

Investigating disruptive extortion risk in the South African construction sector

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Abstract

Similar to other countries globally the construction sector is considered one of the sectors that contribute to the country's economic growth and employment opportunities. However, due to its dynamic nature with complicated stakeholders, it faces numerous risks that are sometimes disruptive. With the changing environment and socioeconomic challenges that most countries have to deal with, especially developing nations like South Africa, organisations face a new risk involving the local community stakeholders.

Most organisations lack strategies or project teams do not know how to engage the local community on the risks posed to projects as an external stakeholder. In South Africa, the disruptive extortion risk by the criminal gangs invading construction sites under the guise of 'transformation' impacts the local community, the construction sector, and the South African economy. How the construction sector assesses and manages this risk is not fully understood. Hence this research investigated how the construction sector in South Africa assesses and manages the disruptive extortion risk brought about by these criminal extortion groups.

To enhance understanding of the assessment and management of disruptive extortion risk, this study employed an inductive qualitative approach to explore the procedures followed by the different stakeholders. In-depth semi-structured interviews with representatives of the various stakeholder groups in the construction sector, from both the public and commercial sectors in South Africa, were used to gather data from fourteen participants.

The research found that the local community engagements are faced with various challenges triggered by numerous factors which provide an entry point into the projects for the extortionists. The findings revealed that the disruptive extortion risk is criminality and therefore cannot be assessed by the construction sector stakeholders and requires all stakeholders, and government intervention with law enforcement to manage. The research also revealed that the disruptive extortion risk impacts local communities, the construction sector, and the South African economy, causing considerable damage. Most importantly, the findings revealed that for the disruptive extortion risk to be effectively managed, effective stakeholder management is required. The study concluded that risk-stakeholder integration for the management of certain risks is necessary for the achievement of strategic objectives in organisations.

Keywords: Risk Management, Risk Assessment, Stakeholder Management, Stakeholder Engagement, Disruptive Extortion Risk.

Plagiarism Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

1 November 2023

Date

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INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Background

The construction sector is one of the most distinctive, dynamic, and intricate sectors in a country's economy and is essential to the advancement of employment opportunities and socioeconomic growth. Moreover, the sector influences the accomplishment or non-accomplishment of any of the Sustainable Development Goals (SDGs) the nation may have (Ebekozi et al., 2021). Additionally, the construction sector is vital to the nation's Gross Domestic Product (GDP) and value creation (Boateng et al., 2020). The construction sector has a complicated structure of different stakeholders that come with risks (Bepari et al., 2022).

In countries such as South Africa (SA), which is challenged with a high unemployment rate of 32.9% as reported in the Quarter Three Labour Survey (QLFS) report of 2022 (Stats SA, QLFS Q3:2022), the sector plays a critical role in improving the economy and employment opportunities (Stats SA, QLFS Q3:2022). When it comes to the number of persons directly employed annually per million dollars spent, only the mining and agriculture sectors have traditionally outperformed the construction sector in South Africa (Watermeyer & Phillips, 2020).

The construction sector often provides direct or indirect benefits to other firms. The companies that manufacture paints, cement, bricks, steel, bitumen, tiles, iron, chemicals, and equipment benefit greatly from the construction sector's employment opportunities and growth possibilities (Tripathi & Jha, 2019). Because of this, the construction sector is thought to be among the best at creating jobs relative to capital inflow. The supply chain that is used to carry out infrastructure projects offers opportunities for several companies that produce materials, machinery, and equipment in addition to providing all the resources needed to complete infrastructure projects (Watermeyer & Phillips, 2020).

Consequently, there are connections between employment opportunities, skill sets that are generally accessible, entrepreneurship, and the use of Small, Medium, and Micro Enterprises (SMMEs) in the construction and maintenance of infrastructure (Watermeyer & Phillips, 2020). According to Watermeyer and Phillips (2020) depending on how the projects are executed, the provisions of infrastructure can also address social and economic demands and concerns and allow for the targeted economic empowerment of underrepresented groups.

