wine Industry benchmarking study (2008) requested by the Western Cape Department of Economic Development & Tourism it was found that wealthy black entrepreneurs who have resources buy land and employ individuals with proper skills to manage their business.
The report highlight that having the right skills is an important issue to achieve a successful operation (Agri-Africa Consultants, 2008).

1.9 Conceptual Framework of the Research Study

The study focuses mainly on the internal environment of land reform in the South African Wine Industry. It deals with empowerment projects in the South African Wine Industry on primary producer level and my Conceptual Framework on what it would take to make these projects more successful is depicted in the diagrams below:

---

[29] Scholtes, 1998, *The Leader's Handbook: A Guide to inspiring your people and managing the daily workflow,* McGraw-Hill, New York.

The motivation of the initiators to start a land reform project in the South African Wine Industry is absolutely crucial to set-up a project for success or for failure.

Reasons why individuals start empowerment projects include the following:

1) Do it to achieve real empowerment.
2) Do it because it makes business sense.
3) Do it because of financial difficulties and sees Black Economic Empowerment as a way out.
4) Do it because of legislation.
5) Do it because of political pressure.

According to the South African Wine Industry benchmarking Study (2008), each project begins its successful or unsuccessful journey soon after it is launched.

Mourkogiannis (2006, pp.6-7) in his book about Purpose: The Starting Point of Great Companies states that Purpose is crucial to a company's success for three reasons:

➢ It is the primary source of achievement
➢ It reveals the underlying dynamics of any human activity. Motivation and behaviour in either a community or an organisation
➢ It is all successful leaders want to talk about – although they do not use the word itself.

In a land reform project where there is a motivation for real empowerment it drives the formation of a strategic intent for the business. The business sets goals and objectives it wants to achieve over the short, medium and long-term. This will lead to better planning within the project and it will drive the effective utilisation of resources that are available to the project. The following resources are identified as important to run a business successfully:

➢ Physical resources like the land (vineyards), water, cellar etc.
➢ Financial resources
➢ Human resources
➢ Technological resources – vineyard and cellar technologies
➢ Organizational resources – Access to markets, distribution channels
➢ Reputational resources – Recognised brands, winemakers and viticulturist

The effective utilisation of resources will help with the development of skills and capabilities of the individuals in the project, since they will be able to see the effect of managing resources effectively. The development of skills and capabilities will enable individuals to learn to do things better, which will have a reinforcing effect on the effective utilisation of resources.

This effective utilisation of resources will lead to a competitive advantage for the project over time, which in the end could lead to a more viable project.

More viable projects on primary producer level in the South African Wine Industry will motivate other initiators to start empowerment projects but with a better understanding of what it would take to make the project viable.

Figure 7: Increasing the viability of empowerment projects
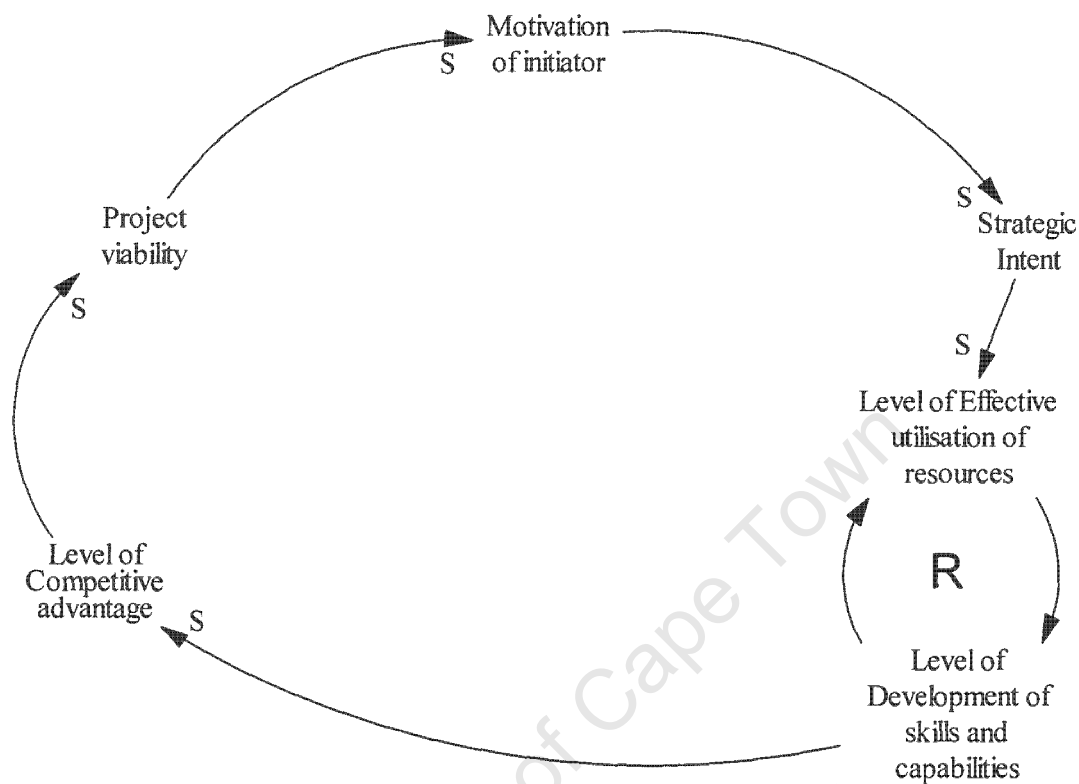
When better informed and skilled individuals use resources more effectively over time it will lead to a cost benefit for the business, since things will be done more effective. This cost benefit will ensure that the business become more competitive over time and this will ensure that more resources are used effectively to attain and even enhance the competitive advantage.

Figure 8: Increasing the competitive advantage of empowerment projects
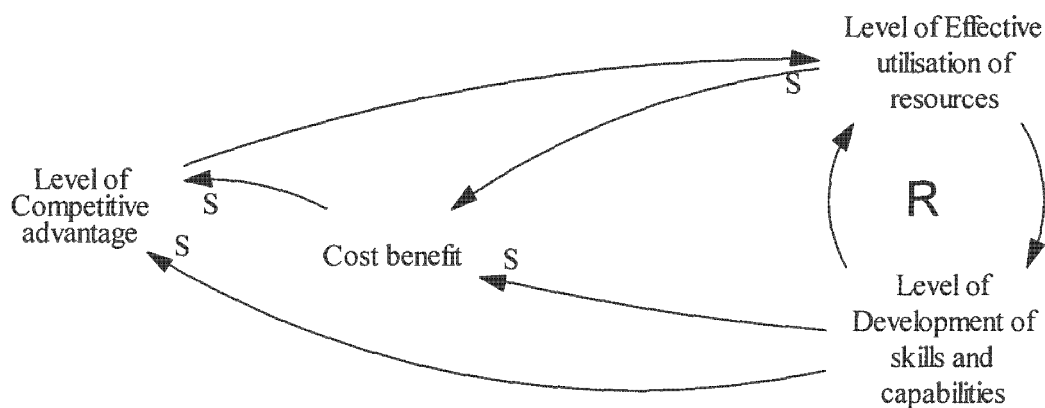
This leads me to conclude and my Conceptual Framework for this study is depicted in figure 9 below.

Figure 9: Conceptual Framework for this research project
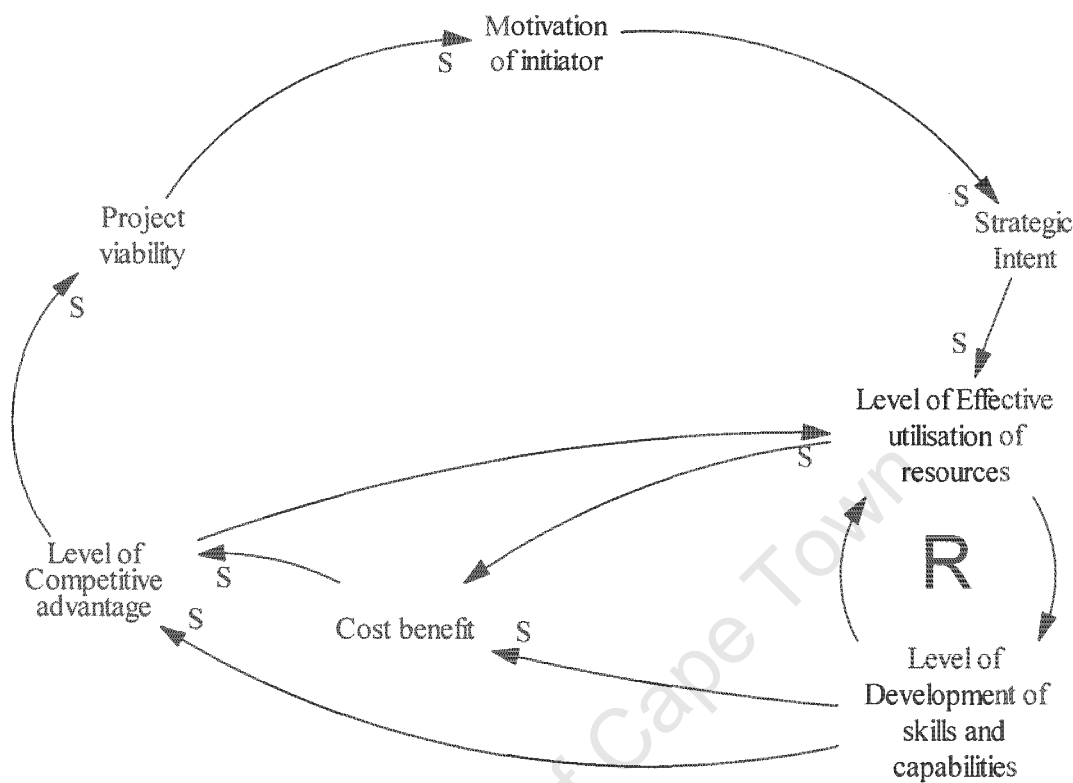
1.10 Bold leadership and management

There is no doubt that land reform is a very complex process and the government is really struggling to meet its targets with respect to land reform. Land redistribution is happening far too slow to achieve the target set by government to put 30 per cent of commercial agricultural land in the hands of black farmers by 2014 (CDE, 2008).

The Director General of the DLA recently stated that 50 per cent of government land reform projects have failed to make their beneficiaries permanently better off. (CDE, 2008). Some individuals within the ruling ANC party state that 70 per cent of land reform projects have failed[30].

This is really shocking and because land reform is a vital political issue it can lend itself to be exploited (CDE, 2005). If government sees rural development as one of five key priorities then they should act appropriately and ensure that there is an enabling environment that ensures rural development takes place effectively. This mean there should be adequate resources available to make land reform projects viable in the long-term.

---

[30] http://www.polity.org.za/print-version/phosa-admits-anc-mistakes-2009-04-15

As mentioned earlier land reform is a vital political issue and the amount of failures that is mentioned above could have negative effects for the entire agricultural sector of South Africa. The fear of the commercial agricultural sector is that the country might slip down the slippery Zimbabwe slope. If one look at what happened to Zimbabwe, a country that was once perceived as the bread basket of Southern Africa, it makes one wonder if this might happen to South Africa.

Therefore land reform needs priority attention and top class management (CDE, 2005). The CDE report (2005) state that land reform should match policy with capacity and budgetary reality and that it should be formulated in the context of other government policies.

The current recession of the South African economy has negative effects for emerging as well as commercial agriculture because there are less purchasing power in the economy because of job losses and the closure of companies. This means that farmers sell less product or they have to decrease prices to sell products. This mean less income for farmers which could eventually drive farmers to sell their land as they would not be able to pay the input costs for production as well as loans on their enterprise.

This will cause more failures in empowerment projects and the failure rate mentioned above will increase even further. There is already a big need to increase the budgets for the land reform programme which is heavily under budgeted. The recession makes one wonder if government will provide more funds for the land reform programme. The National Treasury already feel that the amount of land reform project failures don't justify more funds for the land reform programme.

This is where we need bold leadership from the DAFF and the Department of Rural Development and Land Reform to show to the National Treasury that they can ensure that land reform projects will become more viable and have a positive impact on reducing poverty if they get more money.

The concern is whether the individuals within these two departments have the capacity to deliver and ensure that empowerment projects receive the necessary timeous support and resources that would help them to become more viable in the long-term. In the past the two departments also operated in silos and there was no collaboration so one hope with the two new departments that were established there would be more collaboration to ensure land reform projects receive the help they so desperately need to become more viable.

It is therefore clear to me that without bold leadership and management within the two departments, empowerment projects will continue to fail.

1.10.1 Knowledge intensive nature of agriculture

The rapid advance that the information revolution is bringing about throughout the economy and the advances in science and technology are rapidly transforming the agricultural industry and it is making the industry more knowledge-intensive[31].

As mentioned earlier the capacity to succeed depends on more than being a commercial farmer. Farm management becomes a more complex and critical factor for success because of the knowledge-intensive nature of the agricultural sector.

Beneficiaries of empowerment projects have mostly been farm workers as mentioned earlier, the low education levels of farm workers makes it very difficult to understand how land reform in the South African Wine Industry which is already a very knowledge intensive industry could be successful. When you become the owner of a wine farm almost overnight, from just being an ordinary farm worker, the shift in responsibility and the ability to perform at a much higher level are just some of the factors that cause many projects to fail.

The low education levels of the beneficiaries of empowerment projects is a great concern because these are the individuals who must manage the empowerment farms so that it become viable businesses.

The individuals who are the beneficiaries of empowerment projects in the South African Wine Industry are also not very young anymore and it becomes increasingly difficult to motivate them to learn new things. Younger individuals are not particularly interested in careers in agriculture and the older individuals have low level skills and many of them have no formal education and therefore can't even read or write properly.

In the South African Wine Industry the management and utilization of resources plays a critical role to ensure the economic viability of a wine business in the long-term. New black wine farmers with a relatively low level of understanding of the wine business do not utilize resources that are available to them effectively in their businesses. These farmers lack the capacity to make effective business decisions as to how these resources should be managed and used to make their businesses viable in the long-term.

New black wine farmers use resources especially financial resources, for things that are not helping them to grow their businesses in the long-term. Business planning lacks here and resources, those that are available as well as those that are bought, are not utilized optimally to grow their businesses. The Plan, Do, Check, Act formula has no meaning for these farmers.

---

[31] http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1185458213887&lang=eng

The current ineffective utilization of resources by new black wine producers cannot continue, because this will lead to unprofitable black farming enterprises in the South African Wine Industry. Every black wine producer needs to understand that if they do not manage and utilize their resources effectively they might as well never enter the industry in the first place.

Marion Brady (1989) states the learning process requires that new information becomes part of a coherent conceptual structure. These individuals should be equipped with a sense of joy in learning and they must be prepared to become autonomous, self-directed learners for the rest of their lives (Brady, 1989).

BEE projects in the South African Wine Industry have to deal with beneficiaries who do not have proper education and skills to effectively create viable wine businesses. The beneficiaries who prior to 1994 performed very low level jobs in the industry do not have the Cherokee tribal lore defined previously.

They do not have a clear intention therefore they do not know what their purpose in the new organization is. They do not have the skills and there is no affirmation. In the modern highly competitive business environment in the world today the job of the manager is to work on the system and to continuously improve it (Scholtes, 1998, p.24).

In many industries most managers did not know how to describe, define or improve a system. The system concept was not part of their education (Tribus, "not dated"). The concern is that the current pool of individuals who benefits from BEE in the South African Wine Industry does not have the skills to create viable businesses. They don't have any of the new management competencies let alone the old management competencies, because they were never exposed to it.

It is clear that land reform is a complex process and the systemic nature of land reform needs to be fully understood to achieve better results over time. All of the above-mentioned factors highlight my concern that land reform projects in the South African Wine Industry on primary producer level are not producing viable businesses.

The Concern Behaviour over Time variable is therefore explained by stating that the viability of land reform projects on primary producer level in the South African Wine Industry will become more and more unviable over time if proper leadership and management is absent within these projects. It is also clear that bold leadership and management within government departments that are mandated to support and enhance land reform is needed.

Figure 10: Lack of leadership and management Behaviour Over Time graph
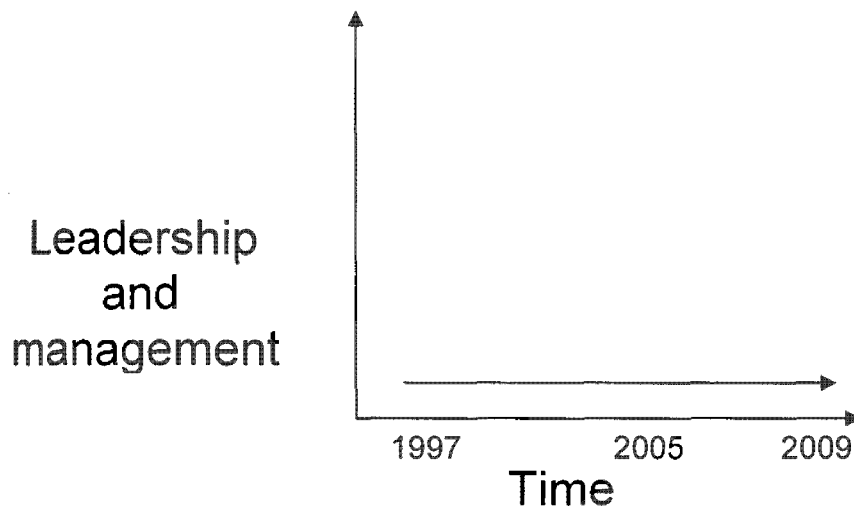
Figure 10 above highlight the lack of leadership and management that are present in empowerment projects in the South African Wine Industry. This leads to a decrease in the viability of empowerment projects in the South African Wine Industry as depicted in figure 11 below.

Figure 11: Impact of lack of leadership and management on empowerment project viability Behaviour Over Time graph
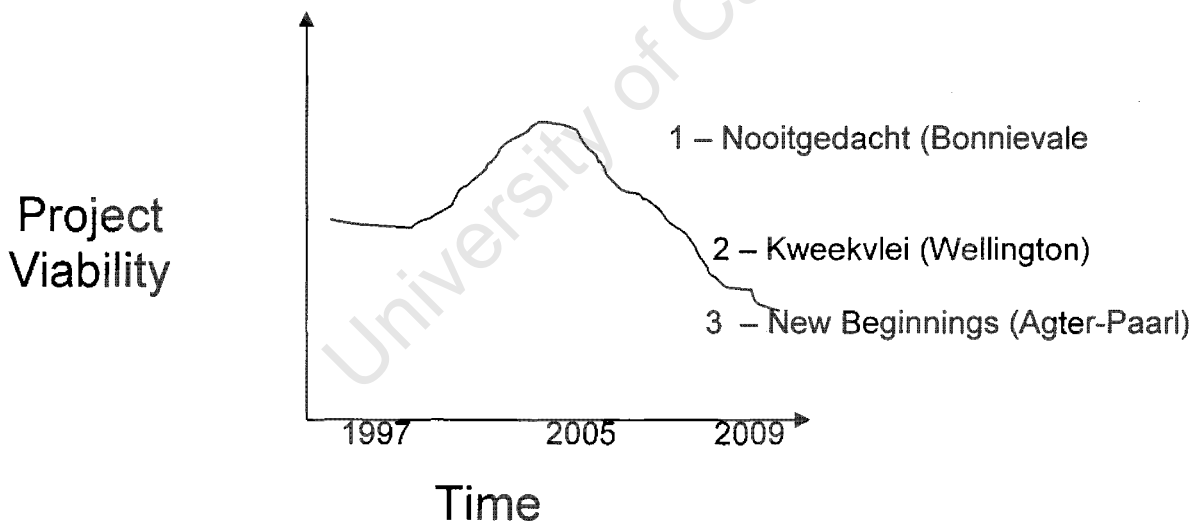
In Figure 11 above it is clear that the viability of empowerment projects have decreased over time. When projects starts off they show steady growth in the beginning but many of them starts to decline when funds dry up and when there is ineffective management of resources.

1 – Nooitgedacht (Bonnievale): The farm went insolvent and was sold to a commercial farmer at the beginning of 2008. The total grape yield on this farm declined from 36,4 to 8,1 tonnes and the 175 beneficiaries demanded regular dividends, which ultimately lead to the downfall of the enterprise (Van Schalkwyk, 2008).

45

2 – Kweekvlei (Wellington): An empowerment farm that was bought in 2003 by 74 old army members with the help of the DLA and the Land Bank, was liquidated in January 2009 when there was almost no more vineyards left to deliver a crop (*Paarl Post*, 2009).

3 – New Beginnings (Agter Paarl): Perceived as the first empowerment project in the South African Wine Industry. The project was initiated by Alan Nelson, owner of the wine estate Nelson's Creek and 60 farm workers employed at his farm (Schweitzer, 2008)[32]. In 2009 the harvest was left on the vines as there was no buyer for the grapes which means there was no income.

The agricultural sector is increasingly becoming more knowledge intensive and if farmers within this environment want to create viable businesses they need to have effective leadership and management capabilities. In a project where there is effective leadership and management there is more effective decision making. Effective decisions are made because of better organisation and assessment of information, which leads to better business decisions and ultimately more effective utilization of resources.

This leads to an environment where innovation can take place more effectively, which leads to a competitive advantage and ultimately a more viable farming enterprise. The viable farming enterprise continuously drives the knowledge intensive environment because they continuously innovate and make use of the new knowledge within the operation.

The concern for me is that many empowerment projects do not have effective leadership and management capabilities within their businesses. This means that within empowerment projects effective decisions are not made, which results in a lack of innovation to gain a competitive advantage. Without a competitive advantage these empowerment projects will never become viable farming enterprises over time.

---

[32] How Black farm Workers become Land and Business Owners: Actors, Resources, Contexts and Outcomes of Black Empowerment Projects in the South African Wine Industry. Erwin Schweitzer 2008

Figure 12: Lack of leadership and management Causal Loop Diagram
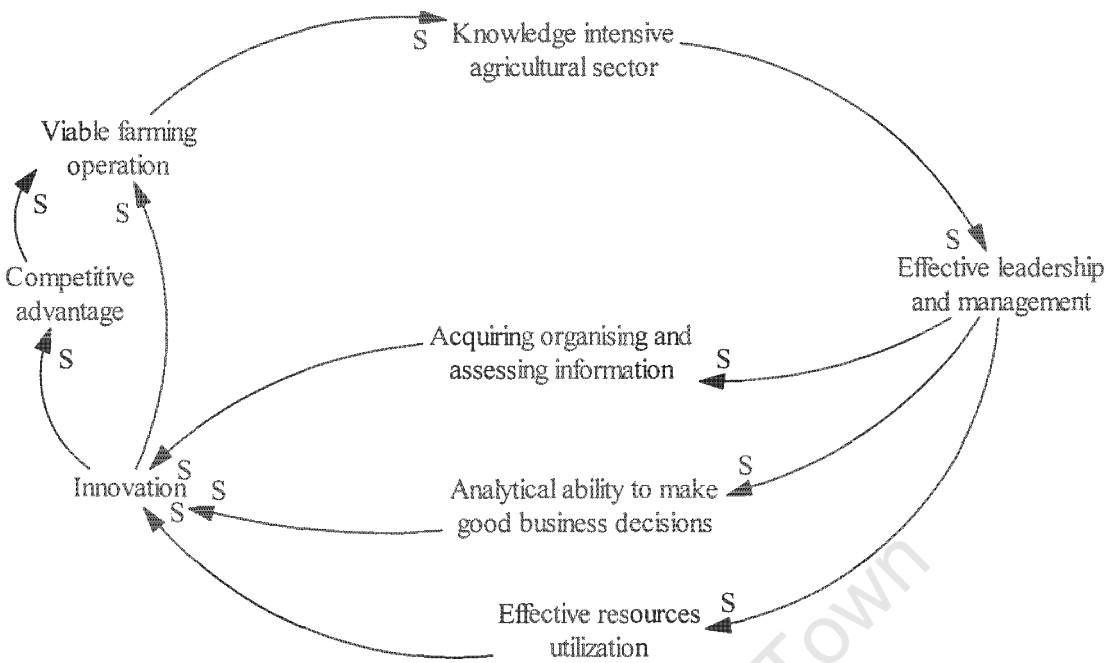
1.11 Increasing the leadership and management capabilities

The comment made by the Director General of the DLA that almost 50 per cent of land reform projects have failed to make beneficiaries better off is a very disappointing statement. With only 5 per cent of commercial agricultural land in the hands of black farmers this means that there are currently only 2,5 per cent of commercial land in black hands that makes a difference in the lives of their beneficiaries. This is a shocking statistic and shows that in 15 years of democracy very little has been achieved in terms of land reform.

It has been recently reported in the media that the minister of Agriculture and Land Affairs, Lulu Xingwana and her officials are frustrated by failed land reform projects and that they are unwilling to invest in projects that never seems to get off the ground (*Business Day,* 2009). The minister threatened to repossess land from beneficiaries who do not farm the land productively. It was reported that the minister seized an ostrich farm from land restitution beneficiaries who failed to fully utilise the farming venture. The minister said "Those who are not committed to farming must be removed from the allocated farm and be replaced by those who have a passion for farming, including agricultural co-operatives."

The fact that there is a political agenda on the one hand and a farming agenda on the other hand makes land reform a very contentious issue (Evans, 2008, quoted in CDE, 2008, p.3). In the early years of land reform government's objective was to push numbers without looking for sustainability.

The recent developments indicate, however, that government aims to invest and establish more sustainable projects in the future. Nevertheless there is an overemphasis on the targets that was set by the World Bank for land reform in 1994. The focus has to be more on producing sustainable land reform projects across industries and sectors. More sustainable land reform projects in agriculture will motivate those that are sceptical about land reform to join in and help to make it even more successful.

South Africa needs a land reform strategy that is politically and developmentally successful (CDE, 2005). The objective of land reform should be to make beneficiaries better off and it should show that historic wrongs are being righted at a steady pace (CDE, 2005).

An individual who wants to enter the industry needs to understand how the industry works. A new entrant should understand the pros and cons of entering the South African Wine Industry and they should clearly understand the role that they should play in the system to make the venture viable over time.

To achieve success in the highly competitive global business world that we live in today, companies need to be able to adapt to change rapidly. Companies that want to gain a competitive advantage need to continuously innovate so that they can stay ahead of the pack. The influx of new knowledge in most fields makes it very easy to fall behind (Edmondson, 2008). For emerging farmers this is critical because without access to new knowledge they can easily fall behind and they will never be able to catch-up with commercial farmers.

South Africa faces a shortage of high level decision making skills and the country needs managerial and leadership skills to support and sustain economic growth. The development of employees that can be developed further is therefore crucial.

Dr. Leonard Bauer (1998) in a study about "Business Management Issues in Alberta's Expanding Primary Agricultural Sector[33]" identified four major management issues:

> **People transition issues**
  New entrants who have little agricultural training may require technical training

> **Business development issues**
  Owners must be concerned with the economic viability of the enterprise.
  They must think and plan strategically, set and communicate business goals and be concerned with family and group dynamics

---

[33] Bauer, L.1998. Business Management Issues in Alberta's Expanding Primary Agriculture Sector. Alberta Agriculture, Food and Rural Development

> **Business Operation issues**
>> Managers must have sound technical knowledge, negotiate appropriate business operating arrangement (licensing etc.), be accountable to business owners and manage information systems.

> **Human resource issues**
>> Develop skills and ability to lead and motivate.
>> Develop competitive employee compensation plans.

Bradshaw and Gervais[34] (1998) identified the following managerial skills that would be required to operate a viable farm business in the future:

> Negotiating skills and legal awareness
> Family and business dynamic skills
> Economic and investment analytical skills
> Employee relationship skills
> People transition management
> Information technology and information management skills
> Communication and leadership skills
> Environmental management skills
> Food safety management skills
> Agricultural technology management skills

Howard Brinkman and Lambert[35] (1994) categorized farmers into top, good and average managers and identified the following eight key actions/skills of top managers:

> Good financial and production management systems
> Well-developed marketing skills
> Extensive personal networks that are maintained and nurtured
> Strong analytical abilities that allow good evaluation of new enterprises or projects
> Diversification efforts of operations in order to manage risk
> Recognition of opportunities for profit
> Well developed negotiation and interpersonal skills to ensure favourable agreements and low costs with a number of different industry players
> Effective management of human resources.

It is clear that the managerial skills that was identified to operate a viable farm business as well as the skills of top managers slots in very well under the four management categories that was identified by Dr. Leonard Bauer in his 1998 study.

---

[34] Bradshaw, G. and P.E. Gervais. 1998. Management Challenges for Alberta's Farming Industry to the Year 2005. Alberta Agriculture, Food and Rural Development

[35] Howard, Brinkman and Lambert. 1994. Identifying Management Differences between Farmers in Canada. Canadian farm Business Management Council.

- ➢ **People transition issues**
  People transition management

- ➢ **Business development issues**
  Negotiating skills and legal awareness
  Well developed negotiation and interpersonal skills to ensure favourable agreements and low costs with a number of different industry players
  Economic and investment analytical skills
  Information technology and information management skills
  Good financial and production management systems
  Extensive personal networks that is maintained and nurtured
  Strong analytical abilities that allow good evaluation of new enterprises or projects
  Diversification efforts of operations in order to manage risk
  Recognition of opportunities for profit

- ➢ **Business Operation issues**
  Family and business dynamic skills
  Environmental management skills
  Food safety management skills
  Agricultural technology management skills
  Well-developed marketing skills

- ➢ **Human resource issues**
  Employee relationship skills
  Communication and leadership skills
  Effective management of human resources

From the above it is clear that individuals who manage a farm should have strong business development and business operational capabilities, but they also need to have good people transition management skills and good human resource management skills if they want to make the farming enterprise viable and successful.

The research question that needs to be answered is the following:

How do you increase the leadership and management capabilities of individuals within empowerment projects on the primary producer level in the South African Wine Industry?

1.12   A Sense of Belonging in Communities

New black wine farmers need to be aware that the path to success in the South African Wine Industry will take time and it will not be an easy road. The South African Wine Industry is already under immense financial pressure as can be seen by the findings of Gert van Wyk, VinPro Agricultural economist (Van Wyk, 2008).

The importance of understanding what other wine businesses did and the path that they followed to become successful has a crucial lesson in it for new black wine producers, because this will help to attract people with the right motivation, mindset and capabilities to the South African Wine Industry. The initiator with the right motivation, mindset and capabilities will have more commitment towards his venture or business to make it successful. Government can't buy commercial agricultural land for millions of Rands, for individuals who do not believe in farming or who do not have a passion for farming.

On the other hand government need to be aware of the challenges that new entrant farmers face and should create an enabling environment for them to operate in so that they can make the venture more viable over time.

The low education level of the beneficiaries of empowerment projects is of great concern because these are the individuals who must manage the empowerment farms so that it becomes a viable businesses over-time.

The question therefore is, how do you increase the leadership and management capabilities of these individuals so that they can manage and lead the empowerment farms to become viable farming enterprises over time.

There needs to be an environment where black managers can be cultivated and selected so that they can become the future leaders of viable BEE initiatives.

The answer is to increase the trainability of willing individuals in the South African Wine Industry by creating an environment where knowledge is shared between the beneficiaries of empowerment projects on a continuous and very regular basis, like in a Community of Practice (CoP)[36]. This is a perfect environment where the beneficiaries of empowerment projects can transfer their skills to each other, they therefore learn things that they might lack from others who have knowledge on the issue.

In this environment individuals who have the abilities to become good managers will stand out and they will be the ones who could be developed further through cognitive intervention programmes and skills development initiatives. The leaders and managers that develop from these Communities of Practice will develop a sense of belonging to the Community of Practice and for them it will all be about developing the community to its fullest potential. Their own success will matter far less because of the sense of community (Mintzberg, 2009).

Empowerment project beneficiaries can learn lots of lessons from each other and this can help to tackle future and current problems more effectively.

---

[36] An activity system that includes individuals who are united in action and in the meaning that action has for them and for the larger collective.

Through continuous sharing of knowledge and information amongst the beneficiaries of empowerment projects these environments can be transformed into communities of experts where leaders and managers can come together to learn and share new ideas. In collaboration with cognitive intervention programmes this can create individuals who have the ability to become self-directed learners for the rest of their lives.

The beneficiaries of empowerment projects, however, have a limited amount of knowledge and skills when it comes to management and leadership. This is due to the fact that they have no or very limited exposure to managing a farming enterprise.

It is therefore concluded that if you want to create a Community of Practice that continuously builds and exchange knowledge you need to build a strategic network around the Community of Practice. The network needs to include individuals who are experts in the field of managing farms or individuals who are the leaders in their particular field with access to the latest knowledge that can be of value for the new entrant farmers. This will ensure that constructive regular discussions and decision making will take place, which will lead to an inclusive environment where knowledge transfer takes place.

In this network environment you will find individuals who are experienced in the four management categories that were identified by Dr. Leonard Bauer in his 1998 study. This will therefore help the new entrant farmers to gain knowledge and firsthand experience from those managers who operate viable companies and who have top management skills to do so.

Kline (1999, quoted in Mintzberg, 2009) state that when people collaborate they ask questions and listen to each other. There is an establishment of equality in an easy and appreciative environment. This encourages people to think for themselves, to tell the truth, and to try out a new way of doing things.

It is in this network environment where you can build the Social Capital of the new entrant farmers. Social Capital theory states that networking relationships provide value to actors by allowing them to tap into the resources embedded in such relationships for their benefit (Bordieu, 1986; Lin, 2001).

Social Capital is defined as the sum of resources, actual or virtual, that accrue to an individual or an organization as a result of the development of personal and social networking relationships (Bordieu and Wacquant, 1992; Lin, 2001).

Social Capital therefore leads to an improvement of leadership and management capabilities and effective Communities of Practice.

Figure 13: Building leadership and management capabilities of individuals that manages and leads empowerment projects.
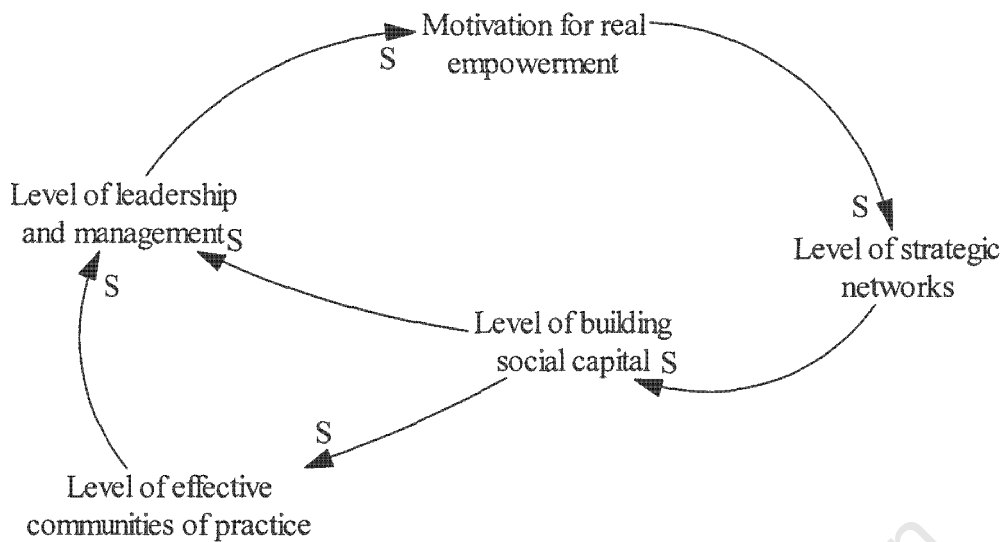
Within the Community of Practice this will lead to the establishment of disciplined leaders and managers who are better informed and who therefore can make disciplined decisions and take disciplined action to achieve a competitive advantage so that the project can become viable.

The leadership that will develop in the Community of Practice will be in the form of distributed or situational leadership, since in the community there will be individuals with specific strengths and preferences. You will have leaders with great economic skills and others with great social skills and some might even have both. This will strengthen the Community of Practice and will also ensure that you do not have a dominating leader who could overpower the Community of Practice with one dimensional thinking and decision-making.

This could therefore lead to a competitive advantage for empowerment projects, since effective decisions will be made on the economic and social front, which would lead to more viable empowerment projects in the South African Wine Industry and motivate others to become involved with land reform in the South African Wine Industry.

Figure 14: The Causal Loop Diagram explains the road to more viable land reform projects in the South African Wine Industry for primary producers.
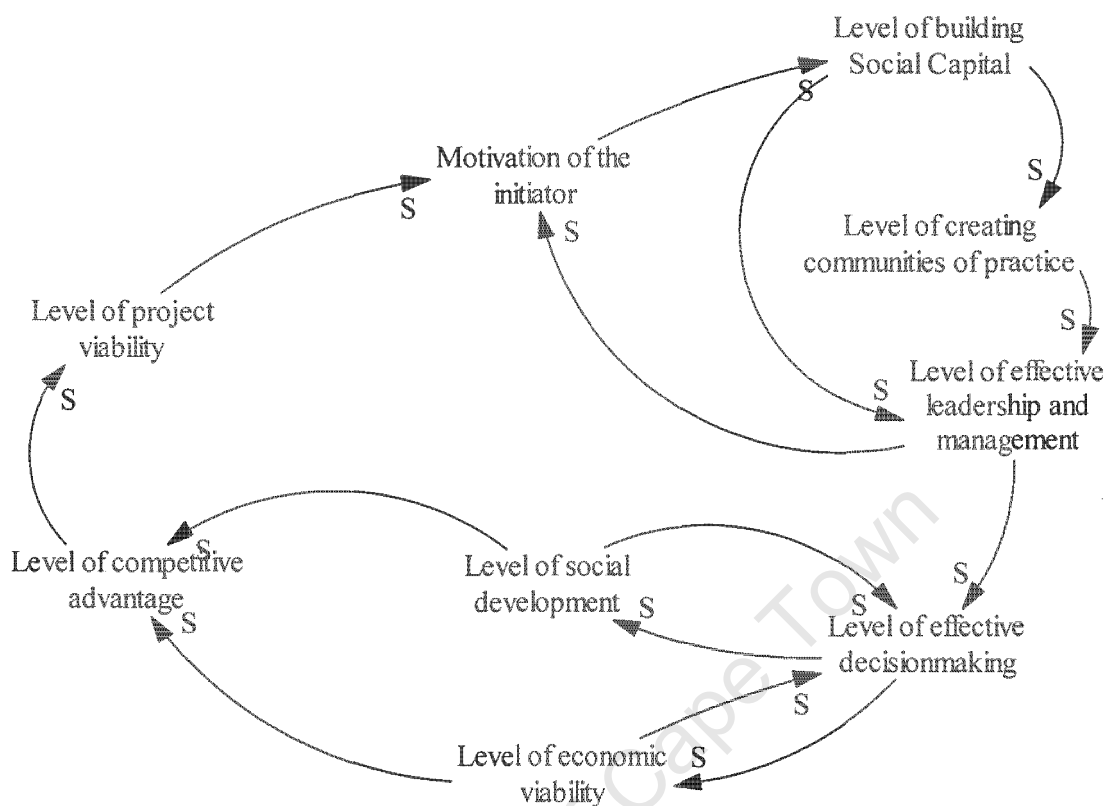
1.13   Passionate leaders and managers

In the research it became clear that projects with individual's who were truly motivated to farm, showed more potential to become successful over time than projects where there was no motivation to farm.

In the projects where there was real motivation to farm and a desire to make a success of the farming enterprise it was found that there was effective leadership and management. The individuals who managed these land reform projects had a clear intention, they are farming in the South African Wine Industry because they have a passion for it and they believe that they can make a success of the venture by persisting to deliver. These leaders showed that they have the capabilities and skills to manage the projects and where they lacked skills they looked for ways to address this. The integrity and intent that these individuals brought to the projects motivated those around them to give their best so that the project could become viable over time.

The leadership made effective business decisions that were executed and the decisions were effectively communicated to all the stakeholders. Everyone knew what was expected from them to achieve success at the end of the day and the trust between the parties involved became stronger and stronger. There was a clearer understanding of what it would take in the long-term to make the business viable.

1.14 Evaluation and Conclusion

1.14.1 Too little success

The research is relevant because land reform in the South African Wine Industry has not been able to create the targets that have been set by government for land reform. Successful land reform projects in the South African Wine Industry are scarce and we need to understand what is needed to create more viable land reform projects in the South African Wine Industry. Effective leadership and management within land reform projects can help to increase the viability of land reform projects in the South African Wine Industry on primary producer level. A vast amount of land reform projects in the South African Wine Industry have leaders and managers who do not know that they don't know.

1.14.2 Going for gold

With an effective leadership and management structure in place where decisions are made and implemented as well as where the communication with stakeholders has a transparent nature, everyone in the company will understand where the business is heading and this could lead to greater company success.

1.14.3 Valuable insight into complexity

The Grounded Theory methodology that was used within the Critical Realism framework was useful for this study since it helped to gain a better understanding of the complexity and the dynamic nature of land reform and what is needed to make land reform more successful over time.

1.14.4 Credible data sources

For the purpose of this study individuals who are in some way or the other involved with Black Economic Empowerment in the South African Wine Industry were interviewed, following the conversational interview methodology with a semi-structured approach. Academics, individuals from empowerment projects that are deemed successful, less successful and those that are unsuccessful were interviewed.

Successful companies are those that are showing strong signs that they can start to operate on their own without the help or assistance from the previous owner producer. Less successful companies are those that will only stay in operation if they receive owner support and assistance. Lastly unsuccessful companies are those that are not operating anymore.

Individuals from a successful empowerment project in the fruit industry were interviewed to see if there are any lessons to learn from them. An individual who heads empowerment projects for a big wine company in the Northern Cape, a transformation manager of empowerment projects in the fruit industry, a virtual wine company manager and a consultant that was appointed by SAWIT to oversee the setting up of the South African Wine Industry Transformation Charter were also interviewed.

1.14.5 Road map

An audit trail was left in this study by documenting every conversational interview. An Affinity Diagram[37] was constructed of all the lessons learned during the conversational interview process as well as an Interrelationship Diagraph (ID)[38] to understand the driver and outcome variables.

4D definitions (Sense, Reference, Functional and Operational)[39] for the lessons from the Grounded Theory process were done and a Causal Loop Diagram (CLD)[40] shows how the findings were concluded.

1.14.6 Bridging findings into practice

All the lessons that were learned in this study will definitely be applied in a technology transfer enabling environment project within Winetech, and it sensitises one to the fact that effective leadership and management plays a critical role towards the success of a BEE projects.

The research results will be shared with other agricultural industries involved with land reform and BEE. There will definitely be lessons that they can take and apply in their sectors.

1.14.7 Morality

In this study an ethical approach towards all the stakeholders was followed and no human rights were violated. The best amount of care and consideration was given to the opinions of the stakeholders. The researcher was sensitive and mindful to the interviewee's beliefs and thoughts and never tried to overpower them with other thoughts and beliefs. All the references that were used in this study are documented in the bibliography.

1.15 Conclusion

To ensure that we create more viable land reform projects we need an effective external supporting environment, which is government and an internal environment that consists of individuals that has the capability to effectively lead and manage land reform projects. This mean that there is a need for bold leadership and management in the external environment as well as in the internal environment that can work together to achieve more viable land reform projects.

In this research project the focus was more on the internal environment and the goal was to find out what it would take to increase the leadership and management capacity of the beneficiaries in empowerment projects on the primary producer level in the South African Wine Industry.

---

[37] Gathers large amounts of language data and organises it into groupings based on natural relationships between each item

[38] Tool that graphically shows the logical and often causal relationships between factors.

[39] Sense – Concept Qualities / Attributes /Relevance to my purpose
Reference – Instances, examples or parts of the concept
Functional – Why is the concept useful
Operational – How would I use the concept

[40] Shows causal relationships between concepts and variables and how they effect each other

It was found that there is a need for individuals with a motivation for real empowerment, individuals who want to farm and who have the motivation to make a success of the business. These individuals know they lack skills to manage a business effectively, which means they need to create an environment or a community where learning could take place. They needed individuals with knowledge and skills with whom they could interact and ask questions and listen to and learn from. This would help them to build their abilities and their knowledge and help them to effectively lead and manage their business.

For these leaders and managers it is all about building capacity within their community and it is not about self-enrichment and personal success. It is about the success of the community. In other words there is a sense of belonging to the community and they view this community as something much larger than themselves (Mintzberg, 2009). Everyone therefore in the community can become a leader and this will give the community distributed leadership that can have a positive organisational benefit.

With effective leadership and management comes effective decision making, and within empowerment projects it is effective decisions on the economic and on the social fronts. Leaders and managers in empowerment projects who understands this creates a competitive advantage for their businesses which ultimately leads to more viable projects.

Chapter 2: Literature Review

2.1   Introduction

The literature review in this research paper takes place on the following three levels:

Firstly the broader body of knowledge to which this research topic belongs is explained. Then the concept of Empowerment Theory is discussed followed by a brief comparison of the Broad Based Black Economic Empowerment (BBBEE) concept of South Africa with that of the New Economic Policy (NEP) of Malaysia.

The focus then shifts to leadership and management and why this is important for empowerment initiatives. The focus shifts to Distributive Leadership theory and the broader body of knowledge of this concept.

Thirdly the three core concepts that emerged from the Grounded Theory research process are discussed. The broader body of knowledge on Communities of Practice, Strategic Networks and Social Capital is constructed.

Finally a conclusion and illustration of how the research findings fit into the broader body of knowledge of the topics that was discussed above is outlined. It is showed that a Community of Practice with a strong strategic network that increases Social Capital creates a platform where Distributed Leadership could be developed within a community so that it leads to the overall empowerment of the community.

This therefore illustrate that the findings that was developed during the study answers the research question and address the concern and that the literature supports these findings.

2.2   Empowerment Theory

2.2.1   The Roots of Empowerment Theory

Within the field of counselling, feminist theorists and multicultural thinkers were first to discuss empowerment issues (Lee, 1991: Lyddon, 1998, quoted in Hipilito-Delgado, 2007, pp.327-332). Feminists critiqued the counselling profession, especially those aspects that oppressed women (Marecek, 2001, quoted in Hipilito-Delgado, 2007, pp.327-332) and advocated for social justice and empowerment in counselling (Lyddon, 1998, quoted in Hipilito-Delgado, 2007, pp.327-332).

Empowerment Theory roots come from the educational theory of Paulo Freire (Hipilito-Delgado & Lee, 2007). Freire, a Brazilian educator dedicated his life and his teachings to the struggle of aiding oppressed and marginalised communities to achieve liberation (Demmitt & Oldenski, 1999, quoted in Hipilito-Delgado, 2007, pp.327-332).

The term "Empowerment" has become very popular in a number of disciplines like psychology, social work and many other areas that deals with clients or communities (Passmore, 2000). Empowerment topics appear frequently in human resource, business and management literature (Erstad, 1997 p.325). In some instances empowerment is seen as a new buzzword, and more people are searching to understand the meaning of empowerment and how it can be used to change their lives (Lord & Hutchinson, 1993, p.5).

It is evident that most theorists have described empowerment in similar terms (McWhirter, 1991, quoted in Hipilito-Delgado, 2007, pp.327-332), but the exact definition of empowerment remains vague (Perkins & Zimmerman, 1995). Some theorists have placed the emphasis on the perception of power (Perkins & Zimmerman, 1995; Moscovitch and Drover, 1981, quoted in Hipilito-Delgado, 2007, pp.327-332). The Cornell Empowerment group defines power as the "capacity of some persons and organisations to produce intended, foreseen and unforeseen effects on others" (Cornell Empowerment Group, 1989, p.2). Moscovitch & Drover (1981) have pointed out that the class-dominated nature of society means that a small number of individuals have great political and economic power, whilst the majority have none.

The ultimate goal of empowerment is the socio-political liberation of marginalised communities (Carr, 2003 quoted in Hipilito-Delgado & Lee, 2007). According to Perkins and Zimmerman (1995, p.569) "theoretically the empowerment construct connects mental health to mutual help and the struggle to create a responsive community". Perkins and Zimmerman (1995, p.570) states empowerment "compels us to think in terms of wellness versus illness, competence versus deficits, and strength versus weaknesses". Perkins and Zimmerman (1995, p.570) further states "empowerment-oriented interventions enhance wellness while they also aim to ameliorate problems, provide opportunities for participants to develop knowledge and skills, and engage professionals as collaborators instead of authoritative experts".

Therefore empowerment is all about helping individuals and communities to gain skills and resources that they need to take control of their own lives so that they can reach their full potential (Passmore, 2000).

Perkins & Zimmerman (1995, p570) states that the definition of empowerment is consistent with empowerment as "an intentional ongoing process centered in the local community, involving mutual respect, critical reflection, caring and group participation, through which people lacking an equal share of valued resources gain greater access to and control over those resources" (Cornell Empowerment Group, 1989). People therefore take control of their lives, become more active in the democratic processes of their community (Rappaport, 1987), and in understanding their environment (Zimmerman, Israel, Schulz, Checkoway, 1992).

This is similar to the conception of Papineau & Kiely (1996) that empowerment is based on three aspects: "perception of self-efficacy and control; acquisition of resources, knowledge and skills; and participation in collective action".

Building on the work of Freire, it is evident that empowerment can take place at three levels, the personal level (Zimmerman, 1995, quoted in Hipilito-Delgado & Lee, 2007), the community or organisational (Peterson et al., 2002, quoted in Hipilito-Delgado & Lee, 2007) and the socio-political (Moreau, 1990, quoted in Hipilito-Delgado & Lee, 2007). For this study I will look more into empowerment on the personal and community level. At the personal level the individual is empowered to be effective within his or her community and this leads to a collective empowerment, where the community is empowered (Carr, 2003 quoted in Hipilito-Delgado & Lee, 2007).

Empowerment Theory includes processes and outcomes, which suggests that actions, activities or structures may be empowering and the outcomes of these processes results in a level of being empowered (Zimmerman *et al*, 1995). Empowerment processes and outcomes are different for communities, organizations and individuals, since they can experience different degrees of it because of the context and location (Zimmerman, 1993). This distinction is important to clearly define Empowerment Theory (Zimmerman, 1995, p.570). "Empowering processes for individuals might include participation in community organisations and at the community level, empowering processes might include collective action to access government and other community resources" (Zimmerman, 1995, p.570).

Empowerment on the organizational level includes processes and structures that will enhance the participation of members and improve the achievement of the organizations goals. On the community level, empowerment is about improving the quality of life of the community and to have more unity in the community (Perkins & Zimmerman, 1995). Hipilito-Delgado & Lee (2007) state that the process of personal empowerment functions similarly to the ethnic identity development process and it entails the development of several important constructs. This includes critical consciousness, positive identity and taking social action (Carr, 2003; Gutierrez, 1995, quoted in Hipilito-Delgado & Lee, 2007).

Critical consciousness – This is defined by Gutierrez (1995) as "awareness of oppression in society and the socio-political implications that follow from being oppressed. Hanna et al. (2000, quoted in Hipilito-Delgado & Lee, 2007) states that "oppressed individuals reject the negative propaganda disseminated by the dominant society to diminish the perception of inequality in society".

Positive identity – "Oppressed people develop an empowering identity that provides validity to their existence and this inspires them to improve their socio-political circumstances".

Social action – This is the most important concept of personal empowerment (Carr, 2003, quoted in Hipilito-Delgado & Lee, 2007). It is about oppressed individuals that work to liberate themselves and their communities (Carr; Gutierrez, 1995; Hanna et al., 2000; Potts, 2003; Zimmerman & Warschausky, 1998, quoted in Hipilito-Delgado & Lee, 2007). It is therefore crucial that the oppressed individual should participate in community groups so that he or she gains greater social and political power to effect change (Gutierrez, 1995, quoted in Hipilito-Delgado & Lee, 2007).

The steps that are mentioned above are therefore equally applicable to the community at large. The community could also develop critical consciousness, a positive identity and social action to achieve empowerment (Hipilito-Delgado & Lee, 2007).

It is clear from the above that the individual who starts a personal empowerment process creates a reservoir for community empowerment.

Sadan (1997, pp.137-168) states the community empowerment process requires the following two resources if it wants to realize:

"Individuals who have come to recognize that they are interested in acting not only to realize their own personal desires, although still in the framework of improving their quality of life".

"External change agent – professionals and others who are involved in a planned change process and contribute rules and resources to it – meaning, legitimation and power – which support the creation of a community and its growing ability to influence the environment".

Keiffer's (1984, quoted in Lord and Hutchinson, 1993, pp.6-7) work on personal empowerment, labels empowerment as a developmental process, which is made up of four stages: entry, advancement, incorporation and commitment.

Entry Stage – Keiffer (1984, quoted in Lord and Hutchinson, 1993, pp.6-7) refers to this as an act of provocation, where an individual is motivated to react to a condition that threatens the self or the family.
Advancement stage – Has three major aspects that are important to continue the empowerment process: "a mentoring relationship; supportive peer relationship with a collective organisation and the development of a more critical understanding of social and political relations".

Incorporation stage – "The development of a growing political consciousness".

Commitment – Application of participatory competence to expanding areas of life.

Empowerment Theory work to enable individuals to gain control of themselves in society and these individuals should work to increase their personal strength and confidence in order to influence the views of their communities. For them to achieve this self improvement, relies heavily on education and action.

In other words individuals who then become educated can help the community to see things more clearly and this leads to the education of the community, which therefore can make better informed decisions. This leads to the empowerment of the community and with empowerment there is improvement and motivation. An informed community therefore needs to take action with this knowledge otherwise it will have no positive effect for them. Here the community can seek to gain allies from the inside and outside who could help them to achieve their goals.

2.2.2 Black Economic Empowerment in South Africa

The end of apartheid in South Africa led the newly elected government of South Africa in 1994 to adopt the Black Economic Empowerment (BEE) programme to create an inclusive economy that could meet the needs of its entire citizens (Mandla, 2006). The BEE policy became known as Broad Based Black Economic Empowerment (BBBEE), after the formulation of the BBBEE Strategy (the dti, 2003) and the BBBEE Act (Act No 53 of 2003), (Mbabane, 2007).

The BEE Commission Report in 2001 first attempt to define BEE and it was a very broad definition (Mbabane, 2007). The Department of Trade and Industry (the dti) in 2003 then finalised the official government policy on BEE, and it was a less broad definition, whilst it ensured that it was not too narrow (Mbabane, 2007).

The dti defines BBBEE as: "an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities" (the dti, 2003).

This definition of the dti is in line with the concept of Empowerment Theory, because it firstly talks about an empowerment process (an integrated and coherent socio-economic process) and an outcome of the process, which is that it should increase black– management, ownership and control in the South African economy.

Black Economic Empowerment was always going to be a very emotive issue as a social engineering exercise.

The various approaches to BEE by the South African government was met by industry with varying degrees of active and passive resistance (Jack, 2007). However, it is clear that the broad-based approach to BEE seems to be holding the most promise and that over the medium term it is here to stay (Jack, 2007). Jack (2007) states that disruptions in the business environment always represent opportunities and there will be winners and losers".

Jack (2007) is critical of the forms that BEE has taken especially enrichment. "It is absolutely crucial that Black entrepreneurs emerge from the BEE process and the fact that a number of Black individuals are taking big stakes in itself is not a problem. It becomes an issue when the same people crop up over and over again, which is why the codes give extra points to companies that bring new faces into their ownership schemes"

Jack (2007) points out that the number of BEE deals that was concluded increased from 101 in 2001 to 221 in 2006, there is, however, no mention how much of these deals contribute to Broad Based Black Economic Empowerment or how much is just enriching a few individuals. Jack states that the view and attitudes to BEE from a perception point of view are slowly changing but that empowerment has not reached critical mass (Jack, 2007).

Jack (2007) implies that a new level of receptivity and openness is needed on the part of firms, to new networks and new network members and identifies this as central to BEE success:

"The biggest pay-off of the third wave [of BEE] is job creation and the development of basic skills. The key drivers of this black enterprise creation will tend to be younger people or people who may not have extensive business or political networks. They will be starting to build those networks from scratch to open the doors to opportunities...The key to the success of these new black enterprises lies in the receptivity of existing enterprises to provide opportunities to the new ones".

South Africa and Malaysia share a very similar history since the majority of people were systematically excluded from participating in the political and economic activities of the country (Mandla, 2006). Malaysia adopted the New Economic Policy (NEP) an ambitious twenty-year plan from 1971 to 1990, of which the aim was to redistribute wealth among ethnically diverse groups to reduce and eventually eradicate poverty (from 49,3 per cent in 1970 to 16,7 per cent in 1990) (Mandla, 2006). In professions like medicine, law and engineering the number of Bamiputras increased from 6 per cent to 25 per cent (Branegan, 2003)

Many black political and business leaders in South Africa felt that the success in the economic empowerment of Malaysia's Bamiputera ("sons of soil") or ethnic Malay population could provide valuable lessons for South Africa's BEE programme.

The NEP programme of Malaysia had two main elements:
"The first was the promotion of full, productive employment of Malays and the expansion of the supply of skilled Malay labour.

Preferential university admission standards for Malays almost tripled their enrolment to three-quarters of the total".

"The second was the gradual redistribution of asset ownership" The economic growth allowed non-Malays to continue to gain, while the NEP ensured that the growth was shared by all citizens.

The Bamiputera lacked control over capital, therefore education which helped with the modernisation of the Malaysian economy, became an important avenue for achieving equivalence of status with other racial groups (Mandla, 2006).

Hart (1994) state that the reductions in rural poverty in Malaysia were a consequence of the sheer volume of spending, along with broad-based production increases in agriculture and in education levels. "The official estimates in 1987 were that rural poverty among Malays was halved and that overall poverty has fallen to 17 per cent" (Hart 1994). Hart (1994) state that the 'restructuring' angle of the NEP comprised of a quota system for Malays in education, employment, government contracts along with measures to restructure the ownership of corporate equity. The target of owning between 18 and 19 per cent of corporate assets in the late 1980's was well short of the targeted 30 per cent (Hart, 1994). This is still a very good increase from the less than 2 per cent ownership in 1970 (Branegan, 2003).