GlobeNewswire (2022) reports that the construction sector in SA contributed 2.7% of the total Gross Domestic Product (GDP) in the year 2021. In 2022, Statista South Africa (StatistaSA) reported that the construction sector contributed an added value of approximately R107 billion to the country's GDP. This value declined compared to the previous year 2021 when the construction sector contributed approximately R111 billion (StatistaSA, 2022). One major contributing factor to the decline, amongst the many challenges that the construction sector is faced with, is the substantial threat to the industry of disruptive events by extortion groups (GlobeNewswire, 2022).

Construction is allegedly one of the riskiest industries to work in. According to Tripathi and Jha (2019), there is an annual influx of new construction firms into the market, but within a few years, all of them cease operations for various reasons. Globally the construction sector is confronted with a multitude of risks, many of which include criminal components, necessitating actions beyond the scope of the contractor's risk management procedures to mitigate, manage, control, or prevent these risks (Tripathi & Jha, 2019).

Because of organised extortion groups acting under the banner of radical transformation, the construction sector in SA has seen an increase in a new type of risk stemming from disruptive criminal occurrences (Qhobosheane, 2022). In SA media, these extortion groups operate under the banner of "construction mafia" or "local business forums" (Qhobosheane, 2022). These organised groups disrupt projects demanding money or a portion of the project, damaging infrastructure, endangering human life, preventing the project from achieving its objectives, and interfering with business activities that impact the company's ability to achieve its goals (Qhobosheane, 2022).

In SA, the year 2019 saw R41 billion worth of construction projects violently disrupted; this amount is significantly underreported since some contractors choose to remain silent for fear of retaliation. In addition to having an impact on skill retention, this increased risk and hazard has resulted in the sector losing technological capabilities as they have immigrated to other countries (South African Forum of Civil Engineering Contractors [SAFCEC, 2019]). More than 51 court interdicts have been granted against business forums to stop further intimidation and disruption of construction sites, as many businesses and operators in the construction sector are turning to the courts to try and stop the activities of the construction mafia (Qhobosheane, 2022).

Similar to the SA construction sector, the New York construction sector encountered criminal events such as extortion, bribery, and theft, which the New York criminal law

recognised and prohibited. For a variety of reasons, legal deterrents were ineffective in New York (Ichniowski & Preston, 1989). Because of the nature of the industry, law enforcement is claimed to be more expensive in the construction sector than in other sectors (Ichniowski & Preston, 1989).

Yu et al.'s (2019) study found that acute corruption was prevalent in China's construction industry, citing the China Infrastructure Report's warning that bribery, corruption, fraud, and embezzlement were frequent occurrences. A study by the Chinese Xinhua News Agency claimed that corruption had become so widespread that it had resulted in 50,000 cases in just two years. China has made identifying and eliminating corruption at its source a national priority in an endeavour to understand and identify the fundamental causes (Yu et al., 2019).

In SA, the Raubex Group Limited flagged the unrest by the extortion groups causing work stoppages as the number one risk in the group's top 10 risks in their 2022 integrated report. The disruptive extortion criminal events within the construction sector are on the rise, all in an attempt to get protection money from businesses (Raubex Integrated Report, 2022). Wilson Bayly Holmes – Ovcon (WBHO) also reported in their 2022 integrated report that the impact of the extortion groups does not only impact the company but also the stakeholders involved in the projects, such as the investors, suppliers, employees, and clients. The employees' safety is also at risk due to the threats of violence. The disruptions cause delays that increase the costs of the project, ensuring that the projects are not financially viable (WBHO Integrated Report, 2022).

It is crucial to comprehend how the construction sector is effectively assessing and managing risk, especially with the disruptive extortion events on the rise in SA, especially given that the sector plays a crucial part in the nation's economy but still faces many risks because of the complexity of the stakeholders involved and other factors. According to Baloi et al. (2003), Risk Management (RM) has become a crucial component of building project success. In agreement with Baloi et al. (2003), Kallow et al. (2022) assert that RM techniques are essential to successful project outcomes.