The redistribution that took place in Malaysia happened within the context of a rapidly growing economy, but the pattern and pace of economic growth varied and changed over the course of the NEP (Hart, 1994).

Hart (1994) concluded that the NEP demonstrates that a highly interventionist state can definitely change the conditions of access to resources and opportunities along racial/ethnic lines and further reflect on how this was true for the post 1948 South African experience. Hart 1994 felt that Malaysia served as a set of lenses that could clarify the possibilities and limits of transformation in South Africa.

Lessons that South Africa can take from the Malaysian NEP programme is that the Malaysian government created an environment where ethnic Malaysian people could gain a better education and this contributed to an increase in educated human capital, which led to the eradication of poverty in the country. In other words the Malaysian government invested heavily in education, which helped to grow the Malaysian economy and therefore created employment opportunities for the Malaysian people, which led to a decrease in poverty.

2.3   Collective leadership and management

The South African Wine Industry Benchmark report (2008) concluded that business focused economic transformation is a key driver for success in the industry. It states specifically that a "successful BEE strategy could enhance political and social stability and productive resource mobilisation significantly.

It further states that this could only be achieved if one establish an entrepreneur oriented "black business class" and top level black business leaders to further drive the wine economy of South Africa (Agri-Africa Consultants, 2008).

In other words if we want empowerment projects to establish farming operations that are profitable; farming operations that are sustainable in the long-term and farming enterprises that will lead to real and tangible empowerment we need black business leaders that can drive the process.

If companies want to succeed in the global arena they have to be flexible, responsive, decisive and act speedily (Denton & Vloeberghs, 2001). In order to remain competitive, organisations need to utilise all of their resources effectively (Denton & Vloeberghs, 2001).

Denton and Vloeberghs (2001) state that during 'apartheid' black employees on all levels were foreign to basic business principles and values. Land reform in the South African Wine Industry will not create viable businesses if they are managed by individuals who cannot even properly read or write and do calculations and who were never exposed to business management principles and values.

The effective utilisation of resources in the South African Wine Industry is important because of high capital inputs and the long time it takes to break-even on the primary producer level. If land reform projects in the South African Wine Industry want to become more viable we need leaders and managers that can drive the process and who can manage resources effectively.

Thomas and Carnell (2008), articulates the widely accepted view that leaders play a vital role in energizing change, innovation and success of their organizations. In their study of *leadership development: integration in context (2008)*, they highlight the view of Kotter (1996) on the difference of leadership and management.

Management has to do with existing arrangements and their performance, while leadership is about change, adaptability and the future. We therefore need to produce leaders and managers that can increase the viability of land reform projects in the South African Wine Industry.

In the new highly competitive global business environment that companies in the South African Wine Industry operate in, it is crucial to understand what competencies leaders and managers must have to create more viable businesses.

According to Scholtes (1998, p.21) the following are the new competencies that leaders and managers must have to create viable businesses.

- The ability to think in terms of systems and they must know how to lead systems.
- The ability to understand the variability of work in planning and problem solving.
- Understanding how we learn, develop, and improve, and leading true learning and improvement.
- Understanding people and why they behave as they do.
- Understanding the interdependence and interactions between systems, variation, learning, and human behaviour. Knowing how each affects the others.
- Giving vision, meaning, direction, and focus to the organization.

This is a mouthful and a lot of managers in many industries as well as in the South African Wine Industry do not understand this fully so to explain this to farm workers with an average education of grade 6 who must manage and lead empowerment projects becomes a very daunting task. This, however, shows the extent of the challenge that needs to be overcome to create viable empowerment projects in the South African Wine Industry.

Better management skills are needed in the South African Wine industry since it is becoming increasingly competitive and there will be less room for all business types in terms of their ability to maintain their businesses. Passion will no longer be enough to operate a profitable business (IJWBR Vol. 20 No.2, 2008 pp 138-152).

Martin (2007, p.3) states that the world is undergoing a fundamental shift in all sectors and industries and that it affects all of us. Martin (2007, p.3) state further that leadership will no longer be a solo act. "The concept of leadership is radically changing and the challenges that leaders are facing go well beyond their individual capacities, creating demand of interdependent, boundary-spanning work" (Martin, 2007, p.3).

Complex challenges that arise in the work place because of globalisation make leaders more reliant on collaborative approaches than ever before (Martin, 2007, p.5). Leaders identified the following factors that contribute to the rising complexities and the need for collaboration:

Shifting competition bases – "Disruptive technology or ideas that emerge and alter the very landscape of a market or industry".

Increased expectation – "There is more to think about in terms of whose expectations you need to satisfy and how to go about it".

Drive for innovation – "Companies know that even if they own a unique product that no one can touch today, it could be obsolete tomorrow".
Boundary Spanning resulting from mergers and acquisitions – "It's very difficult to bring the strengths of both organisations together and keep them alive in the new entity".

Need for reinvention – "Organisations are being forced to make drastic changes to stay competitive".

Recent leadership research distinguish between leading as a quality of one person against leadership as a collective action, which is referred to as Distributed Leadership. There are, however, few accounts of how Distributed Leadership is experienced and fewer on how it could be learned and practiced (Ross et al. 2005, p.130). Much of the research related on Distributed Leadership is related to schools e.g. the study of Bell et al. (2002, quoted in Ross et al. 2005, p.131) "identified leadership as important in school success but leadership was not just a feature of the head-teacher or senior management: it was distributed among staff and others where it proved to impact directly on student learning outcomes" (Ross et al. 2005, p.131).

Ross et al. (2005) states "Distributed Leadership can also be considered in other work situations where people work interdependently, take joint responsibility for their performance and have a considerable degree of discretion over how work is carried out".

Harris (2008, p.173) defines that Distributed Leadership is not the flattening of the management hierarchy or the delegation of tasks within a hierarchy, it is also not the bossless team or the leadership substitute approach. Harris (2008, p173) states "Distributed Leadership Theory recognise that many people will have the potential to exercise leadership in any organisation but the key to success will be the way that leadership is facilitated". The core assumption is that each member has some leadership abilities that the group will need at a particular point in time.

The core of Distributed Leadership is about the idea that leadership is not the preserve of an individual but it is an emerging property rather than a fixed phenomenon (Spillane, 2006, quoted in Harris, 2008, pp.172-188). This is where leadership moves beyond the beliefs and actions of a single leader to leadership as a dynamic organisational entity (Harris, 2008, p.174).

2.3.1 Distributed Leadership Theory

The theoretical roots of Distributed Leadership are planted in the field of Distributed Cognition and Activity Theory by Spillane (2004) and Gronn (2000) (quoted in Harris, 2008, pp.172-188). Spillane's (2004, quoted in Harris, 2008, pp.172-188) work refers to the learning idea as social distribution and the research of Hutchins (1995). This research states that "cognition is better understood as a distributed phenomenon across individuals, artefacts and internal and external representations".

Spillane et al. (2001, quoted in Harris, 2008, pp.173-175) states that a Distributive Leadership perspective implies that the social context and the inter-relationship therein is an integral part of the leadership activity. Activity Theory and Distributed Cognition underscore how social contexts influences human interaction and learning (Harris, 2006, quoted in Harris, 2008, pp.172-188).

The interdependence of the individual and the environment means that the human activity is "distributed in the interactive web of actors, artefacts and the situation" (Spillane et al., 2001, quoted in Harris, 2008, pp.172-188). Ross et al., (2005) states that "by attempting to show that leadership practice is a social process concerned with leadership thinking and action, the focus switches to actions and the performance of tasks whereby leadership is stretched over people and situations, influence may be exerted to achieve successful outcomes".

Gronn (2000) state that in circumstances where work is based on the performance of interdependent tasks by specialised individuals it relies on mutuality and reciprocal relationships. This makes "meaningless any assumption about leadership being embodied in just one individual" (Gronn, 2000, p.331). Gronn (2000) feels that Distributed Leadership is an "emergent property of a group or a network of interacting individuals, where group members pool their expertise". This could lead to improvements since individuals would work together which could lead to benefits for the organisation. Certain Organisational benefits have recently been associated with Distributed Leadership (Gronn, 2002; Burke et al., 2003; Manz and Sims, 1993, quoted in Harris, 2008, pp.172-188). "Distributed Leadership enhances opportunities for the organisation, because of the capacities and individual strengths of individuals. This develops a fuller appreciation of interdependence among organisational members and how one's behaviour effects the organisation as a whole" (Harris, 2008, p177).

It has been asserted by some that Distributed Leadership has potential to increase on the job leadership development experience and increased self-determination (Harris, 2008, pp.177-178).

Harris (2008, p.178) states that it should not be assumed that Distributive Leadership is automatically a good thing. Distributed Leadership don't always serve the greater good (Hargreaves and Fink, 2006, p.102).

They found that sometimes Distributed Leadership is bad leadership and noted overall that in large scale samples Distributed Leadership may hide significant variations and discrepancies where it is less useful. There are also suggestions that informal leadership "dispersion" can negatively affect team outcomes by contributing to inefficiencies within the team (Harris, 2008, p.178).

Melnick (1982, quoted in Harris, 2008) found that Distributed Leadership was one of six "obstacles" for effective team performance in sports, the team had difficulties with whom the leader is or should be.

Bryk (1999, quoted in Harris, 2008) stated that incoherence could develop in an organisation because of Distributed Leadership. There might be different agendas between the leaders to whom leadership has been distributed that will threaten the coherence of improvement initiatives.

Spillane's work in particular Spillane et al., (2004, quoted in Timperley, 2009); Spillane et al., (2007, quoted in Timperley) gave powerful analytical tools to examine a distributed perspective on leadership, but Timperley (2009) states that the empirical base on its effectiveness is weak. Spillane et al., (2007), describes Distributed Leadership research as "pre-adolescent", but Timperley (2009), believe that a more accurate description would be "in infancy".

Timperley (2009) states that the time has come for Distributed Leadership and that the idea of Distributed Leadership has gained rapid acceptance in researcher and professional practitioner communities.

2.4   United in Action

2.4.1   Addressing Development

There is a big need to increase the trainability of farm workers by increasing their cognitive abilities. It will be a time consuming process to produce effective leaders and managers from the unskilled farm workers, but it is a process that is needed. To increase the learning potential of individuals with a low educational background one needs good insights into the concepts of cognitive and metacognitive development.

Once we understand the cognitive deficiencies that farm workers have, a clear cognitive intervention programme can be put together to address these deficiencies.

Professor Reuven Feuerstein (1980) was not convinced that IQ testing showed the real potential of children that he worked with (Dingle, 2007). Feuerstein reasoned that the accuracy of IQ testing was limited since it could not account for the experiences of orphaned children that were integrated into European society after the Holocaust (Dingle, 2007).

Professor Reuven Feuerstein (1980) developed a cognitive assessment method which he called the "Learning Potential Assessment Device" (LPAD). Kozulin (2003) describes LPAD as a "fully operationalised system of cognitive assessment that focuses on the individuals' learning potential rather than on their manifest level of performance."

Feuerstein successfully developed the techniques and theories for mediation to enhance the thinking of child-survivors of the Holocaust and he developed the methodology and techniques that mediators and students could use to enrich cognitive functions to build efficient habits of thinking (Dingle, 2007).

Professor Reuven Feuerstein (1980) researched cognitive intervention quite extensively and he developed 14 Instruments which he calls Instrumental Enrichment (IE), that he uses to modify cognitive deficiencies and therefore increases the trainability of learners (Feuerstein, et al., 1980; Kozulin, 2000). The 14 instruments that Feuerstein developed each focus on a particular aspect of cognitive functioning (Lomofsky and Green, 1990, p.79).

"The activities avoid traditional academic content; the IE teacher's task is to encourage and motivate a conscious awareness of cognitive processes and the possibility of their transfer (bridging) to personal, social and academic situations" (Lomofsky and Green, 1990, p.79).

Feuerstein believed that everyone's cognitive abilities can be modified and that this will lead to improve learning. He defines this process as Structural Cognitive Modifiability (SCM) (Feuerstein et al., 1980).

Addressing the cognitive deficiencies through various cognitive intervention programmes will help to increase the learning potential of individuals and this will equip them with the ability to become self-directed learners for the rest of their lives.

Through sharing world experiences we create an environment where cognitive development can take place (Tribus, "not dated"). Tribus states the lessons learned from experience appear in once brain in the form of neural structures, which are relatively persistent connections among neurons. Where one human helps another to draw the deeper lessons from experience it is called Mediated Learning Experience (MLE) (Feuerstein et al., 1980). MLE describes how one person helps another to interpret their life experiences and to draw from them rules and principles useful in another time and place and this can be bridged into other applications in the business (Tribus, "not dated").

Feuerstein maintained that many learning problems were because of an insufficient or an inadequate Mediated Learning Experience (Lomofsky and Green, 1990, p.79).

"SCM theory explores the way in which intelligence develops, while MLE theory posits that intelligence can be developed within a mediated learning environment" (Dingle, 2007). In this environment the mediator works with the learner to develop his/her cognitive functions, which ultimately leads to clearer thinking and improved learning processes (Dingle, 2007)

Professor Reueven Feuerstein changed the world of learning and the way in which intelligence is perceived forever by refusing to accept the conventional limits that is placed on human cognitive potential (Dingle, 2007)

2.4.2 Social Approaches to Learning

One-way in which we can establish an environment where experiences are shared, could be in a Community of Practice (CoP).

The Community of Practice term was defined by Lave and Wenger (1991) to describe an activity system that includes individuals who are united in action and in the meaning that action has for them and for the larger collective (Ardichvili; Page & Wentling, 2003).

The original research that resulted in the development of Communities of Practice was based on Situated Learning Theory in which individuals learn through participation in a shared activity (Lave and Wenger, 1991).

The literature on Communities of Practice concentrates on describing the phenomenon and it focus primarily on the cognitive processes of how the community emerge and operate and the reliance on anecdotal accounts as the basis for theory development (Bechky, 2003; Carlile, 2002; Lave and Wenger, 1991; Orr, 1996; Wenger, 1998).

Communities of Practice are not formal structures as departments, they are informal entities, which exist in the minds of their members, and are glued together by the connections the members have with each other, and by the specific shared problems or areas of interest (Ardichvili; Page & Wentling, 2003).

Communities of Practice are efficient tools for knowledge generation and sharing because of the fact that most of a firm's competitive advantage is embedded in the intangible, tacit knowledge of its people, and that competencies do not exist apart from the people who develop them (Dougerty, 1995). Wenger (1998) states that knowledge generation in a Community of Practice occur when people participate in problem solving and share experiences and knowledge to solve the problems.

Nonaka and Takeuchi (1995) stated that members of a Community of Practice can tap into the memory of the community when they encounter a problem at work and in this way they can successfully resolve each new challenge and access relevant knowledge regardless of the time and space and interpret and apply it due to their shared repertoire.

It was observed that tacit knowledge is embedded in the stories people tell (Horvath, 1999), and not only new knowledge, but also the skills that are discursively produced and disseminated in conversations and networking activities (Arujo, 1998; Brown and Duguid, 1991; Welck and Westley, 1996).

It is clear from the above that the concept of Communities of Practice has the ability to drive a process of knowledge and information sharing and that the members of the Community of Practice will determine the success of it.

Ardichvili et al. (2003) states active participation of a substantial part (ideally all) of the Community of Practice's members, are essential to ensure the successful functioning of a knowledge-sharing Community of Practice. Dixon (2000) argues that a Community of Practice overcome barriers to sharing information that conventional technology based knowledge management systems encounter. Reluctance amongst individuals who are asked to write up information for a database can be overcome when individuals are asked informally to share information (Dixon, 2000).

Through the knowledge that is shared in the Communities of Practice those individuals who have greater abilities will stand out and it is them that can be further developed into competent managers and leaders.

Wenger (1998) provides key differences between Communities of Practice and business units, teams and networks.

Wenger states in business units the organization is shaped, in teams they take care about projects, in networks relationships are formed and in a Communities of Practice knowledge is developed so that the above-mentioned tasks can be done (Wenger, 1998).

According to Wenger (1998) Communities of Practice's fulfil a number of functions regarding the creation, accumulation and diffusion of knowledge. Members share and present relevant information; preserve tacit knowledge, aspects that are not captured by formal systems, which makes it ideal for initiating new-comers to practice; keeps up with cutting edge new developments and provide "homes for identity" (Wenger, 1998).

Wenger (1998) states that there are three crucial characteristics that a Community of Practice must have:

The domain- It is not a group of friends or a network of connections between people. Communities of Practice must have an identity that is defined by a shared domain of interest. There should be a commitment to the domain and a shared competence that distinguish members from other people. Members should value their collective competence and learn from each other.

The community – "In pursuing their interest in their domain, members engage in joint activities and discussions, help each other, and share information. They build relationships that enable them to learn from each other".

The practice- The Community of Practice members are practitioners that are not a group of individuals who like the same kinds of movies. "They develop a shared repertoire of resources: experiences, stories, tools, ways of addressing recurring problems in other words a shared practice", and this takes time and sustained interaction.

Wenger (1998) state that it is the combination of the three elements mentioned and described above that constitute a Community of Practice.

Wenger et al. (2002) explained that the downside of Communities of Practice arise from "dysfunctional behaviours in any of the three elements mentioned above".

The domain- Overzealous guarding of the domain by community members may lead to an imperialistic perspective or the loss of ownership over the domain which may result in the marginalisation of the community by the organisation.

The community – Too tight bonding of members may lead to egalitarianism, which may lead to a mediocre performance.

The practice – When members develop a strong sense of competence it may lead to dogmatism.

A negative relationship between Communities of Practice and performance do exist, "inappropriate knowledge sets that preserve the status quo and limit new insights, resulting in gaps between the knowledge of the firm and changing market conditions (Levitt and March, 1988; Leonard-Barton, 1992)".

Wenger (1998) argues that the development of Communities of Practice ultimately depend on internal leadership. "In order to legitimize the community as a place for sharing and creating knowledge recognized experts need to be involved in some way, even if they don't do much of the work" Wenger (1998) states that Communities of Practice's do not require a lot of management but they need leadership.

2.5   Potent Networks

Farm workers with no exposure to business principles will not be able to share knowledge in a Community of Practice about business principles. However, a Community of Practice can be seen as a place where they can at least share their problems with one another and start to find ways to address these problems. Wenger states internal leadership is important to the functioning of a Community of Practice, the latter mentioned process will help to identify farm workers with leadership abilities that can be further developed.

The lack of business skills, however, constitutes the fact that a new entrant farmer Community of Practice needs to build relationships with others who have strong business acumen skills so that they can learn from them. The idea is that the Community of Practice needs a strong network around it from where it can build and exchange knowledge so that it can achieve a competitive advantage.

Nicholson ("not dated", p.37) states that a US study on Fortune 500 companies revealed that the difference between effective leaders and successful leaders were the size of their business networks. Successful leaders spent 48 per cent of their time on networking whilst effective leaders only spent 11 per cent.

Nicholson ("not dated", pp.37-39) argues that networks delivers three things, firstly it provides private information. This is information that is gathered from personal contacts that offers something unique, which is not in the public domain. She argues that private information is depended on trust within the network.

Secondly it provides access to diverse skills sets, this is important in the context of the research since new entrant farmers should have access to people with business acumen skills and various other skills that they lack. This will help to increase their business acumen skills and help them to better manage their business.

Thirdly it provides them with power, because in the business world the person who knows first wins. This is important for new entrant farmers because this can help them to innovate faster than their competitors which will ultimately help them to achieve a competitive advantage.

Uzzi & Dunlop (2005) argues that the "self-similarity principle", a principle that states "when you make network contacts, you tend to choose people who resemble you in terms of experience, training, world-view and so on" offers negative benefits. Access too discrepant information is restricted when there is too much similarity and this is negative in terms of creativity and problem solving (Uzzi & Dunlop, 2005).

Uzzi & Dunlop (2005) also argued that the "proximity principle" which holds that "workers prefer to populate their networks with the people they spend the most time with, such as colleagues in their department" is another obstacle to diversity in networks. The self similarity and proximity principles reduce the opportunities for network enrichment with greater diversity (Uzzi & Dunlop, 2005).

They suggest that the above-mentioned can be overcome by using a "shared activities principle" whereby you can develop a potent network through high stakes activities that connects with diverse others (Uzzi & Dunlop, 2005).

Augier & Vendelo (1999) build on the concepts of Granovetter (1973), which states that infrequent relationships or weak ties are efficient for explicit knowledge sharing because of the fact that novel information is shared amongst disconnected groups or individuals. Strong ties on the other hand provide redundant information because they are shared amongst a small group where everyone knows what the other knows (Hansen, 1999).

Augier & Vendelo (1999) argues that tacit knowledge is not easily transferred and that they require individuals with similar cognitive frames, which is equivalent to knowledge networks that consists of strong ties. Therefore it is only a small amount of the total knowledge that will be articulated in such a process of sharing.

New entrant farmers who need information on business principles will therefore benefit more from the explicit non codified knowledge, which can be associated with weaker ties. This is similar to the approach by Uzzi & Dunlop (2005), which states that a connection with diverse others with whom you do not have strong relationships will yield better results.

2.6   Relationship management

The concept of Social Capital gained appeal in the mid 1980's among social scientist with Bourdieu's (1985) essay "The Forms of Capital" (Muir, 2002). The concept has been used widely in social issues related to civic involvement, public school education, youth behaviour, public health, economic development and ethnic relations (Adler & Kwon, 2000, quoted in Muir, 2002).

Coleman (1998, p.100) state that "Social Capital comes about through changes in the relations among individuals that facilitate action". He states that Social Capital is less tangible since it exists in the relations among individuals. Coleman (1998, p.101) argues that just like Physical Capital and Human Capital, Social Capital facilitates productive activity, since in a group where there is extensive trust more is accomplished than in a group without trust. Coleman (1998, p109) states that Social Capital in the community and in the family plays roles in the creation of Human Capital in the rising generation.

Coleman (1998, p.118) found that Social Capital in the family and Social Capital in outside communities around schools showed evidence of considerable value in reducing the probability of children dropping out of high school.

Das and Sarker (2008) states that recent literature emphasizes the individual's stock of Social Capital is formed out of investments made in the pair-wise connections with other individuals in their social sphere (Charles and Kline, 2006, pp. 581-585; Fafchamps and Minten, 2002, pp.173-4, quoted in Das and Sarker,2008). Das and Sarker (2008) states that Social Capital acts as a network multiplier since entrepreneurs have their own specific knowledge and gain knowledge from other members in their network and this have a direct effect on social institutions like human development.

Baker (2000, p.1) defines Social Capital as "the resources available in and through personal business networks. Resources may include information, ideas, leads, business opportunities, power and influence, emotional support, even goodwill, trust, and cooperation".

Social Capital is not measurable and it emanate from interactions with other people (Baker 2000). Baker (2000) states that Social Capital like other forms of capital contributes to business productivity and personal success.

This is important for new entrant farmers since it is important for them to develop their personal success so that they can use this to help their communities to improve business performance so that their ventures can become viable.

Baker (2000) challenge the myth that success is an individual undertaking and states that individualism "actually lowers our chances of success, depress our pay, limits our promotion and even jeopardizes our health and welfare". He firmly believe that an "individuals ethical duty is to disregard the myth of individualism and should actively manage their relationships".

Muir (2002) states that Baker do not examine the deeper context of Social Capital that may hinder the process, for example when "Social Capital encounters other common human qualities and needs, such as greed, envy, power and status, then individuals may act irrationally (or rationally) even when the greater benefits of Social Capital are obvious".

Adler and Kwon, (2000, quoted in Muir, 2002) states that when there are strong relationships, individuals less likely challenge the actions of members because of complacency or for fear of alienation and "risks of negative externalities".

Florida et al., (2002, quoted in Muir, 2002) found that too much Social Capital may hamper creativity and innovation in organisations and communities, they state that relationships in communities can become so strong that complacency creeps in and this insulates the organisation from outside information and changes.

2.7   Conclusion

From the literature it is clear that empowerment starts at the individual level when a person decides to act to achieve a personal goal or desire, in other words when an individual is motivated to start with an action to achieve a desired goal. The literature states that community empowerment relies firstly on this and on an external change agent that supports the community with the change process to become empowered.

As in the case with the NEP programme of Malaysia empowerment is heavily dependent on education. Individuals in empowerment initiatives need to acquire knowledge so that they can fulfil their new roles in the community.

From the literature it is clear that there is a shortage of decision-making skills in land reform projects. To increase the viability of land reform projects in the South African Wine Industry there is a need for leadership skills, since the industry is highly capital intensive and complex. There is therefore a need for black business- leaders and managers with new competencies to ensure that land reform projects become viable.

Leadership is critical for empowerment initiatives to create viability, here the concept of Distributed Leadership shows that it slots in with Empowerment Theory and that it could help to create improvement and organisational benefit.

Professor Reuven Feuerstein's work on SCM can certainly help to address the cognitive deficiencies of farm workers and help to increase their learning potential so that these individuals can become self-directed learners. Combining this with a Community of Practice will therefore be essential to develop these individuals into effective managers and leaders. This is definitely an area that needs further research and investigation.

Communities of Practice are everywhere in our daily lives, and the literature states that we do not need heroic leaders, but leaders who can help design a culture in which leadership could be distributed so that the community engage in robust dialogue in an evidence-informed and experience grounded manner to achieve their goals (Fink and Hargreaves, 2008, p.232). This therefore highlights my findings that Communities of Practices can create an environment where leadership is developed and in this case the concept of Distributed Leadership will be beneficial to the empowerment of the community as a whole.

New entrant farmers need to use a shared activities principle approach to connect with commercial farmers and others in organised agriculture to extract intelligence and knowledge. This approach can also help commercial farmers to understand emerging farmers more and can build trust between these groups. The critical mass and combinations of diverse skills may lead to competitive advantages for the businesses involved (Gruszczynski, 2005).

From the literature it is clear that weak ties can help with knowledge sharing amongst disconnected groups. It is therefore essential that new entrant farmers build networks with commercial farmers and other service providers that have years of experience to extract information and knowledge from these groups that can help them to build their businesses into viable businesses over time.

This leads to increased Social Capital for the beneficiaries of empowerment projects, which can ultimately increase the leadership capabilities of individuals because of the positive effect of Social Capital on human development.

As Mintzberg (2004, p.141, quoted in Hargreaves and Fink, 2008, p.232) states "Management has to be everywhere. It has to flow with the activity, which itself cannot be predicted or formalised...Management also has to be potentially everyone. In a network, responsibility for making decisions and developing strategic initiatives has to be distributed, so that responsibility can flow to whoever is best able to deal with the issue at hand."

The literature therefore supports my finding that effective leadership and management which is a concern factor for the viability of empowerment projects in the South African Wine Industry on the primary producer level can be developed in a Community of Practice with a Strategic Network build around it where the Social Capital of the community is enhanced.

Chapter 3: Research Framework

3.1   Introduction

There are many researchers who are concerned with the choice between a quantitative and qualitative research methodology (Sobh and Perry, 2006). Quantitative researchers make use of large samples and numbers to test theories and qualitative researchers make use of words and meanings in smaller samples to test theories (Easterby-Smith *et al.*, 1991, quoted in Sobh and Perry, 2006).

The core issue for researchers is, however, not related to methodologies but it is about the acknowledgement of a research paradigm (Sobh and Perry, 2006). A research paradigm consists of three elements and methodology is just one of them, the two other elements are Ontology and Epistemology (Guba and Lincoln, 1994, quoted in Sobh and Perry, 2006). Ontology is essentially the "reality" and Epistemology is the relationship between that reality and the researcher in other words the knowledge about that reality and the methodology is the technique that the researcher uses to discover that reality (Sobh and Perry, 2006).

The paradigm is thus in brief the overall Conceptual Framework within which the researcher may work and a paradigm can be regarded as the "basic belief system or worldview that guides the investigator" (Guba and Lincoln, 1994, p.105, quoted in Sobh and Perry, 2006). A paradigm is a World-View or "a set of linked assumptions about the world, which is shared by a community of scientists investigating the world" (Deshpande, 1983, p.101, quoted in Sobh and Perry, 2006).

3.2   The World View Framework

The effect of overall change and acceleration on human psychology is one of the biggest problems in present society. The human mind is continuously bombarded with data and information from various sources and in many instances this leads to making dreadful decisions and taking the wrong actions (Ryan, 2009).

There is a need for a framework that can help us to formulate a picture of the whole, a framework that synthesizes things together from various disciplines that will help us to understand and cope with complexities and changes in the world so that we eventually make better decisions. This framework is called a "World View" and it offers a model that we can use to co-ordinate different aspects of the world so that it can be meaningful (Apostel et al., 1994, quoted in Ryan, 2009).

Leo Apostel, a Belgian philosopher devoted his life to develop an integrated World View (Ryan, 2009). Apostel created a "Worldviews" group which consisted of people from different diverse disciplines. The group brought out a book titled "World Views from fragmentation to integration" and it provides a clear definition of a World View and its necessary components (Ryan, 2009).