1.2 Theoretical relevance of the study

Uncertainty, likelihood, or unpredictability, along with contingent planning, are characteristics of risk. There are numerous classifications for risks. Risks or uncertainties can be classified as known, known-unknown, or unknown-unknown. When a risk is known,

its uncertainty is zero. A risk that is acknowledged to exist but whose possible effects on the organisation are unknown is referred to as a known-unknown risk. Unknown unknowns are risks that are not predictable in terms of their presence or occurrence (Wideman, 1992).

RM is crucial for organisations, especially for those risks categorised as uncertain and unpredictable. RM is essential for business operations and project performance (Kallow et al., 2022). Burke (2003) states that RM is one of the nine areas of knowledge for effective successful project management in the Project Management Body of Knowledge (PMBOK). Thus, this research study will be positioned on RM theory. According to Xia et al. (2018), RM is a process that involves identifying, classifying, analysing, and assessing risk as well as responding to and controlling it depending on the information that is obtained. The core of RM, according to Xia et al. (2018), is risk analysis, where the risk's causes and effects are assessed using a variety of indicators to determine the impact.

Though the term "management" itself can sometimes be misleading, it generally implies complete control over occurrences. As a result, rather than being a response to bad things as they happen, RM should be seen as proactive planning for possible bad future events. It should be feasible to select a different course of action that will still enable the project's objectives to be successfully completed with such extensive planning (Xia et al., 2018).

Projects tend to fail due to the lack of leaders who are not able to steer the project through the minefield of problems that arise and due to risks, which are not identified and assessed properly from the beginning (Burke, 2003). According to Kallow et al. (2022), organisations could prevent project failures by implementing proper effective RM practices. Burke (2003) notes that a lack of project management is one of the many reasons for project failures. Burke (2003) suggests that organisations consider additional factors including innovation, concurrency, stakeholders, communication, scope of work, and IT initiatives when navigating the project through the minefield of challenges that could cause the project to fail. Effective RM processes can assist firms in achieving objectives within budget, meeting planned programmes, and controlling project functions. Being able to identify risk, as well as monitor, and prevent it will contribute to project success (Kallow et al., 2022).

According to Shayan et al. (2022), organisations tend to give attention to RM practices only at the inception phase and neglect these practices from the execution stage to completion when it is just as important, especially with all the stakeholders involved in the project. Stakeholders vary and their influence on the project also varies. Any individual or

group whose interests may or may not be affected by the achievement of the project is a stakeholder (Waris et al., 2022). Three types of influencers exist: i) direct influencers, ii) observers, and iii) indirect influencers. Businesses must understand and manage stakeholders as this can contribute to the mitigation of the risks (Nguyen et al., 2019).

Pedrini and Ferri (2019) claim that Freeman's 1984 formalisation of Stakeholder Theory serves as the cornerstone of Stakeholder Management (SM). This theory holds that there are other objectives for an organisation's action besides maximising profits. According to Pedrini and Ferri (2019), achieving a balance between the various stakeholders' expectations is deemed necessary for the survival and performance of the organisation in the medium-long term. According to Nguyen et al. (2019) achieving the company's strategy and the project's success depends heavily on SM. SM entails the methodical identification, preparation, execution, and evaluation of activities intended to involve stakeholders (Xia et al., 2018).

Both RM and SM have a process domain and a result domain, and they are equally effective in both areas. Based on empirical facts, integrated management reduces objective conflict, maximizes resource allocation, improves mutual management effectiveness, and offers creative solutions for sustainable development, management strategies, and related areas in projects and organizations. Integrating risk-stakeholder management may be beneficial for organizations that handle multiple challenging projects (Xia et al. 2018).

Effective RM and SM are critical in the context of managing projects, yet they frequently fall short, resulting in project failure. Despite significant attempts to improve the effectiveness of RM and SM, these approaches tend to function independently, with little interaction between the two domains. The existing research primarily focuses on improving either RM or SM separately, ignoring the vital topic of integrated risk-stakeholder management. This omission impedes both theoretical and practical progress in creating a holistic approach to managing risks and stakeholders in projects (Xia et al. 2018).