A World View consists of the following seven fundamental components (Apostel *et al.*, 1994, quoted in Ryan, 2009):

- A model of the world – Which helps us to understand everything around us and also our role in it. An Ontology, a descriptive model of the world.
- Explanation – Helps us to understand why the world is the way it is, it gives us a sense of place in other words an origin.
- Futurology – Helps us to decide which route to take to succeed, and it answers the question "where are we heading?"
- Values – Morals and ethics, how to behave, and it answers ethical questions: "What should we do?"
- Action – Formulate a plan of action to achieve your goal, and answers the question "How should we attain our goals?"
- Knowledge – Make distinction between good and bad theories. "What is true and what is false". An Epistemology
- Building blocks – fragments of World Views as a starting point. A constructed World View should contain an account of its own origins and construction.

In the table below there is an outline summary of the philosophical assumptions that support four different paradigms of science – Positivism, Realism, Constructivism and Critical Theory.

Table 5: Philosophical assumption of four science paradigms

Paradigm				
Element	Positivism	Constructivism	Critical Theory	Realism
Ontology	Reality is real and apprehensible	Multiple local and specific "constructed" realities	"Virtual"reality shaped by social, economic, ethnic, political, cultural, and gender values, crystalised over time	Reality is "real"but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to try to know it
Epistemology	Findings true - researcher is objective by viewing reality through a "one-way mirror"	Created findings - researcher is a "passionate participant" within the world being investigated	Value mediated findings - researcher is a "transformative intellectual" who changes the social world within which participants live	Findings probably true - researcher is value-aware and needs to triangulate any perceptions he or she is collecting
Common methodologies	Mostly concerns with a testing of theory Thus mainly quantitative methods such as: survey, experiments, and verification of hypotheses	In-depth unstructured interviews, participant observation, action research and grounded theory research	Action research and participant observation	Mainly qualitative methods such as case studies and convergent interviews

Note: Essentially, ontology is "reality", epistemology is the relationship between that reality and the researcher and methodology is the technique used by the researcher to discover that reality.
Source: Based on Perry et al. (1999), which itself was based on Guba and Lincoln (1994) from which the quotations come

3.3 Ontological stratification

Ontology is the philosophy of the World View of reality (Heron & Reason 1997, quoted in Durant-Law, 2005). This philosophy of reality is socially constructed and underlying structures and mechanisms of the real world determine this social arrangements and understandings.

Epistemology, which is the philosophy of knowledge and justification (Audi, 2000, quoted in Durant-Law, 2005) are models that are built of mechanisms such that if it exist and act in the specific manner they would explain the phenomenon being examined. In other words they would explain the reality.

Bhaskar uses the term ontological stratification to describe three overlapping domains of reality to adequately describe the distinction between Ontology and Epistemology.

The Empirical world – Which is made up of experiences through observations.

The Actual world – Which includes events and experiences whether it is observed or not.

The Empirical world and the Actual world are similar except that the Actual world contains events that the Empirical world is not aware of because the Empirical world is the world observed through the eyes of an individual at a particular point in time and space and from a certain cultural perspective.

The Real world – Consists of the processes, structures and causal mechanisms that generate the events in the actual and empirical worlds.

We need to realise that the three domains are dependent on each other (Plant, 2001).

Table 6: Ontological Stratification to describe the three overlapping domains of reality: the domains of the Real, the Actual and the Empirical (Bhaskar, 1978: 56, quoted in Plant, 2001)

	Domain of Real	Domain of Actual	Domain of Empirical
Mechanisms	X		
Events	X	X	
Experiences	X	X	X

3.4 Critical Realism

For the Realist out there the world is real and it exists independently of the idea that we have of it, which means things exists and acts independently of the descriptions we have for it (Ryan, 2009). A realist aims to explain observable phenomena with reference to underlying events, structures and mechanisms.

Realism is a "growing movement transforming the intellectual scene" in management research and it is an increasingly useful World View for some social scientists (Sobh and Perry, 2006). The philosophical position of Realism is "that reality exists independently of the researcher's mind that is, there is an external reality" (Bhaskar, 1978; Harre and Madden, 1975, quoted in Sobh and Perry, 2006). "The external reality consists of abstract things that are born of people's minds but exist independently of any one person, it is largely autonomous, though created by us" (Magee, 1985, p.61, quoted in Sobh and Perry, 2006). The perceptions of a person are therefore the window to the blurry external reality, which in itself consists of structures that are themselves interrelated objects and mechanisms through which the objects interact (Sobh and Perry, 2006).

Positivism treats knowledge as simply the accumulation of sense experiences and Constructivism assume that reality is simply dependent on our cognitive choices (Plant, 2001).

In the Critical Theory paradigm, perceptions are judged by their appropriateness to subjective conventions for example beauty and justice (feminist research) (Perry *et al.*, 1999, quoted in Sobh and Perry, 2006).

The opposing perspectives between Realism and Constructivism highlights the way reality is perceived, whether humans construct reality (Constructivism) or whether reality exists independently of our knowledge of it (Realism) (Plant, 2001).

Grape berries develop independent, whether there is somebody to witness it or not. This viewpoint helps me to understand that berry development is not just constructed by society but that it is created by real structures and mechanisms in the physical world. This forms the basis of a socially sensitive realist philosophy called Critical Realism developed by Bhaskar (1978, 1989, quoted in Plant, 2001). Bhaskar's realist philosophy is called 'Critical' because when talking of "reclaiming reality" (Bhaskar, 1989, quoted in Plant, 2001) a person can be critical of the prejudices, errors and false trails that disguised realities. The 'reclaimed reality' according to Bhaskar can be used as the only basis for emancipatory social practice (Corson, 1991, quoted in Plant, 2001).

Critical Realism therefore holds that reality can be apprehended by tracing the origins of experience through the level of events (Actual world & Empirical world) to underlying structures and events (Real world), (Plant, 2001).

To summarise it is clear that qualitative research operates within four paradigms and the Realism paradigm is one of the most appropriate for management research. Realism is therefore the broad paradigm and within Realism I found that the Critical Realism paradigm, as mentioned above is a realist philosophy that is critical and it therefore does offer a better explanation of the management situation, a clearer analysis of the problems within these situations and a guide for action to change things (Connelly, 2000).

This is why I have decided to do the research in the Critical Realism paradigm since it will help me to gain a systemic understanding of what cause the problems within empowerment projects in the South African Wine Industry on the primary producer level. It will further provide me with the knowledge that I would need to take the appropriate action with an ethical approach to rectify the problem in the future.

3.4.1 Integrating World View with Critical Realism

A Critical Realist adopts a retroductive research strategy therefore the research begins in the domain of the Actual world, then in the Empirical world to influence the Real world which when compared with the World View this is the Model of the world, which helps us to understand everything around us and our role in it. To understand why the world is the way it is.

The Ontology is therefore the Model of the world. Which are the Actual world, the Empirical world and the Real world.

The Epistemology of the Critical Realist is the knowledge in the World View that helps us to postulate the existence of real structures and mechanisms which explain the phenomenon being examined.

The Values or Axiology of the Critical Realist then guides him or her to formulate a plan of action to achieve the goal, which helps to improve the situation in the future.

3.5 Research design in the Critical Realism paradigm

The previous section demonstrated that the Critical Realism paradigm is appropriate for researching BEE in the South African Wine Industry on the primary producer level. The next step in the process would be to select an appropriate research methodology to build the knowledge about the reality of the viability of BEE in the South African Wine Industry in this paradigm (Sobh and Perry, 2006). To achieve this I need implicit principles for data analysis and for sense making of the data and ultimately I need to find a solution for the problem.

3.5.1   Grounded Theory Overview

Glaser and Strauss (1967) challenged extreme positivism that permeated social research and developed the Grounded Theory methodology (Suddaby, 2006, p.633). Grounded Theory has been defined in its most general form as the discovery of theory from data (Glaser and Strauss, 1967). It was developed by Barney Glaser and Anton Strauss in the late 1960's as a methodology for extracting meaning from qualitative data that was collected in the field (Durant-Law, 2005). It was founded as a practical approach to help researchers understand complex social processes (Suddaby, 2006).

Glaser and Strauss (1967) followed a pragmatic approach to social science research, where empirical "reality" is the ongoing interpretation of meaning by observers that are engaged in a common project (Suddaby, 2006, p.633). In other words the observers reach consensus as they make sense of what they observe. Glaser and Strauss argued that new theories could be developed "by paying careful attention to the contrast between the daily realities (what is actually going on) of substantive areas (Glaser and Strauss, 1967, quoted in Suddaby, 2006, p.634) and the interpretations of those daily realities made by those who participate in them (the "actors")".

Glaser and Strauss proposed Grounded Theory as a practical method for conducting research that focuses on the interpretive process by analysing "the actual production of meanings and concepts used by social actors in real settings"(Gephart, 2004:457, quoted in Suddaby, 2006, p.633). Grounded Theory is used to generate a theory that explains the process about something at an abstract conceptual level in a specific context or setting. (Glaser and Strauss, 1967). It has its origins in symbolic interactionism, hermeneutics and phenomenology (Goulding, 1999). In symbolic interactionism, it is believed that people behave and interact based on how they interpret or give meaning to specific symbols in their lives, such as style of dress or verbal and non verbal expressions.

Grounded Theory is useful in situations where little is known about a topic or problem area, or to generate new and exciting ideas in settings that have become static or stale. It is a very powerful research method for collecting and analysing data that can provide deep insight into the real issues associated with phenomena and it also forces deep thought and consideration of the variables by the researcher (Durant-Law, 2005).

Real world's activities are 'hows' related to a specific 'what', which is usually implicit rather than explicit. (Durant-Law, 2005). In social situations the 'whats' can be difficult to define and many problems might be considered to be 'wicked' – that is that they are complex, dynamic, systemic, emergent, difficult to resolve and confusing to manage (McLucas 2003, p.220).

Grounded Theory combines both inductive and deductive methods (Glaser & Strauss, 1967; Stern 1980; Strauss & Corbin, 1990). Inductively – theory emerges from specific observations and generated data.
The theory then can be tested empirically to develop predictions from general principles such as a deductive research method.

The aim of the method is to develop a process that identifies the major categories, the relationship between these categories and the context and processes which are occurring (Becker, 1993).

In 1990 it became evident when Strauss joined up with nursing researcher Corbin to produce a more clearly defined system of Grounded Theory (Strauss & Corbin, 1990) that there were two distinct schools of Grounded Theory.

The Glaser approach can be called an emergent design, because whilst the procedures are explicit the categories and codes are derived entirely from the data. Strauss and Corbin's approach on the other hand can be called a systematic design because the researcher can predetermine the subject of inquiry (Douglas 2003, p.45), and the approach is more structured than that of Glaser. The analysis of the differences concentrates on difference on the method rather than on methodology (Parker and Roffey, 1997, quoted in Gurd, 2008, p.126).

The greater deductivism in Strauss and Corbin with their different use of the literature and a different approach to coding is how Heath and Cowley (2004, quoted in Gurd, 2008, p.126) analysed the difference in method.

While Glaser appears to argue for a more objectivist-realist Ontology he advocates a relatively unstructured method and resists the codification found in Strauss and Corbin (Gurd, 2008, p.127). Glaser (1992, quoted in Gurd, 2008, p.126) argued for a more objective reality, "true meaning" in which "scientific facts" can be developed by an objective researcher (Gurd, 2008, pp.126-127).

Strauss and Corbin have a more subjectivist position to that of Glaser because they adopted a highly prescriptive and structured method (Gurd, 2008, p.127).

Grounded Theory has been extensively used in the discipline of sociology as a qualitative research method. Grounded Theory can be used as a method to investigate phenomena important to management practice, because it explores the richness and diversity of the human experience and it therefore can contribute to the development of middle range theories in management. (Struebert H, Carpenter D, & Lippincott, 1999). Grounded Theory researchers are less focused on the subjective experience of the individual actors they are more interested in how the subjective experiences can be abstracted into theoretical statements about causal relations between actors (Suddaby, 2006, p.635).

Grounded Theory is a method that is more appropriate for some questions than others (Suddaby, 2006, p.634). Gurd (2008, p.132) states that research questions that are addressed by Grounded Theory are questions of process. This means it is more appropriate for "how" questions rather than "why" questions.

Gurd (2008, p.132) also states that Grounded Theory is very useful in new situations or to gain new insights into familiar settings, but that it is not applicable to well developed areas of knowledge. Suddaby (2006, p.634) states that Grounded Theory is effective where one wants to understand "the process by which actors construct meaning out of intersubjective experience". "Grounded Theory should also be used in a way that is logically consistent with key assumptions about social reality and how that reality is known" (Suddaby, 2006, p.634).

Grounded Theory can be used to get to the casual mechanisms that illustrate an approximation of the real world. Given the context of the research that I wish to undertake I decided to follow a Grounded Theory research methodology in the Critical Realism paradigm.

I need to understand from all role players and individuals who are involved in BEE initiatives in agriculture especially those in the South African Wine Industry what factors in their experience will help to make projects more viable and what cause projects to fail.

3.5.2 The four canons of Grounded Theory

Bruce Gurd (2008, p.128) in his quest to provide accountants with a more rigorous method of doing Grounded Theory research in accounting arrived at four key canons (Corbin & Strauss proposed 11 canons of the Grounded Theory method in 1990) that are uncontested after using the writings in the method of Grounded Theory and the only two books on Grounded Theory in business and management (Glaser & Strauss, 1967; Glaser, 1978; Stern, 1980; Strauss, 1987; Bowers, 1988; Glaser, 1992; Corbin & Strauss, 1990; Goulding, 2002; Locke, 2001; Suddaby, 2006).

The first canon is the iterative process of Data collection and analysis, this was fundamental to Glaser & Strauss (1967) approach and Corbin and Strauss also has this as the first of their 11 canons. Collecting all of the data and then starting to analyse it does not constitute true Grounded Theory. The "Data collection process and analysis must proceed simultaneously" (Charmaz, 1994, p.96). Glaser and Strauss advocates triangulation which is the Collection of data from multiple sources (participant observations, interviews or archival materials) that is all relevant to the studied phenomena (Locke, 2001).

The second core canon is Theoretical sampling. Theoretical sampling involves seeking out comparison groups as the theory is developing (Locke, 2001; Bowers 1988) and collecting new data based on emergent categories.

The third canon is that of Constant comparison. Constant comparison is the heart of the process. You need to compare interview to interview and when theory begin to emerge you need to compare data to theory. Strauss and Corbin (1990, p.67) explain it as the "identification of variations in the patterns to be found in the data". For Glaser it is more about comparing differences and similarities to integrate categories and their properties.

The fourth canon is the explanation of Coding and the theory building process. Three major steps expand and define the emerging theory: reduction, selective sampling of literature and selective sampling of the data. The core variable will emerge through this process.

3.5.3   Steps in the Research Process

Grounded Theory starts with a research situation (Dick, 2005). The process starts where the researcher starts with an area of particular interest, collects the data and allows relevant ideas to develop, therefore the researcher should not begin with a preconceived theory, the basic belief is that the theory comes from the data. Suddaby (2006, p.634) states that this is a common misconception when it comes to Grounded Theory research, since it is build on the false premise that a researcher is a blank sheet without any experience or knowledge. Suddaby (2006, p.634) further states the idea to enter research without a research question defies logic. In the research process there was continuous awareness about the influence of existing concepts. The idea was rather to extend and elaborate on these theories and to find out if they were indeed relevant. Suddaby (2006, p.635) state "the reality of Grounded Theory research is always one of trying to achieve a practical middle ground between a theory-laden view of the world and a unfettered empiricism".

The next step is Data collection.

Data collection in Grounded Theory research may be collected from interviews (formal, informal or semi-structured); participant observation or documents (journals) or a combination of this (Stern, 1980, quoted in Ryan 2007).

In this research study data was collected through semi-structured[41] conversational interviews, participant observation and documentation. Conversational interviewing is an approach designed to assure that the interviewees understand the question as intended by the interviewer (Conrad and Schober, 1999). In a conversational interview it is not wording that is standardized but it is meaning (Suchman and Jordan, 1990). It is based on the view of communication where partners are required to collaborate to converse what is said until they adequately understand each other (Cicourel, 1973; Clark, 1992; Schegloff, 1984; Tannen, 1989).

In the Data collection step the interest was not specifically in the stories that the interviewees told. It was more about extracting and gaining insights into the underlying aspects of the information that was given. It was therefore not a collection of the subjective experiences of those that was interviewed.

---

[41] Compromise between structured and unstructured formats. Overarching topic, general themes, targeted issues & specific questions with a predetermined sequence for their occurrence. Requires strong interviewer skills.

In Grounded Theory the researcher is required to collect, code and analyse data from the beginning of the study. This process should occur simultaneously, and in this research study as the data was collected through the three methods mentioned above, coding and analyses of the data line by line began and underlying patterns was conceptualised.

The coding of the data took place on the following three levels:

Level I coding – This is where the researcher apply a system of open coding and in this level of coding the objective is to examine the data and to identify the processes in the data (Ryan, 2007). The idea is to write down words that the participants themselves have used that are easily identified and these codes are called substantive codes.

Categories and the initial concepts were labelled and any ideas that were relevant to the research were put in a memo. In other words Data collection, coding and memoing occurred simultaneously from the beginning. Memoing is a practice that is reflexive in nature in other words it helps the researcher "to articulate and conserve their sense-making about what is going on in the data (Locke, 2001). Memoing helps to capture ideas when they strike and it develops thought lines about what is happening in the data (Locke, 2001).

The initial categories that formed guided one to the next round of Conversational interviews and it was done by following the principles of Theoretical sampling, in other words new data was collected based on the emerging categories. Theoretical sampling therefore is purposive sampling and it increases the diversity of the sample (Dick, 2005). Again any ideas that was relevant to the process was put into a memo.

Level II coding - The idea is to discover as many categories from the data as possible and to compare them to one another and to uncover similar characteristics and relationships. Categories was then developed by either adding to the existing categories or by relabeling the initial categories or by developing new categories. The purpose of this was to develop and refine the categories and the concepts. In this step the *Level I* codes are categorized and compared with all the other *Level I* codes and the researcher determine what particular category would be appropriate for grouping similar *Level I codes*. This interplay between the Data collection and analysis of the data constitute the constant comparison method (Suddaby 2006, p.636). As mentioned above in the four canons above, constant comparison is the heart of the process. The second round of interviews was coded with the first round of interviews in mind (or the other sources of data that was used). This led to coding of interviews with emerging theories in mind. In this step the Affinity Diagram method was used to characterise and group the substantive codes into categories.

The constant comparison method helps to obtain more abstract theoretical categories and it lifts the data to a conceptual level where the output is beyond the obvious.

In the second round of data collection the categories was saturated, which means that data was collected until it was found that there was nothing new that emerged from the data collection process. The saturated categories became the concepts that emerged from the research. The saturation of categories help that the output is also less simplistic, where researchers stop collecting data too early it produces outputs that are simplistic. There is no clean break between data collection and data analysis in Grounded Theory, so a researcher must continue until nothing new emerges from the data collection process.

Level III coding - Through a process of conceptualization the central themes that emerge from the data was identified (Ryan, 2007). In this step the Interrelationship Digraph was used to look at the relationship between the core concepts that emerged from the study and a Causal Loop Diagram was constructed to understand the interaction between the concepts. Grounded Theory is different to other research methods as it is explicitly emergent (Dick, 2005). Dick (2005), state that "It does not test a hypothesis. It sets out to find what theory accounts for the research situation as it is".

The emerging theory is expanded and defined by three major steps; reduction, selective sampling of the literature and selective sampling of the data. The core variable emerges through these processes (Ryan, 2007).

Through a process of reduction sampling the core concepts was established. The core concepts need to shed light on what is causing the current state. A literature review regarding the three core concepts was done on that helped to round off the concepts. Glaser and Strauss, (1967) mentions the benefits of using existing materials in sociological research and also its disadvantages. They did not say that they reject the literature review process entirely. They said "… we shall detail some procedures for using various qualitative sources, alone and in combination, to generate theory effectively through comparative analysis" (Glaser & Strauss, 1967, p.163).

The reduction of categories will help to determine the primary social processes or core variables that trace the action in the social scene that are being investigated.

Selective sampling of the literature generally follows or occurs simultaneously with data analysis. This will help to fill gaps in the emerging theory and will therefore give completeness to the theoretical description. As theory starts to develop the researcher should conduct a literature review to learn what has been published about the emerging concepts. In this research study as the theory began to develop a literature review was conducted on the emerging concepts to better understand the concepts and this helped to expand the theories and it informed how it relate to other theories.

Selective sampling of the data occurs when the main concepts or variables become apparent, comparison with the data determines the conditions under which they occur and if the variables are central to the emerging theories.

Additional data may be collected in a selective manner to develop the hypotheses and to identify the main concepts properties (Ryan, 2007). Selective sampling therefore causes Saturation of the categories.

The core variable for the study emerged through the reduction and comparison processes mentioned above. The Conceptual framework model was consulted to see how the core variable helps to provide an answer as to how the current concern can be improved.

The findings from the first research cycle helped and guided the formulation of the goal of the second research cycle, which helped to formulate the goal of the third research cycle. The above process was followed for each of the three research cycles.

The Grounded Theory process that was followed in this research study may seem that it was done according to a formula, but this was not the case. The researcher in this process was actively involved in the research process. The researcher decided, which categories were the ones to focus on, which individuals to interview through the theoretical sampling method, the substantive codes was constructed and these concepts was rigorously compared to the data that was gathered through semi-structured conversational interviews.

The memos that was constructed while data was collected and analysed also helped to gain understanding of what was coming out of the research process and helped to construct and develop the core concepts through the constant comparison method.

Grounded Theory is not a perfect research methodology and the techniques used in the process are inherently messy (Parkhe, 1993, quoted in Suddaby 2006, p.638). Suddaby (2006, p.639) states that in Grounded Theory research a key confusion point is that of knowing when Saturation has occurred. In this research study, saturation occurred when different individuals that was interviewed said things that could be grouped into the existing categories in other words nothing new emerged from the data collection process. Suddaby (2006, p.639) states that this is an inherently pragmatic process and that it depend on the empirical context and the researcher's experience and expertise.

The simplicity as to how some researchers portray Grounded Theory causes a misperception that it is a very easy research method and there are a lot of researchers who without prior experience or education in the process have a go at it. In this research study the researcher understood that Grounded Theory is not an easy process and was continuously aware of personal biases and world-view when data was collected, analysed and coded. Extensive reading was done on Grounded Theory and the decision was made to be guided by the data that came from the interviewees. After coding the data the researcher went back to the interviewees to find out if what was captured was indeed a true reflection of what was said.

The researcher was committed to the research process since the goal was to understand and learn what concepts would help to increase viability of empowerment projects on the primary producer level in the South African Wine Industry.

Figure 15: Grounded Theory Process for this research project
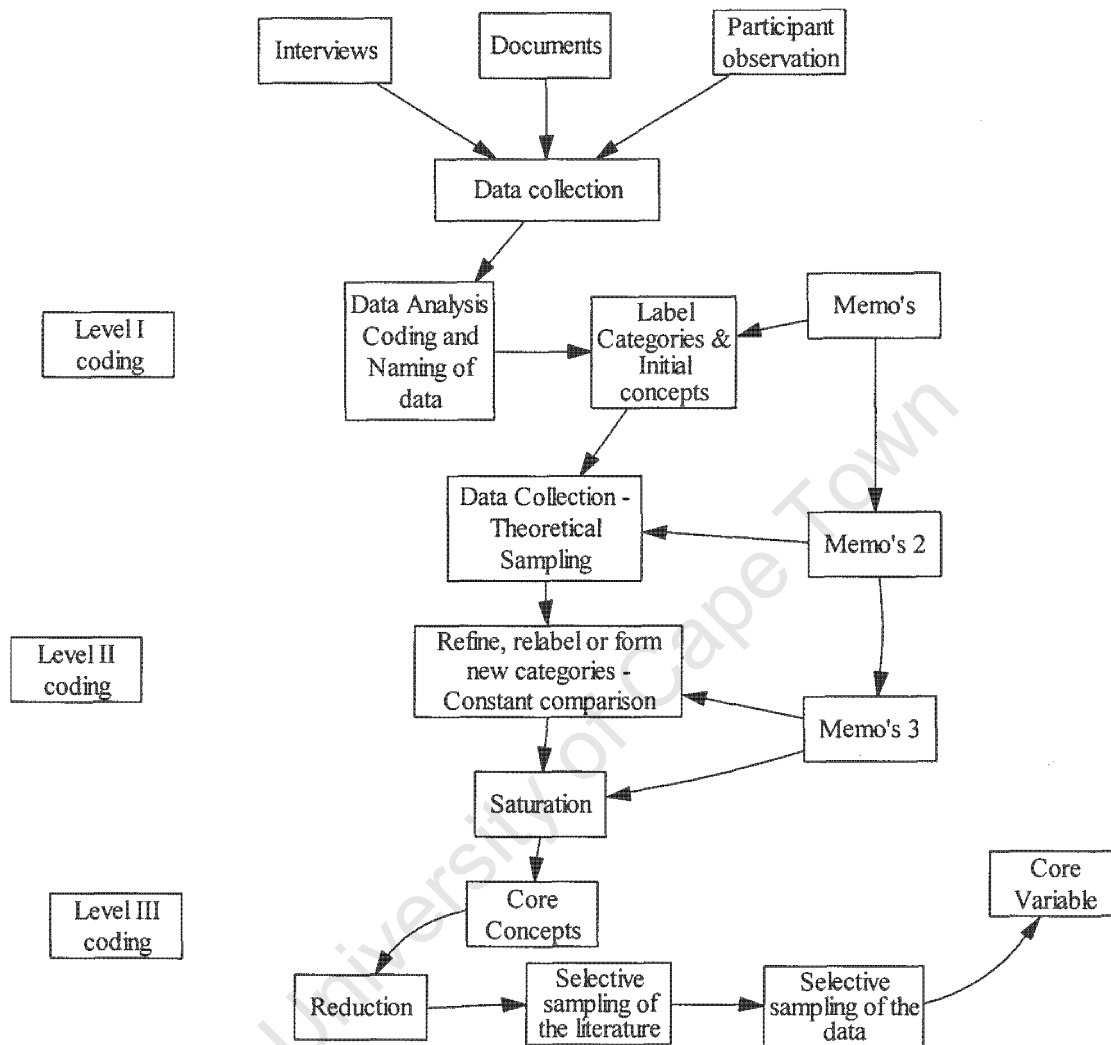
3.6 Theory building process

Following the Grounded Theory process explained above the following steps was taken to understand if the results answer the research question and address the concern. The three position papers that were produced were read and the core concepts in each of them were identified. A grid of the key concepts was created.

Propositions was build on the core variables from the research cycles and the core concepts within the three papers was clustered and disagreements and similarities was noted. The purpose of this is to compare key concepts and metaphors between the different papers so that a comprehensive and integrated account could be synthesize.

The core themes that develop through this process was then analysed to determine the causal relationships between them. This helped to build theory or knowledge through the identification of causal mechanisms.

Causal mechanisms are processes to which causal properties may be attributed and are driven by the internal and external behaviour of actors and their interactions, where actors include people, organisations and institutions and inanimate objects as passive actors (Stinchcombe, 1911).

The first step in mapping the causal mechanism evident in this research process was to fully explain the outcome of the event over time (Roberts, 1996).

The second step involved showing the causal explanation by tracing back the chain of events that lead to the outcome and this could be done through various methods.

One of which is, linear explanation whereby one would start from the initial event and each time selects the most disruptive prior event and explain the link to the prior event in a series of steps. Linear events are, however, simplistic and leave out a lot since the researcher is constantly faced with problems of choosing between conditions.

Another method is convergent explanation whereby a series of conditions are traced back over time to explain the event. The risk in this is that the researcher might arbitrarily identify a causal explanation and intentionally leave out others.

The method that was used to explain the causal mechanism in this research framework was the one of feedback effects. The causation in the cycles that we are dealing with is mutual or circular, such that it is difficult for actors to break out of these reinforcing patterns.

Positive feedback occurs when change in one direction sets in motion reinforcing processes that produce change in the same direction and negative feedback occurs when change triggers processes that counteract the initial change and return the system to its original position.

This approach helped to construct the answer Causal Loop Diagram which is the Basic Social Process. This is the process that helped to understand the mechanisms and structures in the real world that caused the events in the actual and empirical worlds. Therefore by understanding this, the correct intervention can take place in the process so that the situation can be improved, which in this case was to increase the viability of BEE initiatives on primary producer level in the South African Wine Industry.