Hence, while it was earlier proposed that this research study will contribute to RM theory it will also contribute to SM theory by looking at the integration of RM and SM to reduce the risks faced by organisations in the construction sector.

1.3 Business relevance of study

As previously mentioned, businesses worldwide are impacted by some form of risk, be it business risks or project risks. Business risks have an impact on the organisation's success and are from the macro-environment. Business risks are associated with business operations, financial stability, and reputation (Loosemore, 2007). According to Loosemore (2007), these risks are from external factors and forces such as, economic, sociocultural, technological, political, environmental, and legal.

Conversely, project risks are defined as those risks that could have an impact on the organisation's goals, planning, and project execution (Loosemore, 2007). According to Kallow et al. (2022), project risks are also considered to have the potential to affect the organisation's overarching objectives, including its managerial, financial, and strategic goals. Project risks come from the micro-environment and also have an impact on the management and implementation of the project. Internal project risks include those posed by stakeholders, employees, rivals, suppliers, and customers (Loosemore, 2007).

According to Xia et al. (2018), conflicts often arise between project stakeholders, clients, contractors or vendors, government, as well external parties such as the affected local communities due to the complex nature of projects and the various stakeholders involved. These conflicts tend to bring uncertainty and risk. Failing to recognise and manage all stakeholder interests poses risks that lead to project failure and business interruptions (Xia et al., 2018).

According to Bepari et al. (2022), risks affect projects both directly and indirectly, with an effect being observed in cost overruns, project delays, and quality. Akintoye and MacLeod (1997) made a groundbreaking discovery when they claimed that unmanaged risks impact project outcomes in terms of timelines, prices, and quality. Their research demonstrates that risk is an ever-present element for organisations, even though it varies depending on the circumstances.

The body of published research demonstrates that projects may fail to achieve organisations' objectives and fail to finish on time if efficient RM practices are not used (Kallow et al., 2022). Effective RM of both the macro- and micro-environments is essential for organisations to minimise possible losses, ensure project success, and maximise prospects for organisational growth (Loosemore, 2007).

1.4 Purpose Statement

Currently, available research indicates that for an organisation to be successful and to be able to reduce, mitigate, minimise, or completely eradicate the harm caused by risks—which can occasionally be disruptive—effective RM is necessary. Understanding how the South African construction sector handles risks resulting from disruptive extortion events that affect project and business objectives, is the aim of this research study. In countries where extortion events are frequent, Battisti et al. (2018) contend that the phenomenon needs to be addressed.

According to reports from two of SA's largest construction companies, they continuously try to effectively manage risks, particularly the threat posed by extortion groups. Project delays, equipment damage, poorer productivity, and unsafe working conditions for employees have all been linked to the extortion group's risk, according to Raubex Group (2022). Raubex Group continues to monitor and manage the risk. According to the WBHO Integrated Report (2022), the frequent extortion groups' disruptions cause delays because of the long-term suspension of projects which affects investor profitability and business continuity. Project teams continue to work with the stakeholders in efforts to manage the risks.

According to Kallow et al. (2022), most developing countries continue to disregard the impact that effective implementation of RM techniques has on project success and business operations. In an intriguing parallel, Boateng et al. (2020), discovered that organisations in developing nations approach RM using insufficient approaches, leading to poor results that jeopardise project success. Boateng et al. (2020) observe that it is sometimes unclear or not evident how RM is carried out.

1.5 Contribution of the study

This research study aims to contribute to the existing body of knowledge on project RM from the standpoint of SM. The research objective is to enhance this body of knowledge by offering a comprehensive understanding of RM within the construction sector, particularly in the context of disruptive extortion events.

The project management theory has evolved in three main areas when considering RM, according to Teo and Loosemore (2017). It excels in three key areas: 1) application development tools and techniques; 2) strategic front-end management theory; and 3)

technocratic input/output models. However, it falls short in one crucial area: the complex relationships that are essential to the success of any project. More research studies are necessary because this has not been well theorised conceptually or practically in the project management literature (Teo & Loosemore, 2017).

1.6 Conclusion

Owing to the construction sector's complexity, dynamic nature, and the large number of stakeholders who each offer potential risks that can cause disruptions, risk–stakeholder integration can contribute to the management of the disruptive extortion risk. Effective RM and SM are necessary for successful project outcomes to achieve organisational objectives.

LITERATURE REVIEW

2.1 Risk Management

Wideman (1992) has already discussed the three states of risk and uncertainty: known, known-unknown, and unknown-unknown. Wideman (1992) defined risk as the probability of a gain or loss multiplied by the associated probability's size. However, risk is defined by Boateng et al. (2020) as any unknown event that, if it materializes, could have a favourable or unfavourable impact on the project and business objectives. According to a recent study by Bepari et al. (2022), risk is defined as an unforeseen incident that could have a positive or negative influence on at least one of the organization's goals. These standards are used to support the claim that risk is any unknown or uncertain event with the potential for a positive or negative impact on a project.

Project uncertainty is defined as the probability that the objective function will not reach the expected goal, as noted by Wideman (1992) in his seminal study. A technique or procedure for managing the risks, or reducing or neutralizing the impact on the projects, is crucial, regardless of how unpredictable or unknown the risks are (Bepari et al., 2022). Three of the main sources of uncertainty for projects nowadays are poorly defined project realisation procedures, shifting company objectives, and external factors. According to Wideman (1992), external conditions encompass a variety of factors such as shifting stakeholder needs, commercial and competitive pressures, and conflicts between project financial and technical goals and social, political, and institutional norms and conventions.

Boateng et al. (2020) state that poor RM of both micro and macro risks results in poor project delivery and non-achievement of business objectives. Micro risk factors such as information systems, resources and knowledge, material costs, labour costs, regulation and compliance, internal stakeholders, project scope, and finance, tend to have an impact on the projects and businesses (BS ISO 31000-2009). Also, macro risk factors, such as legal, cultural, political, social, and external stakeholders, technological changes, economic conditions, natural disasters, competition, and globalisation, are listed as some of the factors that tend to have an impact on projects and businesses and require attention and effective RM practices (BS ISO 31000-2009).

Based on de Araujo Lima et al. (2020) there are four distinct categories of risks that businesses are susceptible to i) financial, ii) operational, iii) hazard, and iv) strategic risks. Financial risks are financial liabilities, assets, and market forces. These come in a variety

of forms, including capital risk, currency risk, interest rate risk financial market risk, investment risk, and credit risk. "Pure risks" are hazard risks which are always associated with negative outcomes. Natural disasters or deliberate accidents brought on by external parties. Risks associated with these include but are not limited to, injury or illness to persons and property damage. Insurance contracts (risk transfer) are typically used to manage these risks (de Araujo Lima et al., 2020).

Operational risks are a result of errors that can be caused by people or processes in business functional areas (including product development, IT, and human resources) or in process management. Thus, while not affecting the project as a whole or the firm itself, there can be process or product failures that jeopardise the accomplishment of some of the organisation's specific goals. Last but not least, strategic risks are those that could make it difficult for the business to accomplish its objectives. These are a result of changes in the economy as well as societal, political, and environmental factors. Reputational, consumer satisfaction, and technical innovation risks are all included in strategic risks (de Araujo Lima et al., 2020).

Projects are intrinsically prone to continuous evolution and change as a result of external influences, altering goals, and inadequate project realisation procedures. As a result, as Wideman (1992) points out, effective RM should be continuous, all-encompassing, and implemented in real-time. RM is an important tool for firms to use in ensuring the success of their projects and aligning them with their larger business goals. This claim is supported by a study conducted by Kallow et al. (2022), which highlights the critical importance of RM in facilitating effective project outcomes and meeting business objectives. Effective RM implementation can have a significant impact on project quality, performance, productivity, and budgetary elements; thus, organisations stand to gain significantly.