Figure 16: Research process that will be followed, integrating Critical Realism with the World View and the research methodology of Grounded Theory.
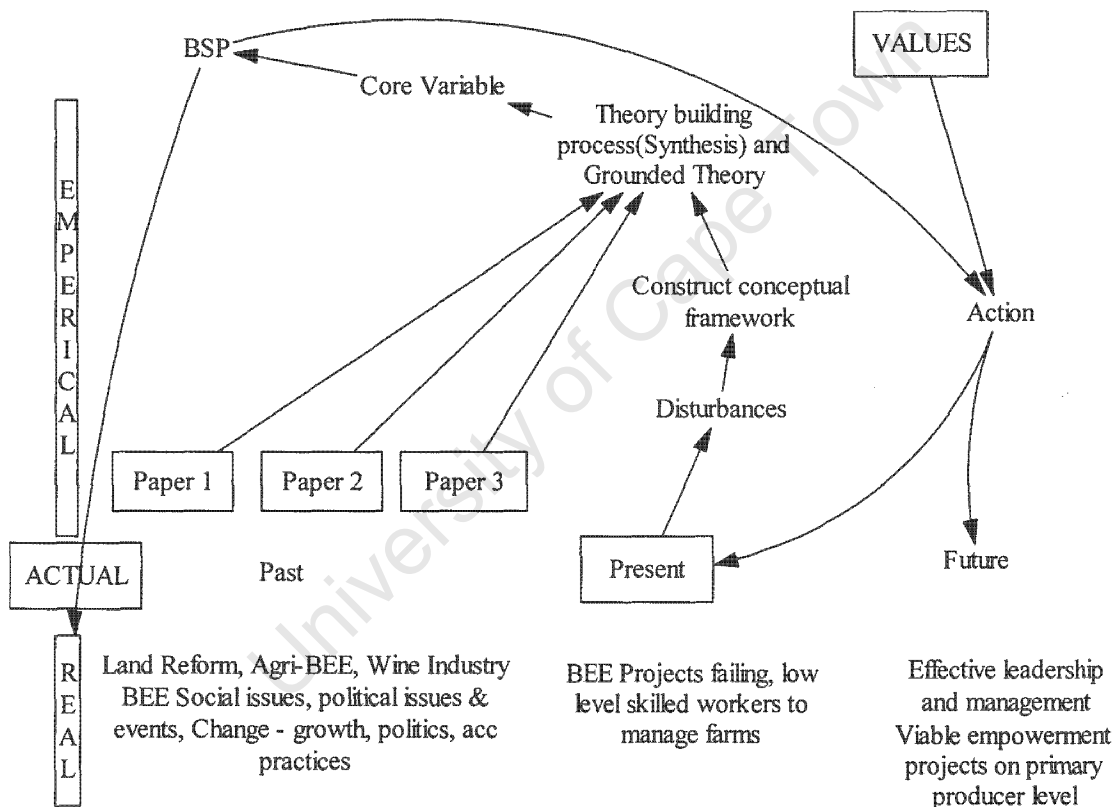
Chapter 4: Research Results

4.1   Introduction

The research was done in the Critical Realism paradigm as discussed in Chapter 3 of this research paper and Grounded Theory was used as the research methodology to build up the knowledge (Epistemology) that would help to answer the research question from the Ontological reality.

The study consists of three research cycles and in this chapter the findings in these research cycles as well as the theory that was build to get to the core variable that answers the research question and address the concern is discussed.

4.1.1   Research Situation of the first research cycle

The Strategic Intent of the first research cycle was to look at the factors that would help to increase the success of BEE initiatives in the South African Wine Industry specifically on the primary producer level.

From working in the South African Wine Industry it is evident that the management and utilization of resources plays a critical role to ensure that your business is viable in the long-term. The concern therefore is that if empowerment project leaders and managers do not effectively manage their resources over time it could make their projects unviable.

The following resources are the ones that are very important to manage effectively in order to ensure a viable business in the long-term.

- i)   Physical resources like the land (vineyards), water, cellar etc.
- ii)   Financial Resources
- iii)   Human resources
- iv)   Technological resources – vineyard and cellar technologies
- v)   Organizational resources – access to markets, distribution channels
- vi)   Reputational resources – recognised brands, winemakers and viticulturist

In this research cycle the goal was to find out: *How the available resources should be used strategically to make the business ventures of new black wine producers more successful in the long-term?*

To achieve this it was decided to follow a Grounded Theory methodology (Glaser & Strauss,1967; Glaser, 1992).

The researcher was fully aware about being influenced by existing concepts during the research process, because of being employed in the industry.

That is why it was decided to have the first Data Collection interview with academics and researchers who have done lots of work in terms of empowerment in the agricultural sector. The idea was therefore to extend and elaborate on theories and to find the underlying aspects that would help to answer the research question for this research cycle.

4.1.2   Data collection

Data was collected through semi-structured Conversational interviews with 16 individuals that ranged from academics, industry professionals and emerging farmers. All of the interviews were preceded with a short telephonic conversation where a brief description of the research project was given. Data was also collected from participant observations and from various documents and journals.

The first semi-structured Conversational interview was a breakfast meeting in Stellenbosch which lasted for about 2 hours. It was decided to start off with an open sample[42], which consisted of a black male academic from the University of Stellenbosch's Department of Agricultural Economics, a white male Chief Executive Officer (CEO) of the South African Wine Industry Council (SAWIC), and an ex white male Professor from the University of Stellenbosch's Department of Agricultural Economics.   These individuals had extensive experience with empowerment projects in the agricultural sector and did various research projects within the agricultural sector.

Individuals were asked if they felt that the dependency on resources caused empowerment projects to fail (resource dependency theory), about communication and trust between the previous- and new owners and if empowerment projects were doomed from the start.

After the interview, data was analysed and *Level I* coding was done, which means the data was examined and the underlying concepts that came out of the interview was identified.   The categories and the initial concepts was labelled and the results was grouped in seven categories using the Affinity Diagram method.

The underlying aspects that came through very strongly in this interview was that in farming there are generally high failures and that success in farming is not based on the availability of resources. It was stated that BEE in the wine industry is complex and that the answer to success will not lie in a specific model. It came out that there is a general path to success and that it is crucial to be mindful of this if you want to make a success in agriculture, specifically in the wine industry. In the memo column of the data collection sheet it was concluded that the path to success will take time, endurance, knowledge and good business acumen.   The interviewees suggested to look further at the core principles of the path dependency theory and the resource dependency theory.

---

[42] Seek out comparison groups as the theory is developing.

A brief reading on the resource dependency theory and path dependency theory was done, but it was felt that the focus should be on what comes out of the data as stated in the Grounded Theory research process.

In Grounded Theory data gathering is driven by the theory. Theoretical sampling is an ongoing part of the data collection process and samples are selected according to the theory that emerges. It was therefore impossible to select the size of the sample when the data collection process was started. In each of the three research cycles, the Collection of data was guided by the initial sample but as theory emerged the sample was changed and redefined.

After interviewing the above-mentioned individuals the sample became more focused and interviews, which followed a similar approach as the first interview with the following individuals took place:

After the first semi-structured Conversational interview an interview with a black male manager of one of the first empowerment projects that was attempted in the South African Wine Industry took place. The project was classified as less successful because they were still in operation but was declining in terms of production and therefore had less income and they were struggling. After this interview a black male manager of a successful empowerment initiative was interviewed and followed this with interviewing the black male SAWIT BEE co-ordinator. From all the individuals in this slot of interviews the goal was to find out what motivated people for starting empowerment projects, why empowerment projects failed and what would make empowerment projects more successful.

The above-mentioned questions were prepared as general questions to guide the interview but during the interview it never determined the questions that were finally asked.

Then a brief meeting with an ex white male CEO at the Institute for Futures Research and the author of "Vision 2020" took place and asked what his thoughts was on developing successful empowerment initiatives in the South African Wine Industry.

After this interview an information day that was organised by VinPro on "BEE in the South African Wine Industry" was attended. At the information day there were speakers from various empowerment projects in the South African Wine Industry and this formed part of the participant observations data collection process. At this information day contact was made with some of the speakers and interviews were scheduled with them.

Two black males and one white male individuals from an empowerment project in the fruit industry was interviewed to see if they experienced similar concerns and problems as empowerment projects in the South African Wine Industry. This helped to get a better understanding of how empowerment projects in the fruit sector performed.

Concepts that emerged from the first round of interviews then led to have a second round of interviews with the white male DoA's Mentorship Co-ordinator for empowerment projects in the Western Cape, a black male manager of a successful empowerment project, a black male ex-mayor who had a vested interest in empowerment projects in the South African Wine Industry, and an interview with two black males of a recently failed empowerment project in the South African Wine Industry and the final interview was with the white male project co-ordinator of the Northern Cape/Free State Vineyard Development Company.

Data was also collected from various articles on the internet and in the print media as well as a case study that was done on an empowerment project in the Stellenbosch area[43]. From reading this case study valuable insights that helped with data analysis was gained.

The above-mentioned process of data collection was totally driven by the data and theories that emerged from the interviews. It was decided which categories were important through the rigorous constant comparison process and this led to pursue the individual who could give good insights into the emerging concepts.

4.1.3   Data analysis

The process of data collection, data analysis, coding, memos and building of concepts happened simultaneously, because as soon as an interview was finished it was analysed, code and labelled and it was constantly compared to existing categories, and the emerging theories, which then led to the next individual or group of individuals to be interview. I continuously went back to the interviewees to find out if the data that was captured was correct. Data was analysed through various stages and in the *Level I* coding step the data was named and coded into categories.

After constantly comparing the first round of interviews to one another and the emerging theories *Level II* coding was done using the Affinity Diagram method. In this step the categories was compared to one another to uncover similar characteristics and the relationship between categories and in the end there was 12 categories. This was a very rigorous and time consuming process but through this process the data was lifted to a higher conceptual level as the interest was in the underlying concepts that emerged from the data. The initial concepts that developed from the data were the following:

---

[43] Neven D, Reardon T, & Hopkins R, 2005, "A Case Study of Bouwland Landgoed Ltd. South Africa" USAID, Michigan State University

96

Table 7: Initial Concepts that emerged from Grounded Theory process

Concepts	Coding
Level of Economic Viability	Value chain profitability, Viable projects, Identifying viable business opportunities, Economic Viable Business opportunities
Level of understanding the route to success	Path dependency, Endurance, Road map to success, Understanding the route to success
Level of accesibility & strategic use of resources and markets	Extensive resources, Government Support, Big Business Support, Initiator support, Strategic use of resources, Accessibility to resources and markets, Operating capital, Builds trust
Level of knowledge and skills development	Skills development, Youth involvement, Transfer of skills, Knowledge and skills transfer, Succession planning, Strategic skills development plans
Level of Business Acumen	Business Acumen, Entrepreneurship, awareness & understanding the wine business
Level of effective mentorship	Effective mentorship, Vested interest, Benefit of successful projects, Effective consultants
Level of effective communication	Communication, Trust , Building Trust between initiator & beneficiaries, Input that counts and are heard
Level of effective leadership and management	Leadership, Management, Initiator commitment to make projects successful, Successful initiator, Strong business oriented initiator, Effective decisions from directors, Participating management strategy
Level of strategic co-operation	Co-operation, Applying discipline, Strategic alliances, Strategic co-operation, Cause networks to develop. Exchange of information and ideas
Level of market oriented production	Market oriented production
Level of effective ownership	Effective ownership, Deminishing role of initiator and increase of the role of the project leader
Level of government involvement	Governments role

In the *Level III* coding phase the Interrelationship Diagraph method was used to understand the relationship between the core concepts that emerged from the Data Collection step, to get a better understanding, which concepts was drivers and which were outcomes.

Figure 17: Interrelationship Diagraph method to understand the relationship between emerging concepts from the Grounded Theory process
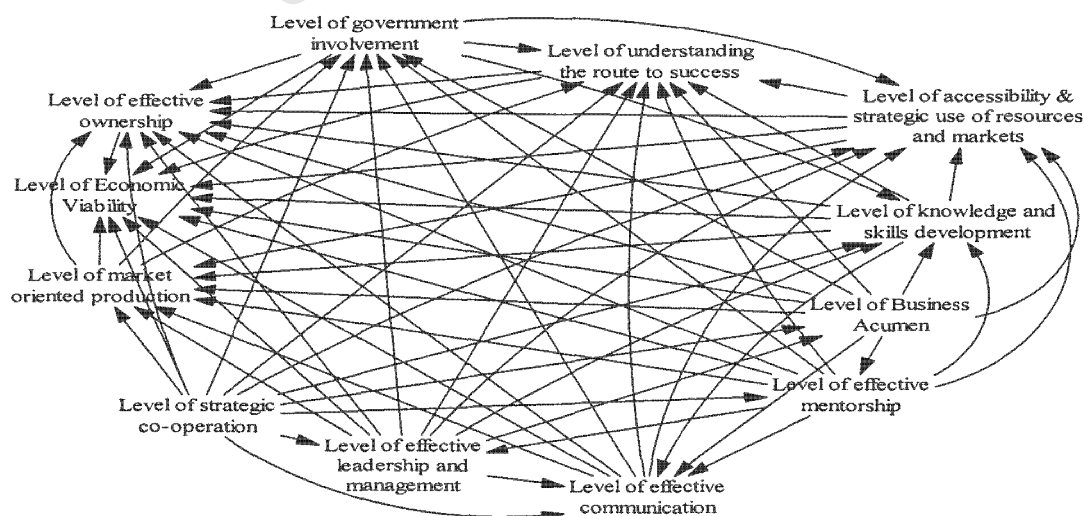
Drivers	Outcomes
Level of symbiotic strategic co-operation	Level of Economic Viability
Level of effective leadership & management	Level of effective ownership
Level of Business Acumen	Level of understanding the route to success
Level of effective mentorship	
Level of knowledge and skills development	Level of market oriented prod.
Level of effective communication	Level of accessibility & the strategic use of resources and markets
Level of government involvement	

In the second round of semi-structured conversational interviews with the sample as indicated in the data collection section, through the method of constant comparison the following seven concepts emerged. From the sample it was concluded that Saturation was achieved because the new data resources had no new information, there were no new categories and could no longer refine existing categories or the relationship between categories.

Table 8: Final Concepts from Grounded Theory process

Concepts	Constant Comparison
Level of economic viability	Level of understanding the route to success, Level of market oriented production
Level of symbiotic strategic co-operation	Level of accesibility & strategic use of resources and markets, Level of government involvement
Level of effective mentorship	
Level of effective leadership and management	Level of Business Acumen, Level of effective ownership
Level of knowledge and skills development	
Level of effective communication	
Level of understanding the route to success	

The seven concepts that was developed from the Grounded Theory process was used to construct a Causal Loop Diagram, to see the causal relationship between the concepts (Figure 17).

The logic of the Causal Loop Diagram in Figure 17 is explained below:

In an empowerment project where there is a symbiotic strategic co-operation between all the role-players (project manager of the beneficiaries, previous owner and government) where everybody benefits it can lead to more effective mentorship, which will ensure that you can cultivate more effective leadership and management because there will be a friendly environment where knowledge is transferred and shared to ensure that more effective and better informed decisions are made.

If you then have better leadership and informed management it will ensure that there is better communication to the beneficiaries of the empowerment project.

The leadership and management will also ensure that they have better knowledge transfer systems in the organization and ensure that skills development takes place effectively, because they would understand that without the right skills in place they will not be able to achieve the success and goals that they set for the project, in other words through better communication and knowledge and skills development the route to success will be achieved.

The achievement of the goals of the empowerment project will ensure that the project will become more viable over time, which will inspire other empowerment projects also to cultivate a better symbiotic strategic co-operation environment if they want their projects to be more economically viable.

Figure 18: Causal Loop Diagram illustrating the causal relationships between the seven concepts developed through the Constant comparison method and Saturation.
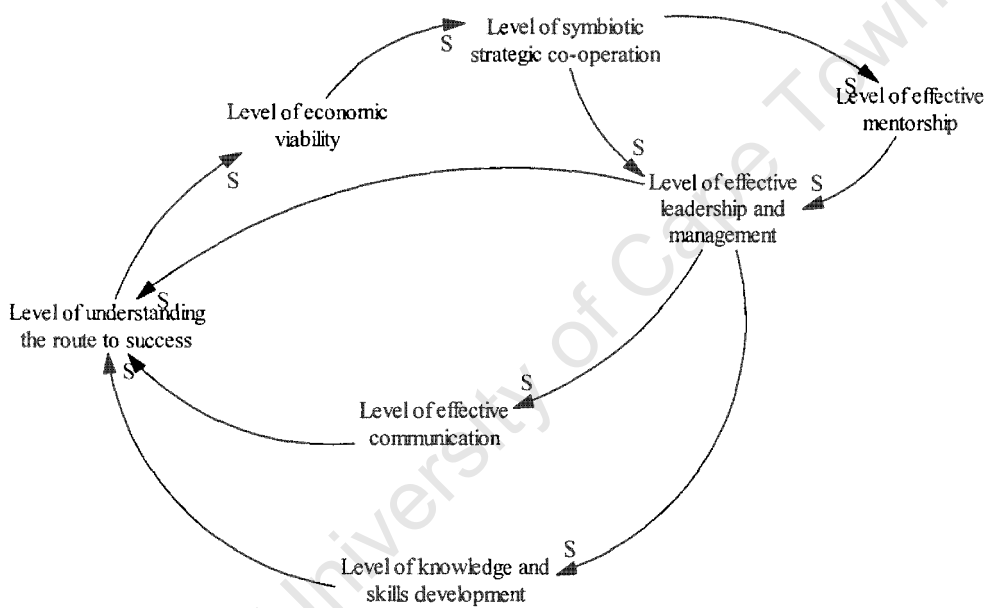
Selective sampling of the emerging concepts then helped to give completeness to the theoretical description. This helped to understand how the emerging concepts relate to each other. Through reduction sampling three core concepts was established and started to engage on a literature review regarding the concepts that helped to round of the concepts. When the data was selectively sampled to see if the emergent concepts was in line with what individuals that was interviewed said, it was found that it was a good fit with the data.

The core concept that emerged from the Grounded Theory process was that if you want to use the available resources strategically to make business ventures of new black wine producers more successful in the long-term then you need to have effective management and leadership in place. Memo's was used extensively from the data collection and analysis process to help me to construct the Causal Loop Diagram below.

Figure 19: Causal Loop Diagram of the three core concepts that emerged from the Grounded Theory process in the First Research Cycle
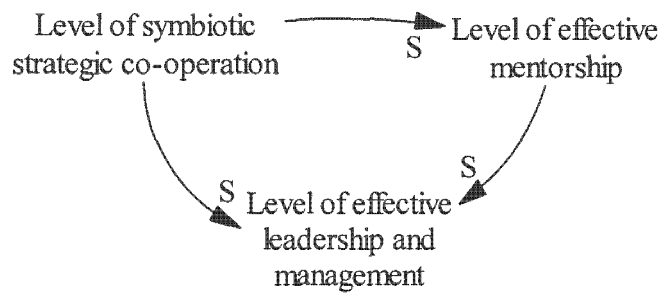
The research results that was obtained from the Grounded Theory process for this research cycle therefore answers the research question as follows:

If there is effective leadership and management in empowerment projects it will ensure that more effective decisions will be made and these decisions involves decisions on how the companies resources should be utilized effectively to ensure success.

The Emerging Conceptual Framework after the first research cycle is depicted in the diagram below.

Figure 20: Emerging Conceptual Framework from the Grounded Theory process
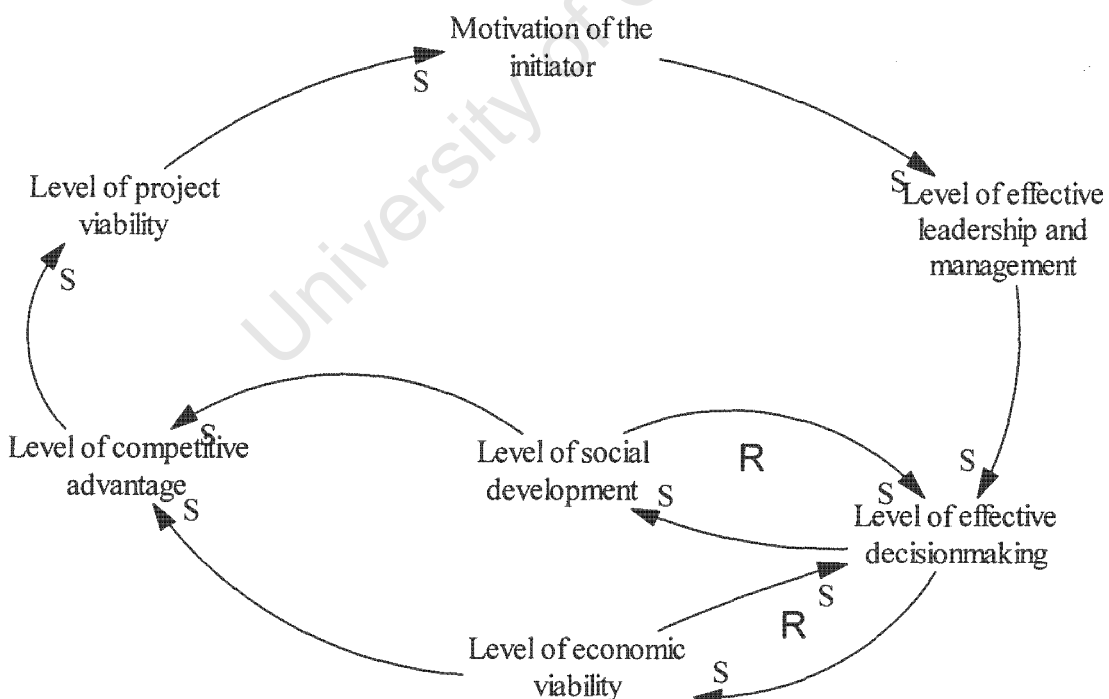
If you have a motivated initiator, you find that the leadership and management in the project are more committed to ensure success. The initiator that is motivated to make a success of the empowerment venture ensures that the right individual's that shows leadership and management capabilities becomes part of the business from the start.

Effective leadership and management lead to better decision-making on the social and economic issues that impact on the business. When you have effective decision-making within the business you will have better outcomes on the social and economic front. There is a reinforcing loop here since there can be reflection and evaluation on the outcomes of the decisions. This provides the business with a platform where learning can take place and best practices under certain conditions and circumstances could be developed that can help with a clearer understanding for new individuals that enters the business. This can lead to a competitive advantage for the business, which over time can lead to the long-term viability of the project and motivate others to follow and learn from the process.

The empowerment projects that were less successful and unsuccessful did not have effective leadership and management within the project. This was inherently because the beneficiaries of the empowerment projects had relatively low level skills. I was therefore curious to find out how I could increase the trainability of the beneficiaries so that they could become better leaders and managers of empowerment projects. This was then the Strategic intent of the second research cycle.

4.2 Second Research Cycle

The strategic intent of the second research cycle was a direct result from my findings in the first research cycle. The process is therefore a continuation in order to achieve my overall Strategic intent.

The Strategic intent for this cycle was to establish a framework to increase the trainability of empowerment project beneficiaries by increasing their cognitive competencies so that they would become better leaders and managers to increase the viability of empowerment projects.

The concern variable for this cycle was the low level of education of beneficiaries of empowerment projects. The research question for this cycle was how do you increase the trainability of BEE beneficiaries by increasing their cognitive competencies so that they can become better leaders and managers?

The exact same process as described in the first research cycle was followed and details of it are available in Appendix 1.

The three core concepts that emerged from the Grounded Theory process is depicted in the Causal Loop Diagram below:

It was concluded that If you want to increase the trainability of beneficiaries of empowerment projects so that they become better leaders and managers you need to create an enabling environment where those beneficiaries who are motivated to learn can do so. This environment is called a Community of Practice, the concept that was developed by Lave and Wenger in 1991.

Figure 21: Causal Loop Diagram of the three core concepts that emerged from the Grounded Theory process in the Second Research Cycle.

An individual that understands cognitive functions will be able to assess the cognitive functions of the individuals in the empowerment project and will be able to map the cognitive deficiencies. This will help to construct a cognitive intervention programme such as Professor Reuven Feuerstein's, Structural Cognitive Modifiability (SCM) programme that can help to address the deficiencies.

This programme can lead to the formation of a community where like minded individuals share and learn from each other in order to build up their cognitive competencies, which in the end can help to increase their learning potential and it will help others and themselves to better understand cognitive functions.

Figure 22: Causal Loop Diagram showing the research results of the Second Research Cycle
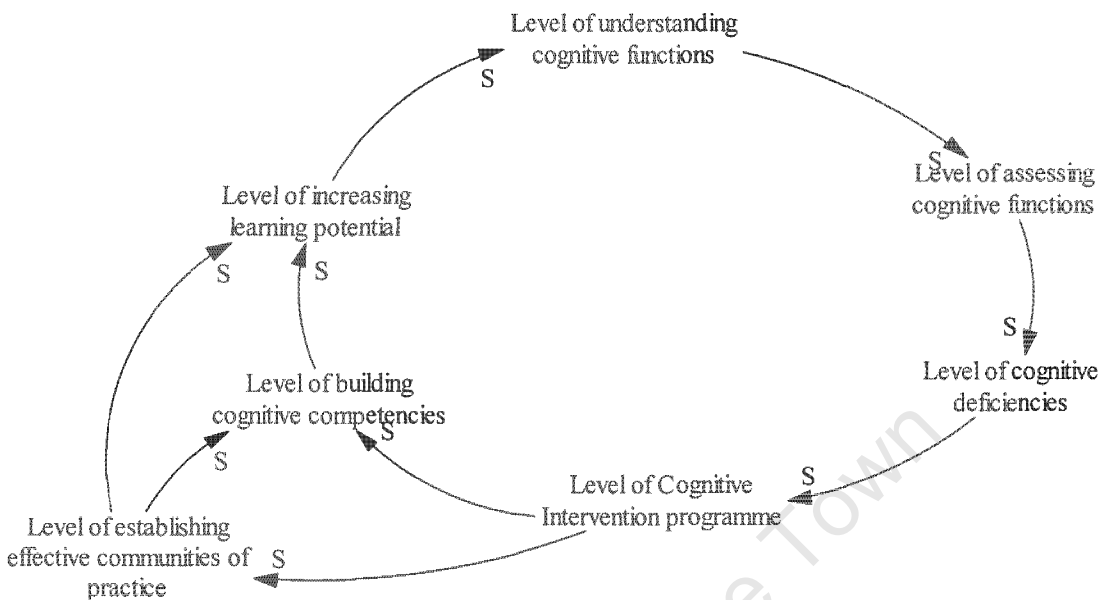
Beneficiaries of empowerment projects have limited knowledge on the financial and marketing aspects of a wine business. The beneficiaries who mostly are farm workers have technical skills, gained from working for most of their lives in the vineyards. They, however, lacked understanding why they performed the task in the specific manner. This led to the third research cycle where the goal was to find out how knowledge could be build continuously within the Community of Practice so that the members could gain insights and knowledge on relevant aspects to achieve a competitive advantage.

4.3   Third Research Cycle

The strategic intent for the third research cycle was to develop a model where knowledge could be build and exchange to create a competitive advantage. In most of the empowerment projects it was found that the beneficiaries had sound technical- skills and capabilities, but they lacked financial, business and marketing skills and there was no exchange and development of knowledge on this. The concerning lack of financial-, business- and marketing skills within empowerment projects leads to a lack of innovation and therefore a lack in competitiveness and this ultimately decrease the viability of the project.

The research question for this cycle was the following: How do you create a Community of Practice that continuously build and exchange knowledge so that constant innovation can take place to make empowerment projects more viable.

103

The exact same process was followed as described in the first and second research cycles and details of it are available in Appendix 2.

The three core concepts that emerged from the Grounded Theory process is depicted in the Causal Loop Diagram below:

Figure 23: Causal Loop Diagram of the three core concepts that emerged from the Grounded Theory process in the Third Research Cycle
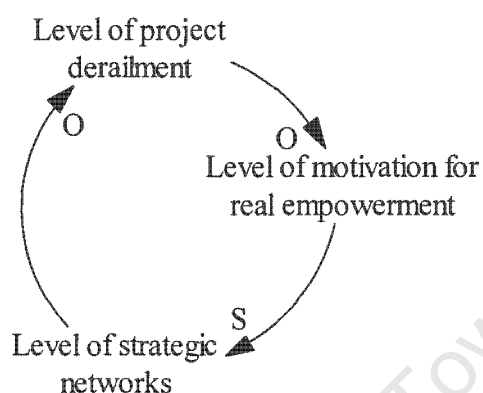
It was concluded that if you build a strategic network around your Community of Practice you will be able to create an environment where knowledge is continuously shared and transferred so that it increase the abilities of the group, which means that things will be done better , more effective and this creates an environment where innovation can take place so that the problems identified can be addressed in a more efficient manner and this will ultimately over time increase the competitiveness of the project.

The findings discussed above is summarised in the Causal Loop Diagram below:

In researching empowerment projects on the primary producer level it was found that the beneficiaries had a good understanding of the problems they face in their businesses and they wanted to solve these problems. A Community of Practice provide these individuals with a platform where they can share their problems with others in a similar situation and this thus gives them a shared identity.

Through this shared identity it was found that they lacked strategic networks from which they can extract various expertise and knowledge that can help them to build and exchange knowledge so that they develop themselves and over time learn to do things better in their business. This learning process will help them to continuously improve themselves and in the end this will help them to innovate more effectively. This leads to better understanding and solving of problems in the future.

Figure 24: Causal Loop Diagram of research findings of the Third Research Cycle

Level of mutual understanding of problem/issue

S Level of desire to solve the problem

Level of innovation

Level of shared identity

Level of building strategic networks

Level of knowledge creates continuous reinvention

Level of building and exchanging knowledge

Level of learning to do things better

Level of developing the abilities of the members
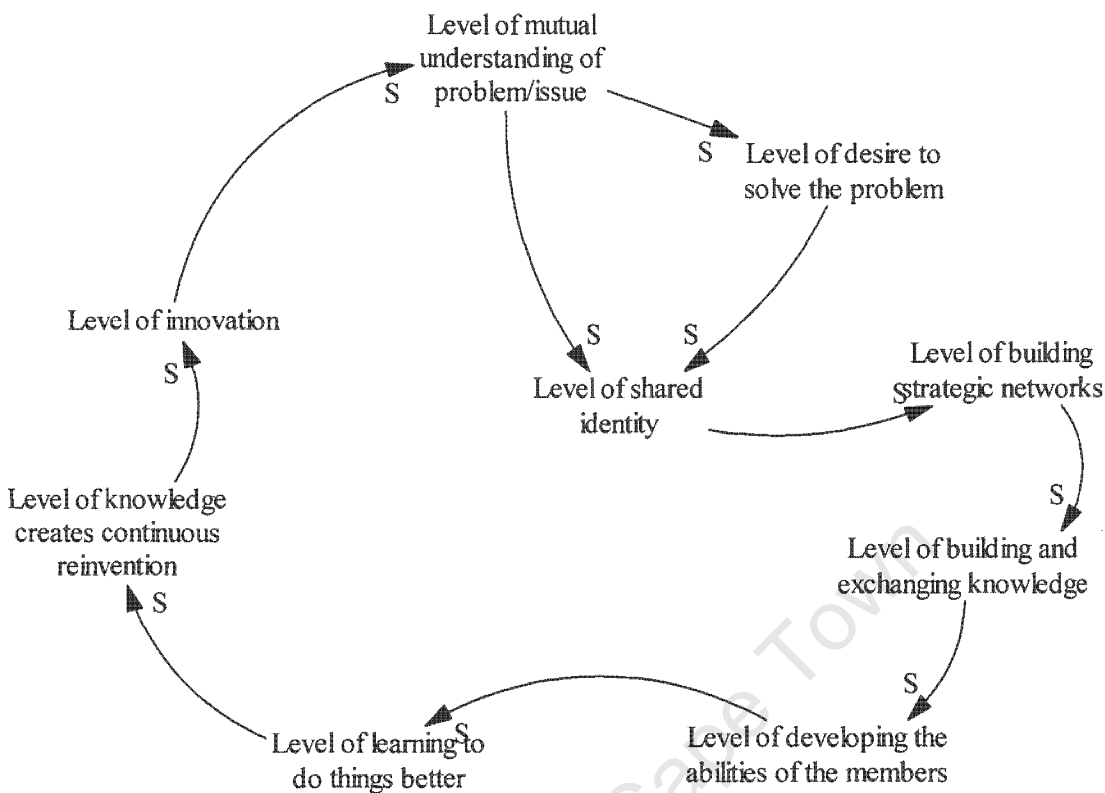
4.4 Theory Building process

After reading the three research cycle position papers the three core variables was summarised that in a grid below. In total there were nine core variables that best described the research findings.

Table 9: Core variables describing overall research findings

Concepts
Level of symbiotic strategic co-operation
Level of effective mentorship
Level of effective leadership and management
Level of motivation to learn
Level of creating an learning enabling environment
Level of effective Communities of Practice
Level of project derailment
Level of motivation for real empowerment
Level of Strategic Networks

The three core variables that derived from the Grounded Theory process in each of the research cycles was used to build-up the following propositions.

4.4.1 Propositions for the First Research Cycle

Statement 1.1: Level of symbiotic strategic co-operation.
The degree to which the initiator and the project leader co-operate effectively and efficiently at all levels where both benefits, can help the business to become more viable in the long-term.

Statement 1.2: Level of effective mentorship.
The degree to which you have a mentor with a vested interest in an empowerment project who wants to make a success is crucial for the projects viability in the long-term.

Statement 1.3: Level of effective leadership and management
The degree to which you have effective leadership and management systems in place that can make effective decisions can contribute to make projects more viable in the long-term.

Empowerment projects are economic viable when you have a symbiotic strategic co-operation between the initiators.

Effective mentorship increases the viability of empowerment projects.

Empowerment projects are economically viable when you have effective leadership and management.

The Propositions therefore are:

The viability of empowerment projects is increased by initiators that mentor the group effectively.

The viability of empowerment projects is increased by initiators that have effective leadership and management skills.

The viability of an empowerment project is increased by leaders and managers that can act as mentors.

In conclusion the following is clear: To create empowerment projects that are economically viable you need initiators that have effective leadership and managerial skills that can mentor the beneficiaries in the empowerment projects so that they will share in their vision and make a success of the business.

4.4.2 Propositions for the Second Research Cycle

Statement 2.1: Level of motivation to learn.
The degree to which individuals are motivated to learn can help to build their knowledge and understanding of the environment in which they operate.

Statement 2.2: Level of creating an enabling learning environment.
The degree to which you create a favourable environment for learning can help to attract individuals to continuously learn and develop themselves.

Statement 2.3: Level of effective Communities of Practice.
The degree to which you create communities where like minded individuals can exchange knowledge and practical experience on a variety of issues can help to increase the skills, understanding and capabilities of individuals.

The Propositions therefore are:
The motivation to learn is increased by an enabling learning environment.

An effective Community of Practice is an enabling learning environment.

An effective Community of Practice increases the motivation to learn.

To conclude my findings for the second research cycle it is clear that a Community of Practice is an enabling learning environment that increases the motivation to learn and develop.

4.4.3 Propositions for the Third Research Cycle

Statement 3.1 Level of project derailment.
The level of empowerment projects that fails creates an environment, which future projects can learn from so that they don't make the same mistakes.

Statement 3.2 Level of motivation for real empowerment
The degree to which you have individuals that are motivated to farm will help to make empowerment projects more successful.

Statement 3.3 Level of building Strategic Networks
The degree to which you build Strategic Networks around empowerment projects will help them to gain more knowledge that will help them to make a success of their project.

The Propositions therefore are:
The derailment of empowerment projects increases the motivation for real empowerment.

The building of Strategic Networks increases the motivation for real empowerment.

The building of Strategic Networks increases the viability of empowerment projects.

To conclude the building of Strategic Networks increases the success of empowerment projects which then increases the motivation for real empowerment, because the information and knowledge that flows into empowerment projects from the Strategic Network will help to address the derailment factors so that real empowerment can take place. Individuals who really want to farm and who are motivated will benefit from this.

4.5   Clustering of the core concepts

The level of symbiotic strategic co-operation; the level of effective mentorship; and the level of Strategic Networks have the same goal since it is about bringing external knowledge into the organisation, so that it can become more viable.

The level of motivation to learn; the level of creating an enabling environment for learning; the level of Communities of Practice; has the same goal, since it is about creating an environment where knowledge can be shared, transferred and used to increase the capabilities of the receivers and senders so that it will benefit themselves and their respective organisations or projects.

If one look at the level of project derailment it is clear that these are all the negative issues that cause empowerment projects to fail, but if one wants to make progress and if one want to create more viable empowerment projects in the South African Wine Industry, one needs to be mindful of this and it should be these lessons that guides our thoughts and actions in future. This therefore can slot in with the group of concepts where there is a need for knowledge sharing and transfer, even if it is negative information that is shared.

If one look at the remaining concepts it is clear that the level of motivation for real empowerment and the level of effective leadership and management have similar goals because both concepts has to do with viability.

If one have the right motivation you will let nothing stand in your way to achieve your goals. The same goes for effective leadership and management, the effective leader or manager will strive continuously to achieve the goals and objectives of the company or department to make it successful.

Below find a summary of my findings as indicated above.

Table 10: Clustering of main concepts from the research findings

Level of Strategic Networks
Level of symbiotic strategic co-operation
Level of effective mentorship

Level of effective Communities of Practice
Level of motivation to learn
Level of creating an learning enabling environment
Level of project derailment

Level of effective leadership and management
Level of motivation for real empowerment

The above clustering of concepts highlights my three core variables that developed respectively in each of the three small win cycles.

The level of strategic networks; the level of effective Communities of Practice; and the level of effective leadership and management.

4.6   Causal mechanisms

The Causal Loop Diagram below describes the causal relationship between the three core variables:

A Community of Practice that receives valuable information on a variety of issues from Strategic Networks can ensure that leaders and managers of empowerment projects have the latest technology and knowledge to make effective decisions in their empowerment project. These leaders create new networks because of this knowledge and this reinforces the system.

Figure 25: Causal Loop Diagram explaining the causal relationships between the three core variables from the overview process

The knowledge that you build in a Strategic Network results in building greater Social Capital. The building of Social Capital brings valuable knowledge into the Community of Practice that result in better leadership and management, which in the end can enhance the Strategic Network of the organisation. Social Capital can also directly improve the leadership and management of an organisation, because it can bring essential knowledge that could improve leadership and management of the company. The Causal Loop Diagram below describes my thoughts on this. The whole process is reinforcing because as your Strategic Network expand so does your Social Capital. This makes your Community of Practice more effective and this leads to improve leadership and management.

Figure 26: Causal Loop Diagram explaining the importance of Social Capital in an organisation to achieve greater leadership and management
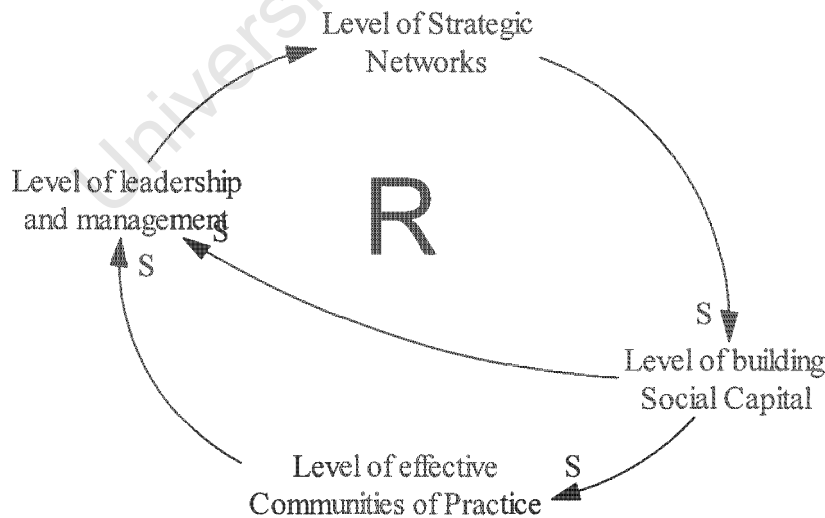
As mentioned earlier if you are motivated to do something you will let nothing stand in your way to achieve your goals or objectives.

There is a strong relationship between the motivation for real empowerment and the level of effective leadership as highlighted in the clustering of the concepts above.

When there is motivation for real empowerment the person understands that the business will not be a success if he operates in a silo. There is a need for a network of individuals who are willing to share knowledge and advice or other resources so that the business can become viable. The individual who is motivated to make a success of his/her business will ensure that he/she network with the best individuals in the field from where they can receive valuable information and knowledge. This again builds the Social Capital of the business, which leads to more effective Communities of Practices and improved leadership and management capabilities. With effective leadership and management an individual is determined to reach his/her goals and in this case the goal is to have real empowerment in the business.

Figure 27: Causal Loop Diagram indicating the relationship between the motivation for real empowerment and effective leadership and management
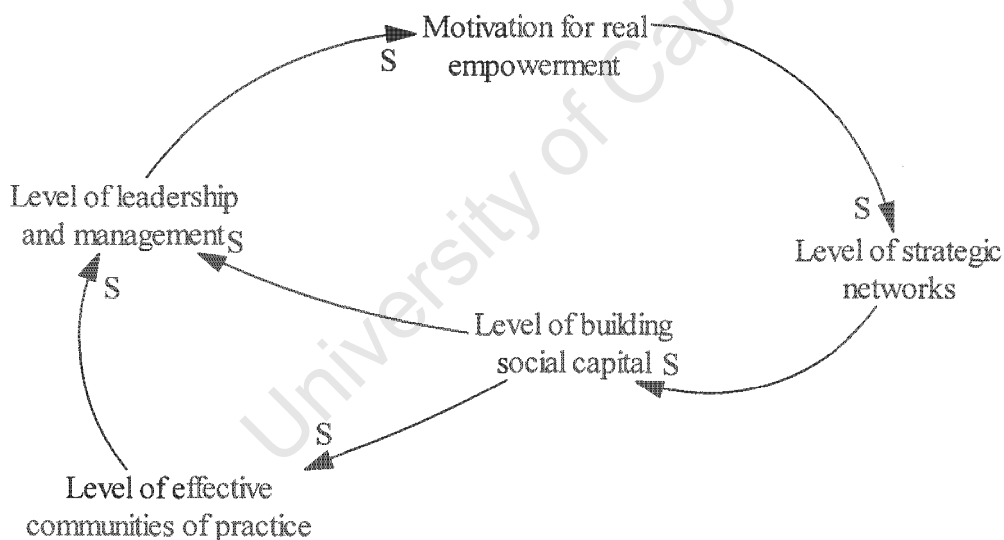
4.7   Basic Social Process

The initiator of an empowerment project with a real motivation for empowerment will enhance his Strategic Network. The network increases Social Capital which brings in more essential knowledge on relevant issues into the Community of Practice to drive effective leadership and management. Therefore Social Capital is responsible for increasing the effectiveness of leaders and managers.

The reasoning behind this is that as the Strategic Network that is build around a Community of Practice expands, more formal and informal linkages will develop. The community benefits from this because they have access to more sources of knowledge and information that could be use in their businesses.

The leadership that will develop in the Community of Practice will be in the form of Distributed Leadership, since in the community there will be individuals with specific strengths and preferences. You will have leaders with great economic skills and others with great social skills and some might even have both.   This will strengthen the Community of Practice and will also ensure that you do not have a dominating leader who could overpower the Community of Practice with one dimensional thinking and decision-making. Effective Leadership and management is what is needed in empowerment projects in the South African Wine Industry today because it will address the social as well as the economic issues that empowerment businesses face in the South African Wine Industry.

We need leadership that can be mindful of the operations that needs to take place in the vineyards, because if the vineyards are neglected there will be no crop and therefore no income.

The leadership also needs to understand that there are social issues that need attention for example training of workers to do their job more effectively, if managers neglect this side they may also find themselves in a position where they may suffer huge crop losses, because of poorly trained workers.

Empowerment therefore has two important aspects that need attention, the social and the economic side. Empowerment projects in the South African Wine Industry that currently fail has leaders that focus only on one of these aspects and neglects the other.

Leaders who are mindful of this dynamics of empowerment can create a competitive advantage and thereby create more viable projects in the South African Wine Industry. This will then motivate more individuals in the South African Wine Industry or in any other agricultural sector to start empowerment projects.

Figure 28: Overall Answer to the research question
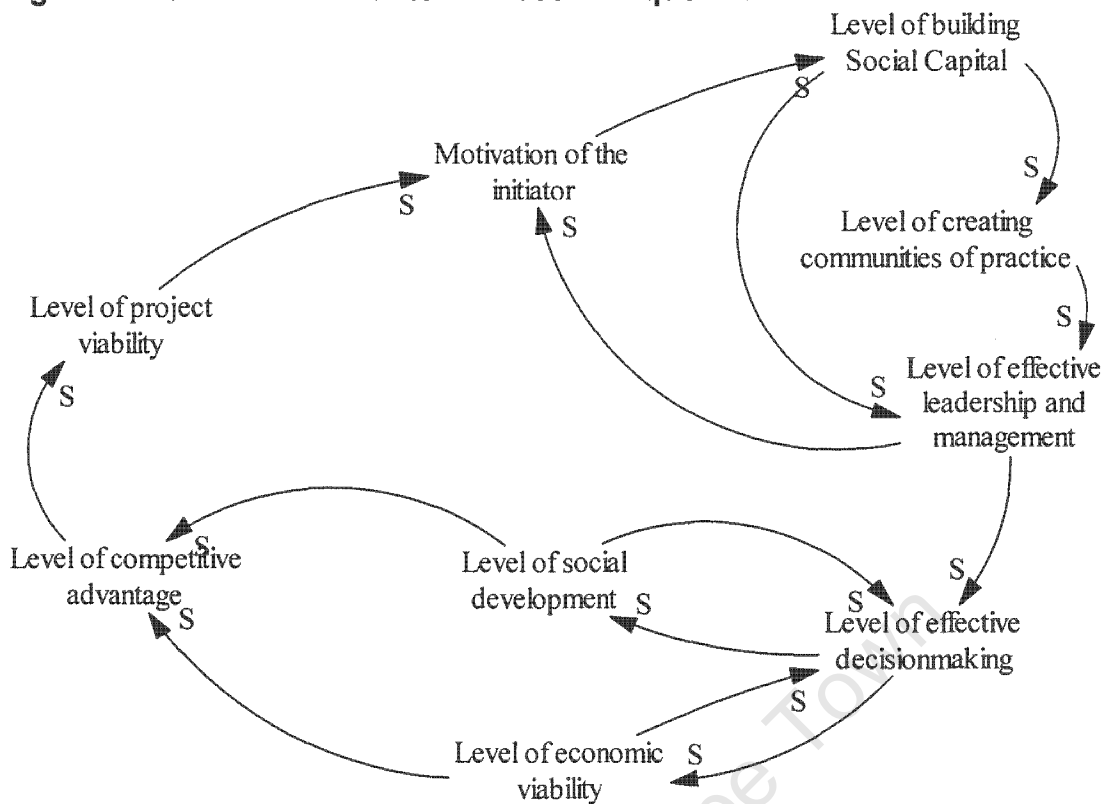
CHAPTER 5: Conclusion and Evaluation

5.1 Significance of the Research

In this research study it was found that empowerment projects that were less successful and unsuccessful had leaders and managers who lacked the motivation for real empowerment. It was found that these leaders and managers made bad financial and technical decision that impacted negatively on the business. These decisions were never challenged by the beneficiaries of the empowerment project, because they lacked the necessary skills to do so.

The research results showed that empowerment projects on the primary producer level in the South African Wine Industry can be successful and viable in the long-term if it is managed by leaders and managers who in the first instance have a real motivation for empowerment. It was found that Distributed Leadership within a Community of Practice with a well developed strategic network build around it that increases the Social Capital of the community will lead to more viable empowerment projects on the primary producer in the South African Wine Industry.

Distributed Leadership is about leadership that is not dependent on one individual but it is dispersed among the group. In other words the individual who have the best capability in a specific situation will take the leadership role, which will lead to more effective and efficient decisions. This does not mean that this individual will not be challenged about the decision, the community still needs to agree with the decision so the individual who takes the leadership role must justify the decision.

5.2 Conclusion

It is clear that the target to achieve 30 per cent transfer of commercial farm land to black farmers by 2014 will not materialize. There are too many constraints that stand in the way of achieving this target. Even with the rapid changes in policy and the introduction of new policies by government over the last couple of years it is impossible to achieve the target. A last minute push by government to achieve the target should rather be redirected to establish more sustainable land reform projects. In the current environment of land reform in South Africa it looks as if government is trying to establish more sustainable land reform projects. This is a step in the right direction and it could lead to better results for land reform in South Africa.

The strategic intent of this research study was to find a practical way to increase the viability of land reform projects in the South African Wine Industry on the primary producer level. Land reform in the agricultural sector in South Africa is failing to create viable black businesses in the sector.

In the wine industry where the management of resources plays an important role to make a business viable over time the goal was to find out in the first research cycle how black farmers manage their resources.

114

A Grounded Theory research methodology within the Critical Realism paradigm to answer this question was followed.

It was found that in the less successful and unsuccessful empowerment projects that there was a lack of leadership and management. This lack of leadership was driven by a low level of skills amongst the beneficiaries of empowerment projects. This led me to do a second research cycle exactly in the same manner that the first one was done to understand how you can increase the trainability of beneficiaries of empowerment projects so that they can become better leaders and managers of empowerment projects.

In this research cycle it was found that you can increase the trainability of the empowerment beneficiaries by creating an enabling environment for learning. This led to the Community of Practice theory that was developed by Lave and Wenger (1991). In the Community of Practice new entrant farmers can share experiences and knowledge with each other, which means they can learn from individuals in similar situations. Further development of these individuals can also take place through cognitive development methods and training. The method that was found useful for this study was that of Professor Reuven Feuerstein.

Professor Feuerstein researched this quite extensively and he developed 14 instruments, which he called Instrumental Enrichment (IE) instruments that he uses to modify cognitive deficiencies and therefore increases the trainability of learners. He believes that everyone's cognitive abilities can be modified and that this will lead to improve learning.

In the second research cycle it was found that empowerment project beneficiaries gained good technical skills from working in the vineyards. They knew how to do their job, but they lacked understanding why they did it and what the impact of their actions towards the final product is. These individuals also lacked financial and marketing skills, which meant they were not able to share any knowledge on these aspects within the Community of Practice.

This led to my third research cycle where the goal was to find out how you build knowledge continuously within the Community of Practice. The research methodology was similar to that of the first and second research cycles. It was found that building strategic networks around the Community of Practice would best address this concern. The strategic network should ideally be made up of individuals who have knowledge or who have access to the latest technologies surrounding the particular issue of concern within the Community of Practice. Building strategic networks around the Community of Practice will increase the Social Capital of the community and this will lead to better informed individuals. This increase in Social Capital creates an opportunity to increase leadership and management capabilities of empowerment beneficiaries.

The leadership can take the form of Distributed Leadership. The core of Distributed Leadership is about the idea that leadership is not the preserve of an individual but it is an emerging property rather than a fixed phenomenon (Spillane, 2006).

This is where leadership moves beyond the beliefs and actions of a single leader to leadership as a dynamic organisational entity (Harris, 2008).

Within the Community of Practice this will lead to the establishment of disciplined leaders and managers who are better informed and who therefore can make disciplined decisions and take disciplined actions to achieve a competitive advantage so that their agribusiness can become viable.

Accessibility to resources is not the only determinant that makes a wine business successful. A new black wine farmer with access to finance is not guaranteed a successful wine business just because he or she has money.

The successful new black wine producers that were interviewed believed that the strategic use of all their resources played a more crucial role in achieving a competitive advantage over time. It was, however, clear that effective leaders and managers not only made decisions about the effective utilization and management of resources, but they also made effective decisions on a vast number of issues that impacted on the social and economic viability of the land reform project. Over time this will lead to a competitive advantage for these land reform projects and it will put them on the path to become a viable farming enterprise. This will motivate others to follow in their footsteps and learn from these projects so that their projects can also achieve success over time.

The findings in this research study are firstly dependent on the fact that there are individuals who have a passion for farming. It is clear that young black individuals are not interested in careers in the agriculture sector. It is mostly the older black individuals with a relatively low level of skills who are interested in farming. This could be attributed to the fact that young black individuals have a negative image of the farming sector. It could also be attributed to a lack of knowledge about all the different career options available in the agriculture sector. Even young black individuals who grew up on farms do not have a passion for the agriculture industry because many of them would rather look for jobs in other sectors of the economy where they feel they have a better chance to excel their career. The agricultural sector as a whole should do much more to attract young black individuals to farming and there is a lot of room for improvement in this regard.

The low level of skills in the farming sector shows that there are not a lot of individuals with the right leadership and managerial capabilities to take land reform project on the path to viability. It therefore becomes crucial to develop individuals who show a passion for farming into leaders and managers by supporting them and giving them the necessary skills. It is, however, dependent on the will for development that the individual has for himself. It is of no use to develop an individual who do not have the desire to go through a learning process. The individual needs to show a desire to learn and develop him or herself, otherwise it will be a waste of time and money.

The individuals who want to be part of a Community of Practice need to have a passion for sharing knowledge freely with others and should not feel that they will lose their competitive edge by sharing information and knowledge with other new entrant farmers. The same goes for the individuals who will be part of the Strategic Network. There should be regular interactions and there should be a desire to achieve real empowerment.

It is also important that the members of the Community of Practice take ownership of it. They should be committed to attend the meetings and they should put topics on the table that they feel is critical for the success of their business.

5.3   Recommendation for future projects

The approach to achieve viable land reform projects discussed below can be useful for government and various other agricultural sectors. When a new land reform project is undertaken in the South African Wine Industry on the primary producer level I recommend that the following should be done to ensure the viability of the project in the long-term.

The first step should be to get the right people on board because without this the viability of the project is 'doomed'. The individuals or beneficiaries initiating the project should be passionate and motivated about wine farming and they must have a hunger for success. This is very difficult to measure but there was a distinctive difference between the beneficiaries within the projects I interviewed that were on the path to success and those that were either unsuccessful or on the path to failure. Within successful projects the beneficiaries refused to give up no matter how difficult it was for them to survive. They had a force driving them towards success, they had a passion for the business that could be spotted a 'mile' away. These beneficiaries were motivated to make a success of the business.

Beneficiaries in successful projects knew and understood the operating environment of the South African Wine Industry. This is not to say that beneficiaries that are from outside the industry will not be able to understand the South African Wine Industry. It is just that those who are familiar with the industry have a competitive advantage over beneficiaries who are not familiar with the South African Wine Industry. From experience gathered over the years beneficiaries familiar with the industry understood the vineyard's life cycle and therefore they could plan and execute decisions more effectively.

Therefore if a land reform project is initiated in the South African Wine Industry it needs to include beneficiaries who are motivated to make a success of the business and who are familiar with the industry. If the beneficiaries are motivated to achieve success but with no prior knowledge of the industry, they should familiarize themselves with the industry so that they know exactly what it would take to make a success of their business.

The second step should be to look for leadership and managerial capabilities. If there is leadership and management capacity amongst the beneficiaries who are motivated to start a land reform project in the South African Wine Industry then it will be a huge advantage to ensure project viability over time. With leadership I mean that the individual should be able to give direction and motivate fellow beneficiaries to achieve the vision and goals of the business over time. With management is meant that the individual should be able to manage the day to day activities needed in a wine business effective and efficiently.

If effective leadership and management capabilities are absent in the project then it should be bought in or it should be cultivated. When leaders are bought in from outside of the project then they must interpret for the culture, language and practices of the community (Wenger, 1998).

If leadership or management skills are bought in there needs to be a skills transfer agreement in place to transfer skills to a suitable successor. It would be wise to build in a performance bonus based on the success of the project and the level of skills transferred into the package of the individual. This will ensure that the individual have a vested interest in the success of the business. If the business succeeds she/he benefits and if the business fails she/he loose.

If effective leadership and management are cultivated it is important to establish an enabling environment where this can take place. If there is a motivation to learn an enabling or conducive environment for learning has to be established. This environment can take the form of a Community of Practice, where like minded individuals with the same goals and objectives can come together to learn with and from each other.

If one have an effective Community of Practice in place it will be able to create an environment for knowledge sharing, it will be able to build trust and confidence; it will broaden the World View of the members; and it will help to recognize leadership potential. These leaders can be developed into effective leaders and managers for land reform projects.

Further development and skills transfer that are needed by the new entrant farmers to successfully steer the land reform project to viability can take place in this Community of Practice in collaboration with strategic partners. The ideal would be to create a Community of Practice where you have the commercial farm owners that manage viable farming enterprises share knowledge with the inexperienced beneficiaries of empowerment projects.

There is a need for the commercial farming sector to work more closely with new entrant farmers to ensure viability of their projects. Commercial farmers have vast amounts of knowledge about farming and government should look at ways where commercial farmers can benefit somehow in their business if they take part in initiatives as described above.

It will be important to set-up a Strategic Network around the Community of Practice so that there is a constant exchange of information and knowledge with experts and other leading individuals in their particular fields. This creates a network where knowledge is shared and leads to an increase in Social Capital for the new entrant farmers. The new entrant farmers can then decide if it would be useful to implement the technology in their projects.

This therefore is the Social Capital that is needed to provide the new entrant farmers with the knowledge and skills they lack on the management or on the technical front.

This increase in Social Capital can lead to improved acquiring, organising and assessing of information, which could lead to more informed business decisions and ultimately to effective utilization of resources. All of the above leads to a culture of innovation, which will result in a competitive advantage for the business. This ensures that the farming operation becomes a viable business over time.

The last step should be to ensure that the decisions taken should be implemented to achieve the desired results and to grow the business continuously over time so that it can become viable. New entrant farmers should continuously reflect on their practices so that they can develop structural knowledge that can help them to think more systemic.

5.4   Too little success

Various studies have shown that land reform is not sustainable and the beneficiaries receive little or no economic benefit at all (Agri-Africa Consultants, 2008). For farming operations to be profitable, it should be sustainable in the long-term, it has to lead to real and tangible empowerment and each land reform project should contribute meaningfully to transformation and ultimately to the process of Black Economic Empowerment (Agri-Africa Consultants, 2008).

Government approved the AgriBEE Charter and further approved the Wine Industry Charter as a sub-charter of the AgriBEE Charter, but it unclear how these Charters will benefit farm workers, landless individuals, and those who shows interest in farming and contribute to effective land reform in the South African agricultural sector and in the South African Wine Industry in particular. The AgriBEE Charter reiterates that 30 per cent of agricultural land must be transferred to black farmers by 2014, but in 2009 only 5 per cent has been transferred since 1994. There are also no indications that this target will be abandon by government.

With recent statements that 50 per cent of land reform projects are failing it becomes important to look at ways how this situation can be improved. Land Reform is a vital political issue which could have serious negative effects for the country's economy and there is a need to look at ways how to make it more successful.

The research is relevant because land reform in the South African Wine Industry has not been able to create the targets that have been set by

government for land reform. Successful land reform projects in the South African Wine Industry are scarce and we need to understand what is needed to create more viable land reform projects in the South African Wine Industry. Effective leadership and management within land reform projects can help to increase the viability of land reform projects in the South African Wine Industry on primary producer level.

A vast amount of land reform projects in the South African Wine Industry have leaders and managers who do not know that they don't know.

5.5   Cultivating Leaders

Land reform is a very contentious issue and it is highly politicised. An increase in the failure rate might have very negative consequences and effects on the total agricultural sector and ultimately the economy of South Africa.

This study was undertook to find out what needs to be done in order to create more viable land reform projects in South Africa with specific reference to the South African Wine Industry. The idea was to find out what cause projects to fail and to succeed in order to create a solution that could help to create more viable land reform empowerment projects. This would create an environment for new farmers to learn from others and see where the pitfalls are and what they should do to overcome these pitfalls in order to achieve greater success. This would therefore have positive effects for land reform in South Africa and ultimately for the whole economy.

Ensuring that Land reform becomes more viable and successful over time in the South African Wine Industry requires that one needs to be mindful of the complexity of the issue. As stated by Dörner (1996, pp.38-39) in complex systems it is easy to overlook variables. Therefore one needs to understand the dynamic nature of land reform and one need to be mindful of where the whole process is heading over time.

In the research on empowerment projects in the South African Wine Industry on the primary producer level it was found that the concern variable is a lack of leadership and management capabilities of the beneficiaries in empowerment projects. It was found that most of the projects that failed had no effective leadership and management systems in place in the business. This was because the beneficiaries had low skills levels and had no experience in managing a business. Most of the beneficiaries of empowerment projects in the agriculture industry do not have the skills to operate effectively in the knowledge intensive agricultural sector.

Dörner (1996, pp.41-42) argues that if one want to operate in complex and dynamic systems one need to know what its current status is, also what its status could or will be in the future and how various actions will influence the situation. This is what lead him to state that we need "structural knowledge" which is knowledge of how variables in systems are related and how they influence one another.

Land reform beneficiaries are mostly farm workers with low level skills and these individuals have never been exposed to a business environment.

They do not understand what is needed to make a business viable over time. If land reform projects in the South African Wine Industry have the 'right' leaders who can make effective decisions and make sure that the decisions are implemented effectively it can lead to the viability of many land reform projects in the industry in the future.

Therefore we need leaders and managers in empowerment projects who understands the complexity of their environments and who understands how variables interacts with each other and the influence they have on each other so that they can make effective decisions that would increase the viability of the business.

The research results are useful since it shows that these leaders can be cultivated in Communities of Practices if we build Strong Networks around them, which would help to increase their Social Capital. In other words we need to create an environment where new entrant farmers in the South African Wine Industry can increase their Social Capital, which would help them to become more effective leaders and managers within their communities so that they can help each other to achieve success over time in their businesses.

This is useful because in this scenario there is not a single leader who stands out way above the rest of the group, who make decisions without the group or who make decisions where the rest of the group are not fully aware or informed of the impact the decision might have on their businesses. In this case there will be Distributed Leadership within a community that can help each other to make effective and efficient business decisions in order to create viable businesses in the South African Wine Industry on the primary producer level over time.

5.6 Shortcomings in this research process

In this research process not all of the individuals of empowerment projects in the South African Wine Industry were interviewed so there may be specific insights that might have been missed. Another shortcoming that happened in the second research cycle was that only four individuals was interviewed in the first round of interviews and only two individuals in the second round of interviews. This was due to harvesting that took place in the South African Wine Industry, so more insights could be valuable for creating Communities of Practice and to see if other individuals in the industry agree with this or if they have further insights into the matter.

There is no real evidence that a Community of Practice in the South African Wine Industry amongst new entrant farmers will achieve effective results. New entrant farmers need to take responsibility of a Community of Practice and need to drive the process themselves. If the Community of Practice fail to deliver in their expectations it could be abandoned by members.

It is therefore crucial that the Community of Practice should look at relevant issues and it should make a real difference in the land reform projects.

The Strategic Network that must be set-up around the Community of Practice is therefore crucial to ensure that relevant advice is given and that the advice could be implemented without huge financial implications. The members of the Community of Practice should also reflect on the advice and information they get in the Community of Practice to see if it is useful or not. They should also understand why the advice will not work in their situation. More research is therefore needed to understand exactly how the Community of Practice should be designed to yield the best results for the empowerment project.

5.7   Future research

One need to do further research on Communities of Practice and social networks since only the tip of the iceberg was touched. There are a lot of new developments in terms of social networks on the internet, especially with regards to Facebook, Twitter and LinkedIn. Information is shared more frequently and more speedily amongst individuals. One need to look if the information that is shared leads to an increase of performance for the organisation.

This could have more positive effects for land reform projects in the industry. There are, however, concerns that land reform projects do not have the technical infrastructure to reap the full benefit of this. Cell phones could become more useful in this regard and I need to look at ways how this can be used to the benefit of the Community of Practice.

5.8   Trustworthiness of the research results

5.8.1   Valuable insight into complexity of land reform

Healy and Perry (2000, pp. 120-125) identified six comprehensive criteria for qualitative researchers to judge realism research. The six criteria are used to review the Critical Realism research framework that was used in this study.

i) *Ontological Appropriateness* – Assumes the research is dealing with complex social phenomena

In this research process the goal was to know how to create more viable land reform projects on the primary producer level in the South African Wine Industry. Land reform in itself is a very complex process in many countries as well as in South Africa. After 15 years of democracy only 5 percent of agricultural land in South Africa are owned and managed by black people and from recent comments almost 50 per cent of land reform projects in the hands of black people have failed to make their beneficiaries better off.

This illustrates that there are underlying factors in the real world that needs to be investigated and researched to gain better insight what factors cause land reform projects to fail and what could be done to create more viable land reform projects that are owned and managed by black people.

The above is therefore in line with the ontological appropriateness.

ii) *Contingent validity* – Validity about generative mechanisms and the contexts that make them contingent on their environment.

This research study concentrated to provide evidence as to why things happened through Causal Loop Diagrams and the information was received from information rich sources. The context in which the interviews took place is described and also the individuals that were interviewed and their positions are provided.

iii*) Epistemology* – Multiple perceptions of participants

The information that was gathered in the research came from multiple perspectives and individuals. Insights was gained from empowerment projects that were successful, unsuccessful and less successful, individuals outside of the South African Wine Industry was interviewed to see if one could learn and apply knowledge that they have developed.

The findings in this research study that was conducted is credible because credible individuals who are involved with empowerment, training and farming activities either in the South African Wine Industry or in related industries were interviewed. All of the individuals that was interviewed have years of experience in their particular fields. Data that was captured was checked with the individuals after the interview with them. Good insights were gained and Casual Loop mechanisms to understand the relationship between variables.

iv) *Methodological trustworthiness*

Grounded Theory can be used as a method to investigate phenomena important to management practice, because it explores the richness and diversity of the human experience and it therefore contributes to the development of middle range theories in management. (Struebert H, Carpenter D, & Lippincott, 1999).

Dick (2005) state, Grounded Theory is a rigorous methodology and it is responsive to the situation in which the research is done. "It is driven by the data in such a way that the final shape of the theory is likely to provide a good fit to the situation" (Dick, 2005).

A rigorously Grounded Theory process was followed to ensure that the theory that developed was grounded in the data. Data was collected from various sources and was rigorously analysed and no information that was given through was discarded. Findings were tested with various individuals within the South African Wine Industry who are involved with land reform projects.

v) *Analytical generalisation* – theory building

In this study the three main concepts from each of the three research cycles was used to build up propositions, which was then used to construct the theory that helped to answer the research question and address the concern.

vi) *Construct validity*

In the literature review chapter it was showed how the findings are located in the broader body of knowledge. It is illustrated why the findings in this research is valid not only for the agricultural sector but also for other sectors that deals with BEE.

5.8.2 Roadmap

An audit trail was left by documenting every conversational interview to illustrate how the findings in this research study were obtained. The names of the individuals that were interviewed as well as the date of the interview were provided. There are sufficient details about the categories that emerged from the data and a clear I distinction between the first round of interviews and the second round of interviews was provided. The constant comparison method was followed to saturate the categories.

The causal relationship between the emerging categories was analysed and it was illustrated how the core variables answered the research question in the particular research cycle. There is also sufficient evidence on the theory building process that was followed to synthesize the findings from the three research cycles. From this process the build-up of propositions was illustrated.

This information is readily available for anyone who wishes to view it. In Appendix 1 and 2 there is also attached information regarding the second and third research cycles respectively.

5.8.3 Bridging findings into practice

Findings will be applied in the project to create a Technology Transfer Enabling Environment for new entrant farmers in the South African Wine Industry. The findings in the research can be easily transferred to any sector in agriculture where you have to do with land reform. The agricultural sector in South Africa share similar situations and concerns when it comes to land reform. Many farmers in South Africa farm with more than one crop and will be interested in the results from this study.

The fact that one have low level skills across the agricultural sector in South Africa and in many other sectors of the economy indicate that the findings in this research study can be applied to any agricultural industry in South Africa. The fruit industry will definitely be interested to look at the research findings and the recommendations to create viable black farming ventures. The South African Wine Industry is somehow unique in terms of the high capital needs and the specific skill that are needed but nevertheless lessons learned from this study can help many other land reform projects.

In a lot of agricultural sectors commercial farmers and new entrant farmers are working together to increase the viability of the empowerment projects. This study can therefore also be helpful for these partnerships and there can be an exchange of knowledge between the various agricultural sectors.

5.9 Morality

An ethical approach was followed throughout the research process. The researcher was sincere and followed an ethical approach towards all the stakeholders that was interviewed during the research study. To illustrate that the research study was done in an ethical manner an ethical critique based on the four questions by Velasquez was followed.

5.9.1 Maximise Social benefits and minimising social injuries

Black individuals who are new owners of land reform projects in South Africa have farm ownership rights but if projects keep on failing these individuals will have to sell their farms and lose their ownership rights. This study strives to ensure that new black farm owners do not have to sell their farms since the idea is to find solutions to increase the viability of their farming enterprises. This will help the individuals to retain ownership and as they get more successful and business savvy, they might even be able to buy more farms, which will further increase ownership.

Creating more viable black farming enterprises will also have benefits for rural development, job creation and rural education. The success of black farming enterprises could attract better educated younger individuals to agriculture as a career.

On the negative side this could also attract individuals who do not have a passion for farming to the South African Wine Industry. When the businesses of these individuals fail it could have a negative impact on the image of the industry.

The positive side outweigh the negative side, since the impact of more viable black farming enterprises will have far more positive effects on the economy of South Africa, the South African agriculture sector and on the South African Wine Industry.

5.9.2 Human Rights

The human rights of all the stakeholders that are affected by this research study were never violated, in other words the human rights of all the stakeholders who took part in the research process and those who are affected by the outcomes of this research study was respected. All the beneficiaries of empowerment projects (successful, less successful and unsuccessful) as well as commercial farmers never underwent any violation against their human rights.

Stakeholders who were interviewed were never forced to be part of the process, they had freedom of expression in other words they had the right to say what they felt and no one was forced to answer a question. The opinion of all the stakeholders that was interviewed was respected and when interviewees gave confidential information it was never taken into account or reflected in the research study.

Throughout the research study equality was uphold and the researcher interacted in a dignified manner with all the stakeholders. The outcomes of the research study also shows respect for the human rights of all the stakeholders because it shows that black farmers and white farmers should work together and not against each other if they want to make agriculture a strong and viable sector in the South African economy.

5.9.3 Justice for all

There is equality in the burden and the reward in the outcomes of this research study. The burden is on commercial farmers because they have to transfer all the relevant knowledge and skills that they have gathered over the years in their farming enterprises to new black farmers. The reward for them is that they will receive good faith from government for doing this and it could therefore have a positive effect on the South African agriculture sector.

The reward is for the new entrant black farmer, who receives all the benefits from having access to the latest knowledge and technologies at no or minimal cost. The new entrant black farmer will have to make use of this and implement it in an effective manner in their businesses so that it can become viable over time.

5.9.4 Care

The researcher gave the most amount of care and operated in a considerate manner towards the stakeholders who are close to the research study. The opinions of all stakeholders were carefully considered and the researcher was objective when the results were concluded. The researcher made sure that the outcomes of the research study was in the best interest of those whom it will affect. If the interest of anyone was excluded in the process it was not done on purpose. Land Reform needs to become a success in the South African agricultural sector, specifically in the South African Wine Industry. There is a desire for more viable black farming enterprises that can compete effectively in the local and international markets over time.

6. References

Agri-Africa Consultants, 2005, "Assessment of Agricultural land Reform Projects in the Western Cape", Agri-Africa Consultants, Stellenbosch.

Agri-Africa Consultants, 2008, "South African Wine Industry Benchmarking", Final report, Agri-Africa Consultants, Stellenbosch.

ANC (African National Congress), 1994, *Reconstruction and Development Programme,* Durban: Praxis Press.

Ardichvili A, Page V, & Wentling T, 2003, "Motivation and barriers to participation in virtual knowledge-sharing communities of practice", *Journal of Knowledge Management Vol.7 No.1 2003 pp.64-77*

Augier M, Vendelo M, 1999, "Networks, cognition and management of tacit knowledge" *Journal of Knowledge Management Vol. 3 No. 4 1999 pp.252-261*

Baker W, 2000, *Achieving Success Through Social Capital,*Jossey-Bass Inc, San Francisco.

Bauer L, 1998, "Business Management Issues in Alberta's Expanding Primary Agriculture Sector", Alberta Agriculture: Food and Rural Development.

Beyers, L. 2009. "Kweekvlei kweek net trane". *Paarl Post 15 January 2009.* [online] Available from: <http://www.paarlpost.com/cgib/article?newsid=13716 [Accessed 30 September 2009].

Bordieu, P, 1985, "The forms of Capital, in Richardson J, (Ed), *Handbook of theory and research for the sociology of education,* New York: Greenwood.

Bradshaw G, & Gervais P, 1998, "Management Challenges for Alberta's Farming Industry to the Year 2005", Alberta Agriculture: Food and Rural Development

Brady M, *What's Worth Teaching,* SUNY Press, Albany, New York.

Branegan J, 2003, "A Working Racial Bias". *Time Magazine August 1990.* [online] Available from: http://www.time.com/time/asia/2003/mahathir/mahathir900820.html [Accessed 6 December 2009]

Britten N, Campbell R, Pope C, Donovan J & Morgan M, 2002, "Using meta ethnography to synthesise qualitative research: a worked example", *Journal of Health Services Research & policy Vol. 7 No 4,* October 2002.

Buttriss G, 2005, "Explanation through causal mechanisms", Perth, Australia.

CDE (Centre for Development and Enterprise), 2005, "Land Reform in South Africa: A 21st century perspective", Research report no. 14, Centre for Development and Enterprise, Johannesburg.

CDE, 2008, "Land Reform in South Africa: Getting back on track", Research report no. 16, Centre for Development and Enterprise, Johannesburg.
CDE Round Table, 2008, "Farmers' Voices: Practical perspectives on land reform and agricultural development", Centre for Development and Enterprise, Johannesburg.

Charters S, Clark-Murphy M, Davis N, Brown A & Walker E, 2008, "An exploration of managerial expertise in the Western Australian wine industry", *International Journal of Wine Business Research, Vol.20 No.2, 2008 pp.138 - 152*

Coleman J, 1988, "Social Capital in the Creation of Human Capital" *The American Journal of Sociology Vol.94 Supplement, 1988 pp.95-120*

Collins J, 2001, *Good To Great,* HarperCollins, New York.

Connelly J, 2000, "A realistic theory of health sector management: The case for critical realism" *Journal of Management in Medicine Vol.14 No.5/6, 2000 pp.262-271*

Conningarth Economists, 2004, "The Macroeconomic Impact of the Wine Industry on the Western Cape 2003", Paarl: SAWIS.

Conrad F & Schober M, 1999, 'Conversational Interviewing and Data Quality', Paper presented at the *Federal Committee on Statistical Methodology Conference.*

Cornell University Empowerment Group, 1989. *Networking Bulletin: Empowerment and Family Support. Vol. 1, Issue 1, October, 1989.*

Cousins, B. 2009, "Land Reform in post-apartheid South Africa – a disappointing harvest". [online] Available from: http://www.lalr.org.za/news/land-reform-in-post-apartheid-south-africa-2013-a-disapp. [Accessed 1 June 2009]

Das N & Sarker D, 2008, "Social Capital and Network Externalities: Evidence from Gender Sensitive JFM Programme in West Bengal" [online] Available from http://mpra.ub.uni-muenchen.de/15232/MPRA Paper No.15232, [Accessed 30 May 2009]

Department of Trade and Industry, 2003, *South Africa's Economic Transformation: A Strategy for Broad Based Black Economic Empowerment,* Pretoria: Government Printers.

Denton M & Vloeberghs D, 2002, "Leadership challenges for organisations in the New South Africa", *Leadership & Organization Development Journal, Vol.24 No.2,2003 pp.84 – 95.*

Dick B, 2005, "Grounded Theory A thumbnail Sketch". [online] Available from: http://www.scu.edu.au/schools/gem/ar/arp/grounded.html [Accessed 10 March 2009]

Dingle S, 2007, "A Thinking Thought Leader", *SA Jewish Observer*

DLA (Department of Land Affairs), 1997, *White Paper on South African Land policy,* Pretoria: Government printers.

DLA (Department of land Affairs), 2008, "Social Cluster Media Statement By The Director-General of The Department of Land Affairs" [online]. Available from:
www.dla.gov.za/publications/news/speeches/Social%20Cluster%20Media%20Briefing_scanned.pdf [20 August 2009]

DoA (Department of Agriculture), 2007, *Broad-Based Black Economic Empowerment Transformation Charter for Agriculture,* Pretoria: National Department of Agriculture.

Dörner D, 1996, *The Logic of Failure – why things go wrong and what we can do to make them right,* Metropolitan Books, New York.

Du Plessis, C. 2002. Quantum leap for SA wine industry. *Wineland magazine,* [online] Available from: http://www.wineland.co.za [Accessed 5 October 2009].

Durant-Law, 2005, 'The Philosophical Trinity, Soft Systems Methodology and Grounded Theory', Paper presented to *Schools of education and Community Studies, and Information Management and Tourism, Division of Communication and Education,* Canberra, Australia, 12 May 2005.

Edmondson A, 2008, "The Competitive Imperative of Learning", *Harvard Business Review July 2008*

Erstad M, 1997,"Empowerment and organisational change", *International Journal of Contemporary Hospitality Management Vol. 9 No. 7, 1997 pp.325-333*

Ewert & Muller, 2006, "An Education and Training Profile of the Robertson Wine Valley" Stellenbosch: Winetech.

Feuerstein R, Rand, Y, Hoffman M, And Miller R, 1980, "Instrumental Enrichment", Baltimore, MD: University Park Press.

Freire P, 1970, *Pedagogy of the oppressed,* New York: Seabury Press.

Glaser B & Strauss A, 1967, *The discovery of grounded theory Strategies for qualitative research,* New York: Aldine.

Gronn P, 2008, "The future of distributed leadership", *Journal of Education Administration Vol.46 No.2, 2008 pp.141-158.*

Gronn P, 2000, "Distributed properties: a new architecture for leadership", *Educational Management and Administration Vol.28 No.3, pp.317-338.*

Gurd B, 2008, "Remaining consistent with method? An analysis of grounded theory research in accounting", *Qualitative Research in Accounting & Management Vol. 5 No.2, 2008 pp. 122-138*

Goddard A, 2004, "Budgetary practices and accountability habitus", *Accounting, Auditing & Accountability Journal Vol.17 No.4, 2004 pp. 543-577*

Hall R, 2007, "Transforming rural South Africa? Taking stock of land reform", in Ntsebeza & Hall, 2007, pp. 87 – 104

Hargreaves A & Fink D, 2008, "Distributed leadership: democracy or delivery", *Journal of Educational Administration Vol.46 No.2, 2008 pp.229-240.*

Harris A, 2008, "Distributed leadership according to the evidence", *Journal of Education Administration Vol.46 No.2, 2008 pp.172-188*

Hart G, 1994, "The New Ecpnomic Policy and Redistribution in Malaysia: A Model for Post-Apartheid South Africa?" *Transformation,* Vol.23

Healy M & Perry C, 2000, "Comprehensive criteria to judge validity and reliability of qualitative research within the realism paradigm" *Qualitative Market research: An International Journal Vol.3 No.3, 2000 pp.118-126*

Hipilito-Delgado C & Lee C, 2007, "Empowerment Theory for the Professional School Counselor: A Manifesto for What Really Matters", *Professional School Counseling Vol. 10 No.4, 2007 pp. 327-332*

Hofstatter, S. 2009. Land claim purchases on hold. *Business Day 27 August,* [online] Available from: http://www.businessday.co.za/Articles/Content.aspx?id=79706 [Accessed 5 October 2009]

Hofstatter, S. 2009. Minister scuppers successful farming schemes. *Business Day 31 August,* [online] Available from: http://www.businessday.co.za/Articles/Content.aspx?id=80028 [Accessed 5 October 2009]

Hofstatter, S. 2009. Minister warns land reform beneficiaries. B*usiness Day 5 March,* [online] Available from: http://www.businessday.co.za/Articles/Content.aspx?id=60784 [Accessed 5 October 2009]

Hofstatter, S. 2009. Land Bank 'out of ICU' as it returns to profit. *Business Day 18 August,* [online] Available from: http://www.businessday.co.za/Articles/Content.aspx?id=78796 [Accessed 5 October 2009]

Hofstatter, S. 2008. Land Bank Audit report highlights irregularities. *Business Day* *30* *September,* [online] Available from: http://www.businessday.co.za/Articles/Content.aspx?id=54299 [Accessed 5 October 2009]

Howard, Brinkman & Lambert, 1994, "Identifying Management Differences between Farmers in Canada", Canadian farm Business Management Council.

IMF, 2007,"Country Report No.07/274, South Africa: 2007 Article iv Consultation- Staff Report; Staff Statement, Public Information Notice on the Executive Board Discussion; and statement by the Executive Director for South Africa", Washington D,C.

Jack V, 2007, Unpacking the different waves of Black Economic Empowerment. In Mangcu, X., G. Marcus, K. Shubane and A. Hadland (eds). Visions of Black Empowerment. Johannesburg: Jacana Press, 105-117

Jack V & Harris K, 2007 *Broad-Based BEE – The Complete Guide,* Frontrunner, Johannesburg.

Karaan M, Reynolds S, & Wiggins H, 2004, "The Production of Grapes for Distilling Wine", Stellenbosch: Northern Cape Wine Association and Distell.

Kleinbooi K, Lahiff E, & Boyce T, 2006, "Land reform, farm employment. Western Cape case study: Theewaterskloof Local Municipality", Cape Town: Programme for Land and Agrarian studies, University of the Western Cape and Pretoria: Human Sciences Research Council.

Kozulin A, 2000, "Diversity of Instrumental Enrichment applications, In Experience of Mediated Learning", Oxford: Pergamon.

Kozulin A, 2003, "Cognitive Enrichment of Culturally Different Students: Feuerstein's Theory", Jerusalem: ICELP Press.

Lahiff E, 2008, *Land Reform in South Africa: A status report 2008,* Research report no. 38. Cape Town: Programme for land and Agrarian Studies, University of the Western Cape.

Lave J & Wenger E, 1991, "Situated Learning: Legitimate Peripheral Participation", Cambridge University Press, New York.

Leibold M & Keyter L, 2001, "South African Human Resource Needs for Global Competitiveness in the Wine Industry", Stellenbosch: Winetech.

Locke K, 2001, *Grounded theory in Management Research,* SAGE, London.

Lord J & Hutchinson P, 1993, "The Process of Empowerment: Implications for Theory and Practice", *Canadian Journal of Community Mental Health Vol.12 No.1, 1993 pp.5-22*

Lomofsky L & Green L, 1990, "Instrumental Enrichment in a Primary School: A Pilot Study", *International Journal of Cognitive Education and Mediated Learning Vol. 1 No.1, 1990 pp.79-81*

Martin A, 2007, "The future of leadership: where do we go from here?", *Industrial and Commercial Training Vol.39 No.1, 2007 pp.3-8*

Mandla B, 2006, "BEE and Malaysia's NEP: A Comparative Study", Master's Thesis, University of Stellenbosch, Stellenbosch, Western Cape.

Mayson D, 2003, "Joint ventures", Cape Town: Programme for Land and Agrarian Studies, University of the Western Cape.

Mbabane L, 2007, "Broad-based Black Economic Empowerment: A Human Capital Development Approach", PhD Thesis, University of Cape Town, Cape Town, Western Cape.

Mintzberg H, 2009, "Rebuilding Companies as Communities", *Harvard Business Review, July/August 2009.*

Moscovitch A & Drover G, 1981, *Inequality: Essays on the political economy of social welfare,* Toronto: University of Toronto Press.

Mourkogiannis N, 2006, *Purpose – The Starting Point of Great Companies,* Palgrave Macmillan, New York.

Muir C, 2002, "Book Review: Achieving Success Through Social Capital" *Journal of Business Communication Vol.40 No.1, 2003 pp.86-91.*

NAMC, 2009, "Agricultural GDP and gross value of agricultural production", NAMC: Pretoria.

Neven D, Reardon T, & Hopkins R, 2005, "A Case Study of Bouwland Landgoed Ltd. South Africa" USAID, Michigan State University.

Nicholson H, "not dated", *Networking: The Unwritten Rule of Business you need to know,* Biznetwork, South Africa.

Ntsebeza L, 2007, "Land Redistribution in South Africa: the property clause revisited", in Ntsebeza & Hall, 2007, pp. 107 – 130

Ntsebeza L & Hall R (Ed), 2007, *The Land Question in South Africa,* HSRC Press, Cape Town.

Parker R, 2008, "South Africa Becomes Net Food Importer" [online]. Available from: www.parapundit.com/archives/005813.html [20 August 2009].

Passmore N, 2000 "Empowerment" [online] Available from: http://www.sci.usq.edu.au/staff/passmore/Christaf/notes/empmt.html [Accessed 19 September 2009].

Plant M, 2001, 'Critical Realism: a Common sense Philosophy for Environmental Education?', Paper presented at *ATEE Conference*, Stockholm 2001.

Roubini N, 2009, "Navigating the First Global Economic Recession" [online]. Available from www.advisorperspectives.com/commentaries/rge_011409.html [18 August 2009].

Ross L, Rix M & Gold J, "Learning distributed leadership: part1", *Industrial and Commercial Training, Vol.37 No.3, 2005 pp.130-137.*

Ryan T, 2009, Critical Realism and Causal mechanisms [Course notes], Masters in Wine Business Management, Graduate School of Business, University of Cape Town, Cape Town, S.A.

Ryan T, 2009, Parts of a World View [Course notes], Masters in Wine Business Management, Graduate School of Business, University of Cape Town, Cape Town, S.A.

Ryan T, 2008, The research cycle for the small win paper [Course notes], Masters in Wine Business Management, Graduate School of Business, University of Cape Town, Cape Town, S.A.

Ryan T, 2007, Grounded Theory [Course notes], Masters in Wine Business Management, Graduate School of Business, University of Cape Town, Cape Town, S.A.

Ryan T, 2007, A Model for Qualitative Research Design [Course notes], Masters in Wine Business Management, Graduate School of Business, University of Cape Town, Cape Town, S.A.

Sadan E, 1997, *Community Planning: Theory and Practiceof People-Focused Social Solutions,* Tel Aviv: Hakibbutz Hameuced Publishers [in Hebrew]

SAPA, 2009, "Use it or lose it" [online] Available from: http://www.news24.com/News24/South_Africa/News/0,2-7-1442_2484876,00.html [13 March 2009]

SAWB (South African Wine and Brandy Company), 2003, "Wine Industry bodies to collaborate on growth and development initiatives" [online]. Available from: http://www.sawb.co.za/docs/Press%20Releases%20MOU%20%20WIP%20(24%20Oct). [5 April 2009]

SAWIC (South African Wine Council), 2007, "The South African Wine Industry Plan (WIP)", Revised edition, 2nd Draft, SA Wine Council: Stellenbosch.

SAWIC, 2007, "The Wine Industry Transformation Charter", SA Wine Council: Stellenbosch.

SAWIS, 2009, "SA Wine Industry Statistics Nr 33", South African Wine Industry Information and Systems: Paarl.

SA Wine Industry Trust snubs parliament, 2008, viewed 5 April 2009, http://www.iol.co.za/index.php?set_id=1&click_id=594&art_id=nw2007110713 0215.html

Scholtes R, 1998, *The Leader's Handbook: A Guide to inspiring your people and managing the daily workflow,* McGraw-Hill, New York.

Schweitzer E, 2008, "How Black farm Workers become Land and Business Owners: Actors, Resources, Contexts and Outcomes of Black Empowerment Projects in the South African Wine Industry".

Sherry S & Paton C. 2009. Solving SA's Food Crunch: Raising the stakes. *Financial Mail, 4 September 2009, Cover Story.*

Sobh R & Perry C, "Research design and data analaysis in realism research"*European Journal of Marketing Vol.40 No.11/12, 2006 pp.1194-1209*

South African Reserve Bank, 2009, "Quartely Bulletion No 251", [online] Available from: <http://www.reservebank.co.za [Accessed 5 October 2009]

South African Reserve Bank, 2009, "Quartely Bulletion No 252", [online] Available from: <http://www.reservebank.co.za [Accessed 5 October 2009]

Strauss A & Corbin J, 1990, *Basics of qualitative research: Grounded theory procedures and techniques,* Newbury Park, CA: Sage.

Suddaby R, 2006, "From the Editors: What Grounded Theory is Not", *Academy of Management Journal Vol. 49 No.4 2006 pp. 633-642*

Thomas H & Carnall C, 2008, "Leadership development: integration in context", *Strategic Change 17: 193-206.*

Timperley H, 2009, "Book Review: Distributed Leadership: Developing Leaders for Tomorrow", Journal of Educational Administration Vol.47 No.4, 2009 pp.521-523.
Tribus M, "not dated", "Quality in Education According to the Teachings of Deming and Feuerstein", Fremont.

Uzzi B & Dunlap S, 2005, "How to Build Your Network", *Harvard Business Review,* December 2005.

Van Schalkwyk D, 2008, "Assisting wine grape reform projects at Gelukshoop and Nooitgedacht farm projects in the Western Cape with technology transfer and viticulture training", Winetech: Paarl.

Van Wyk G, 2008, "VinPro Survey: The cost of grape production and producer profitability", VinPro: Paarl.

Veenman M & Beishuizen J, 2004, "Intellectual and metacognitive skills of novices while studying texts under conditions of text difficulty and time constraint", *Learning and Instruction 14, pp. 621 – 640.*

VinPro & Nedcor Foundation, 2004, "Land Reform in the Wine Industry: The Wine producers Programme", VinPro, Paarl.

Walker C, 2007, "Redistributive land reform: for what and for whom", in Ntsebeza & Hall, 2007, pp. 132 – 149

Walsh D & Downe S, 2004, "Meta-synthesis method for qualitative research: a literature review", *Journal of Advanced Nursing Vol. 50 No 2, 2005 pp.204-211*
Wenger E, 1998, "Communities of Practice Learning as a Social System" [online]. Available from: http://www.co-i-l.com/coil/knowledge-garden/cop/lss.shtml [5 March 2008]

Williams G, 1994, Setting the agenda: A critique of the World Bank's rural restructuring programme for South Africa: A summary. In Land and Agriculture Policy Centre (LAPC): *Land redistribution options conference 12 – 15 October 1993: Proceedings,* Johannesburg: LAPC.

Williams G, 2005, "Black Economic Empowerment in the South African Wine Industry", *Journal of Agrarian Change, Vol.5 No.4,* October 2005, pp.476 – 504.

Wine Council stakeholders resign, 2008, viewed 5 April 2009, http://www.winenews.co.za/News/news.aspx?NEWSID=11628&Source=news

World Bank, 1994, Options for land reform and rural restructuring: A summary. In Land and Agriculture Policy Centre (LAPC): *Land redistribution options conference 12 – 15 October 1993: Proceedings,* Johannesburg: LAPC.

Zimmerman M & Perkins D, 1995, "Empowerment Theory, Research, and Application", *American Journal of Community Psychology, Vol.23 No.5,* October 1995.

Appendix 1: Second Research Cycle

The Strategic intent of the second research cycle was a direct result from my findings in the first small win's process. The process is therefore a continuation in order to achieve my ultimate strategic intent.

The strategic intent for this cycle was to establish a framework to increase the trainability of empowerment project beneficiaries by increasing their cognitive competencies so that they would become better leaders and managers to increase the viability of empowerment projects.

The research question for this cycle was how do you increase the trainability of BEE beneficiaries by increasing their cognitive competencies so that they can become better leaders and managers?

Theoretical sampling

To increase the learning potential of individuals with a low educational background one needs good insights into the concepts of cognitive and meta-cognitive development. Professor Reuven Feuerstein researched this quite extensively and he developed 14 instruments, which he called Instrumental Enrichment (IE) instruments that he uses to modify cognitive deficiencies and therefore increases the trainability of learners. He believes that everyone's cognitive abilities can be modified and that this will lead to improve learning. He defines this process as Structural Cognitive Modifiability (SCM)

The first open semi-structured conversational interview therefore was conducted with a black male Professor the CEO of Triple L Academy to find out more about Professor Reuven Feuerstein's methods called Structural Cognitive Modifiability (SCM) and Mediated Learning Experience (MLE). Triple L Academy was accredited by Reuven Feuerstein's institute to use his material and programs in South Africa.

I then attended a conference called Researching Work and Learning, which was organised by the University of Cape Town and the University of the Western Cape and here I met with a white female Professor from the Department of Life Long Learning at the University of the Western Cape. I then made an appointment to meet with her to discuss my research and to get more insight from her.

After this interview it was clear to me that I needed to speak with leaders in the industry to find out what their thoughts was on the issue at hand.
I therefore made appointments with the black male CEO of the National Agriculture Farmers Union (NAFU) Western Cape; a black male head viticulturist at an empowerment farm and a black male manager of an empowerment farm in the Stellenbosch area. All three individuals mentioned here were Previously Disadvantaged Individuals (PDI's)

Due to the fact that it was harvest time in the South African Wine Industry I could not source more individuals to interview. I used this data as my first round of interviews.

I did second round interviews with a black manager of a virtual wine company and a black transformation manager at the Deciduous Fruit Producers Trust to reach Saturation.

Data collection

Data was collected through semi-structured conversational interviews with the black male Professor from Triple L Academy. I asked the Professor. to give me more information on the Reuven Feuerstein methodology for cognitive modification.

I then went on to have a discussion regarding my research with the white female Professor at the University of the Western Cape, and she gave me a lot of insights from the adult learning programmes that they run at the Department for lifelong learning. I wanted to know from her what selection criteria they used as well as how they identified leadership potential from a group of learners.

I then formulated the following questions for my conversational interviews with the black male CEO of NAFU, the black male head viticulturist at the empowerment project in the Darling area and the black male executive manager at an empowerment project in the Stellenbosch area.

- ➢ What is your background – Qualifications and work experience.
- ➢ What in your opinion does it take to be a good leader (Human skills and qualifications)
- ➢ What are the challenges for the emerging leadership
- ➢ How do you solve problems in your daily work.
- ➢ List the problem.
- ➢ Detail how you solve the problem.
- ➢ Where you happy in the way you solved the problem.
- ➢ What is your vision for this organization.
- ➢ What factors impacts your decision making processes.
- ➢ What in your opinion will it take to develop a good leader from scratch.
- ➢ How in your opinion do you select a good leader.

I then had discussions with the black male transformation manager at the DFPT and with the black male manager of a black owned virtual wine company to gather their thoughts on developing leaders and managers in empowerment projects.

Data Analysis

Data was analysed continuously and simultaneously during the Data collection stage and it was then coded into categories.

In the first round of interviews with the two academics and the three individual managers as mentioned earlier I ended up with 9 categories.

The following initial concepts were developed:

| Concepts	Codes
Level of creating communities of practice	Study group support system and collaborative system, Support for new farmers on all levels, Clusters and co-operatives , People with same drive will want to empower themselves.
Level of creating an enabling environment to learn and develop	Intensive training , Understanding the environment, recognising the barriers and how to break them. the right environment for learning, Context in which training takes place is a very important aspect, Creating a supportive environment where learning can take place, Knowledge and skills development is important, Enabling environment across the entire value.chain, Career path development,
Level of increasing self-confidence and trust	Social capital, cultural capital & symbolic capital, Winning trust of your fellow workers and respect, Motivated individuals that can undergo proper training and there needs to be a work/life balance, Dividends still makes the broader group happy, Beneficiries should have more autonomy take ownership of projects
Level of increasing world view of business	You need to have a broader view, a vision and objectives, Leaders needs a broad view of life and a vision, Youth development is an important aspect, Lack of business sense, Youth participation and developmentin agriculture is very important, Narrow world view of beneficiaries of empowerment projects
Level of recognising leadership potential	Motivated Individual that shows good knowledge and open to learning new things
Level of motivation to learn	Motivation to learn must come from individuals
Level of leadership development.	everybody has the potential to become a leader. You need to understand what leaders are made of. Understanding leadership capabilities and how is this present in the individuals
Level of knowledge and information sharing	Sharing information and knowledge with fellow workers
Level of effective communication	Effective communication structures

In the second round of semi-structured conversational interviews with the sample as indicated through the method of Constant comparison I ended up with the following concepts. Saturation was achieved because no new information emerged and no new categories could be developed.

Concepts	Constant Comparison
Level of creating an enabling learning environment	
Level of effective communities of practice	Level of effective . Level of knowledge and information sharing
Level of increasing self-confidence and trust	
Level of broader world view of business	
Level of recognising leadership potential	
Level of motivation to learn	
Level of leadership development.	

I constructed a Causal Loop Diagram of the seven concepts to see the causal relationships between the variables. From these causal relationships I developed the Basic Social Process, which is the causal relationship between the three core variables that would answer my research question.
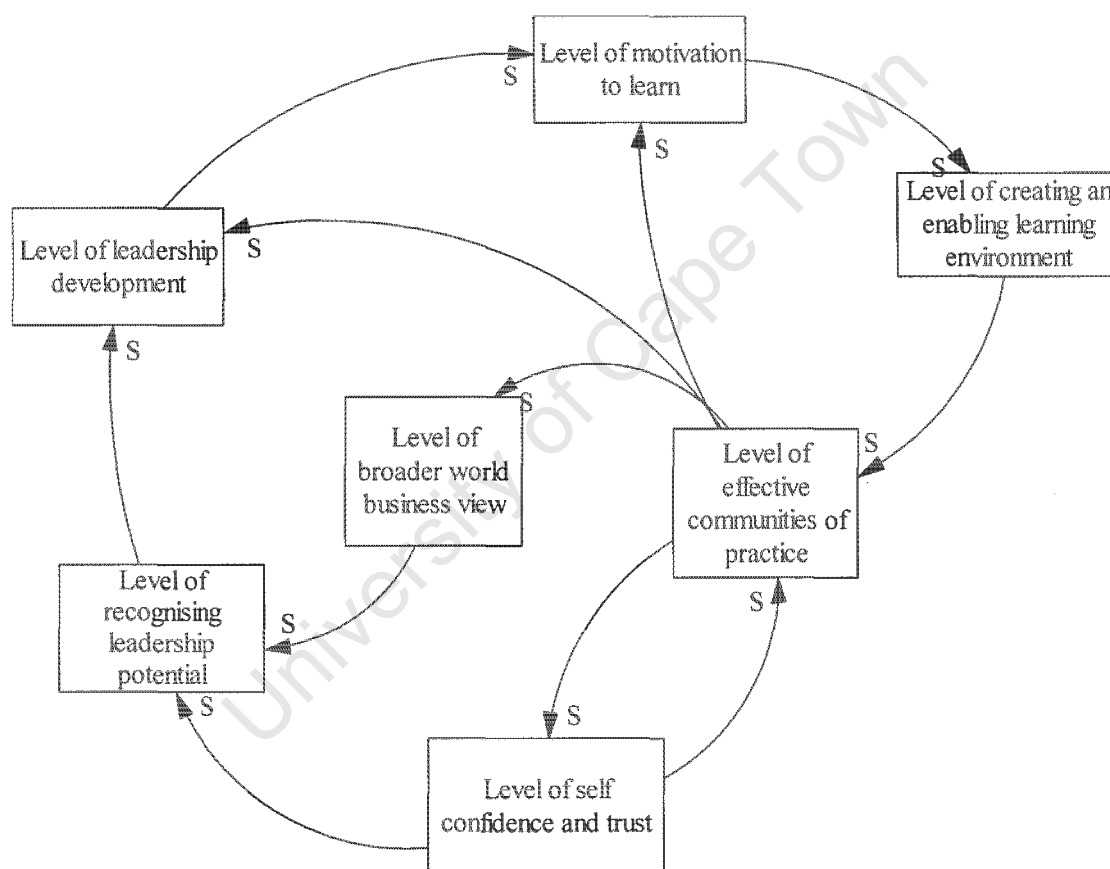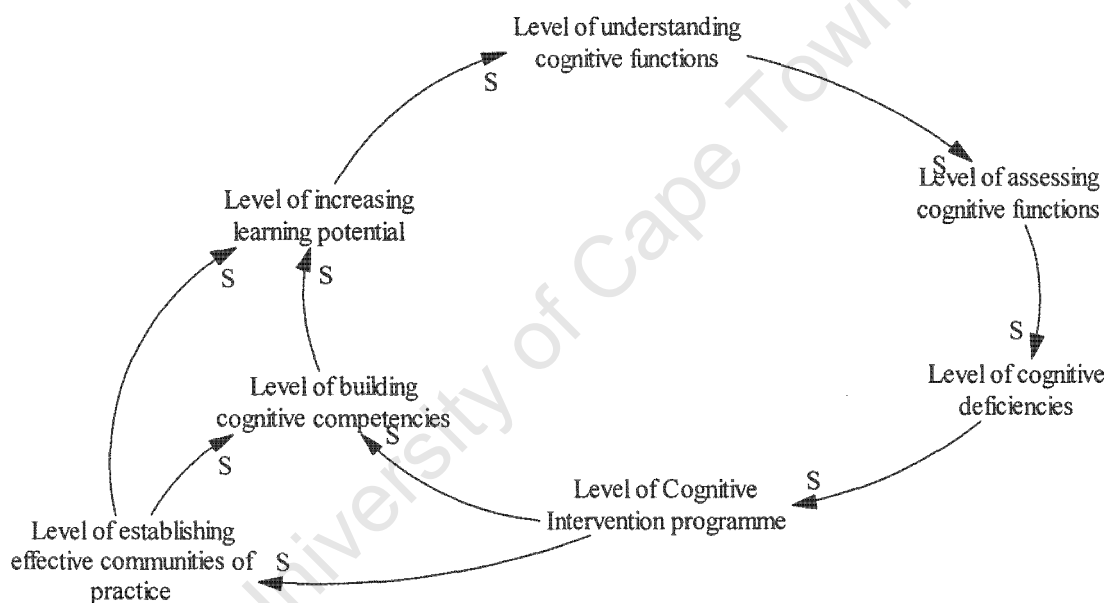

Three core concepts
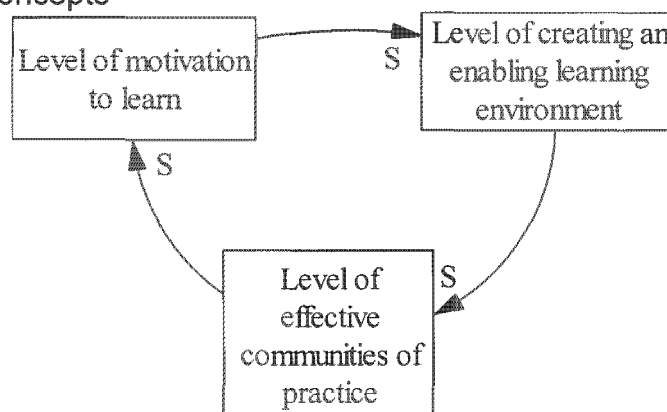
If you want to increase the trainability of beneficiaries of empowerment projects so that they can become better leaders and managers you need to create an enabling environment where learning of those beneficiaries who are motivated to learn can take place. This environment is called a Community of Practice the concept that was developed by Lave and Wenger.

The three core concepts that emerged from the Grounded Theory process is depicted in the Causal Loop Diagram below:

I concluded that If you want to increase the trainability of beneficiaries of empowerment projects so that they can become better leaders and managers you need to create an enabling environment where training of those beneficiaries who are motivated to learn can take place. This environment is called a Community of Practice, the concept that was developed by Lave and Wenger in 1991.

An individual that understands cognitive functions will be able to assess the cognitive functions of the individuals in the empowerment project and will be able to map the cognitive deficiencies.
This will help to construct a cognitive intervention programme such as Professor Reuven Feuerstein's, Structural Cognitive Modifiability (SCM) programme that can help to address the deficiencies.

This programme can lead to the formation of a community where like minded individuals share and learn from each other in order to build up their cognitive competencies, which in the end can help to increase their learning potential and it will help others and themselves to better understand cognitive functions.

Appendix 2: Third Research Cycle

The Strategic intent of the third research cycle was to develop a model where knowledge could be build and exchange to create a competitive advantage. In most of the empowerment projects I encountered the beneficiaries had sound technical- skills and capabilities, but they lacked financial, business and marketing skills and there was no exchange and development of knowledge on this. This caused that there was a lack of innovation and therefore competitiveness and ultimately viability.

My research question for this cycle was the following: How do you create a Community of Practice that continuously build and exchange knowledge so

that constant innovation can take place to make empowerment projects more viable.

Theoretical sampling

The concept of forming a Community of Practice was discussed with three empowerment farms in the Northern Cape area, to find out if they wish to take part in establishing a Community of Practice for them. All of the three empowerment farms indicated that they were willing to be part of this. I also interviewed a former black female manager of Casedra and the black male Chief Director of Farmer Support and Development at the Department of Agriculture in the Western Cape.

Data collection

I then decided to have semi- structured conversational interviews with two of the empowerment groups. The one group consisted of a group of six small farmers on "Rooikop"Island in Keimoes and they were a break-away group from the Eksteenkuil farming community, a community based farming co-operative which they were members of.

The other group was a group of five individuals who farmed on "Kanon" Island outside of Keimoes.

The first round of interviews with the two empowerment projects in the Northern Cape was explanatory in nature and it was done to get more background about the groups and to see if they have used training that they have received in their business and if they were willing to share information with other empowerment projects.

The theory that emerged from these two interviews led me to have interviews with a former black female Casedra manager.

I then went back to the two emerging farmer groups for semi-structured conversational interviews, each which lasted about two hours. I this time also had the opportunity to have an informal discussion with the black male manager of a third empowerment group in Groblershoop.

I then had a meeting with the white male executive manager of the Dry Fruit Technical Services and a consultant who is busy with a process with Productivity South Africa to set-up clusters for empowerment projects in the Northern Cape.

My final interview was with the black male Chief Director of Farmer Support and Development at the Department of Agriculture in the Western Cape.

Data Analysis

Data was analysed continuously throughout the Data collection process and it was named and coded into categories. I ended up with 13 initial categories which are shown below:

Concepts	Codes
Level of viticultural network	Network in terms of viticultural support, better viticultural practices yields better results, more frequent technical advice, build relationship with technical advisors
Level of strategic network	Network is crucial to become successful, transfer of initiator network to beneficiaries, better advice from individuals from outside their environment, tap into commercial farmer networks, no good network in their own environment, players who offer help want to build trust and relationship, initiators leave with the whole network, chaperone that can help with business and financial matters
Level of financial network	financial skills constraints in community, financial understanding of business will help to make their business more viable over time, No financial upliftment, help with financial issues
Level of inclusive knowledge transfer	shortcomings can be addressed in a study group, cluster of new and commercial farmers, more efficient ways of knowledge transfer, individuals with a vested interest gives good advice, implements advice when there is a good relationship, individuals who wants to share and learn from each other
Level of open information exchange between all roleplayers	exchange of information between initiators, open to exchange of information, team spirit and spread knowledge amongst each other, dedicated individuals from Department of Agriculture
Level of vision to grow business	Shared vision to grow the business, grow business over time, become commercial farming enterprise, expand farming operations, Sustainable farmers, viable empowerment deals
Level of constructive regular discussions & decisionmaking	regular meetings, effective planning and decisionmaking, corporate governance, good understanding and trust for faster decisionmaking, good project co-ordinator with experience and good decision making systems in place, price influence decisionmaking
Level of motivation for real empowerment	desire for real empowerment, initiator motivation crucial to kickstart project in right direction, deep grounded belief to do real empowerment, vested interest in empowerment projects, propper systems in place can make empowerment successful
Level of diciplined people, thought and action	Too much beneficiaries and the wrong people, disciplined people from the start, disciplined thought and action process, trustworthy individual with good business understanding, Business partner chaperone, disciplined people who wants to farm, good reflection processes, systems approach to business
Level of beneficiary expectations	beneficiary expectations should be managed, needs of individuals on farms, new world expectation
Level of ineffective government support	more speedily transfer of land, land ownership big concern, government should upgrade services to help beneficiaries,
Level of expansion difficulties	lack of capital cause expansion problems, ownership problems
Level of project derailment	Infighting in communities, community constitution, size and expansion restrictions, inability of initiators to listen to others, bombardment of training, set-up for failure, starting with the wrong people, time constraints, empowerment deal structures, reactive way of doing things, labour issues, many unsustainable empowerment projects, land is expensive and causes a barrier to entry, no trust relationship with other farmers, lack of innovation

After a process of Constant comparison I ended up with seven concepts. I organised these concepts into a Causal Loop Diagram to understand the causal relationships between the concepts.

143

Concepts	Constant Comparison
Level of viticultural network Level of strategic network Level of financial network	Level of strategic network
Level of inclusive knowledge transfer Level of open information exchange between all roleplayers	Level of inclusive knowledge transfer
Level of vision to grow the business	Level of vision to grow the business
Level of constructive regular discussions & decisionmaking	Level of constructive regular discussions & decisionmaking
Level of motivation for real empowerment	Level of motivation for real empowerment
Level of diciplined people, thought and action	Level of diciplined people, thought and action
Level of beneficiary expectations Level of ineffective government support Level of expansion difficulties Level of project derailment	Level of project derailment

From the causal relationships I constructed the Basic Social Process, which consists of three core variables that will help me to answer my research question.

It was clear from the Causal Loop Diagram below that if I wish to create a Community of Practice that continuously builds and exchange knowledge to grow the business you need to build a Strategic Network around it.
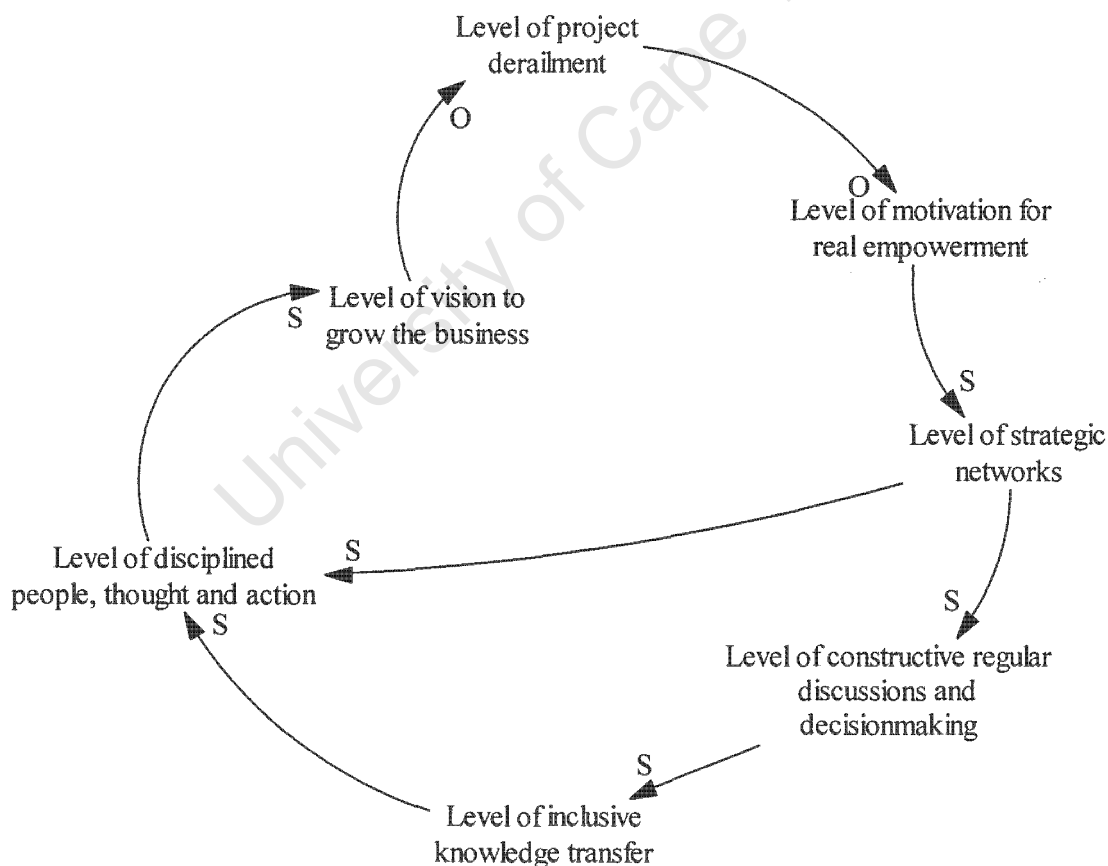

The Causal Loop Diagram of the three core variables that will help me to answer my research question
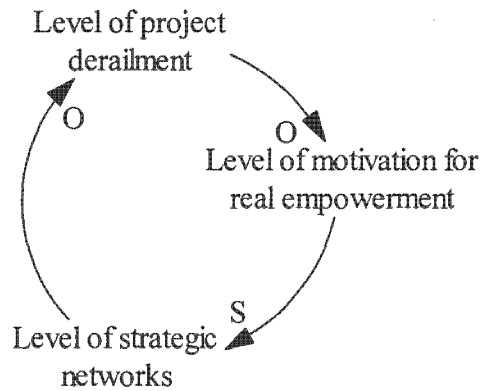
I concluded that if you build a Strategic Network around your Community of Practice you will be able to create an environment where knowledge is continuously shared and transferred so that it increase the abilities of the group, which means that things will be done better , more effective and this creates an environment where innovation can take place so that the problems identified can be addressed in a more efficient manner, which will ultimately over time increase the competitiveness of the project.

To conclude a Strategic Network that is set-up around the Community of Practice will help to build the Social Capital of the Community of Practice. This provides the communities with the resources that could help them to address their problems.

I summarised my findings discussed above in the Causal Loop Diagram below:
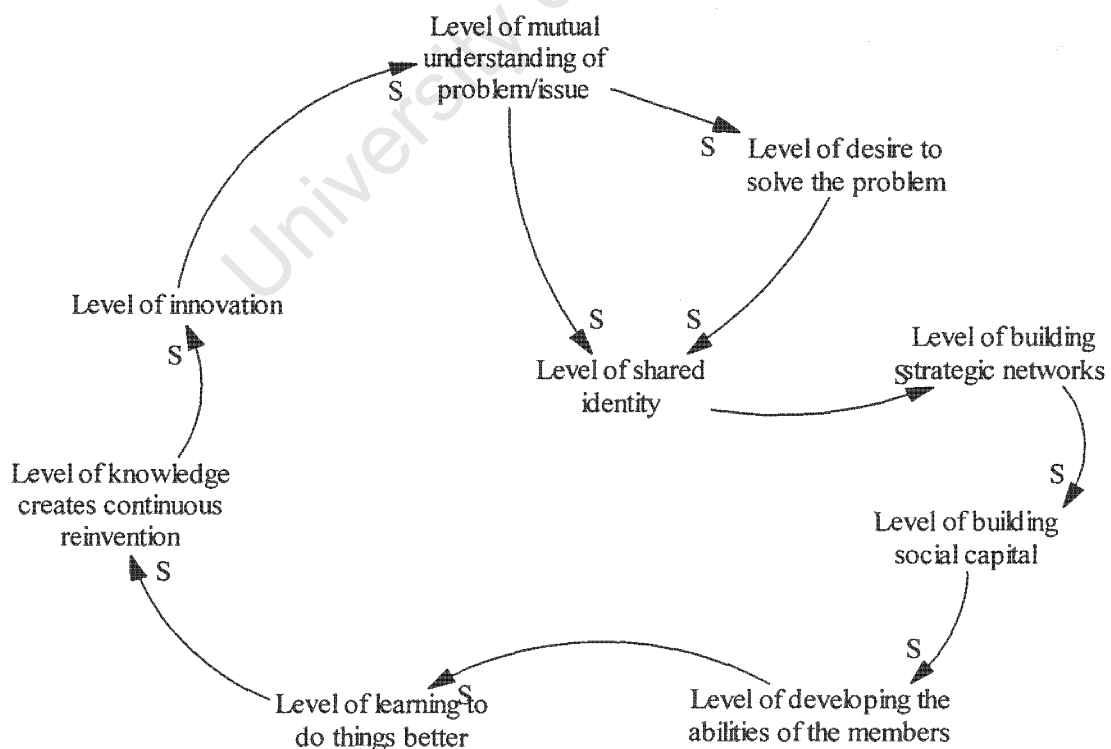
In researching empowerment projects on the primary producer level I found that the beneficiaries had a good understanding of the problems they face in