According to Taofeeq et al. (2019), risk management (RM) is the capacity to identify or perceive a risk, analyse, or assess it using both quantitative and qualitative methods, and then respond to an event in a way that manages the primary cause of the risk. According to Boateng et al. (2020), RM is the capacity to take proactive steps to reduce the likelihood of adverse consequences on a project during the course of its life. According to a study by Bahamid et al. (2022), risk management (RM) is the process of keeping an eye on and managing risk events to reduce or eliminate the likelihood and effects of negative effects while maximizing positive ones. All of these points of view add up to the conclusion that good risk assessment and management can prevent any unforeseen incident that could endanger the project and business operations.

Organisations perform projects in a world of challenging complexities with innumerable risks that require diligent project RM, as noted by Shayan et al. (2022). Risks are widespread and exacerbated by the uncertainty and complexity involved in the activities undertaken in the different projects as highlighted by Kallow et al. (2022). Baloi et al. (2003) make an interesting observation that most companies do not operate within a vacuum but rather in unpredictable environments influenced by the interactions around them, posing unexpected risks. Organisations operate in open systems. Open systems are flexible and require adaptability to the unpredictable environmental changes around them. These unpredictable environments that the organisations operate under come with unforeseen risks that at times can be disruptive to the business and project operations (Baloi et al., 2003).

These open systems introduce risks, as mentioned by Szymanski (2017), requiring assessment and management or else projects fail and do not achieve their objectives. Project RM consists essentially of four process phases, namely: Identification, Assessment, Response, and Documentation, as outlined by Wideman (1992). Interestingly, the four stages are referred to in various terms in literature yet have the same underlying meaning. By identification, Wideman (1992) means identifying all the possible risks that may significantly impact the success of the project, be it low, medium, or high. De Araujo Lima et al. (2020) study notes the same phase as risk identification.

When the risk has been identified an assessment needs to be done where the risk is assessed. This is done to determine the ranking or status in terms of type, impact, and probability (Wideman, 1992). De Araujo Lima et al. (2020) refer to the next phase following risk identification as risk evaluation meaning that the probability of the risk is determined, and the consequence of the occurrence is measured.

De Araujo Lima et al. (2020) highlight the third stage as the risk treatment phase, which includes evaluating how to lower the possibility of risk occurrence, or for acceptable risks, how to lessen their impact, and selecting appropriate remedies. Wideman (1992), on the other hand, refers to this third phase in the RM process as the response phase. This step requires designing a plan to mitigate project risks, which includes developing an appropriate systemic strategy, contemplating insurance for insurable risks, and preparing particular actions to manage the remaining risks.

Throughout all of these RM processes, Wideman (1992) emphasises the need for documenting, tracking, and creating a database, in the fourth phase, the documentation

phase. In the ever-changing environment in which organisations operate, information on all project activities must be retained. Documentation and information not only aid in the continual evaluation of risk in current projects but may also be used to improve the database for all future projects as part of lessons learnt (Wideman, 1992). According to De Araujo Lima et al (2020), the fourth stage is where the organisation monitors and assesses the risk and whether or not the management of the risk was effective.

Regardless of the varying terminology used in literature to define the four stages of RM, organisations cannot do much in dealing with risk if the organisation fail to identify and assess the risks to be able to manage them. As Wideman (1992) emphasises, risk assessment is important as it typically involves input from all project management functions including stakeholders. According to Mohammed et al. (2022), risk assessment is a systematic process that involves recognizing, classifying, and analysing potential hazards as well as projecting their likelihood and impact to prevent unfavourable outcomes.

Shayan et al. (2022) mention an important point that it is not possible to predict all risks at the inception phase and develop effective strategies or mitigation plans. RM is an ongoing process of engaging with the various elements of the project, especially stakeholders. Even during the execution stage, careful attention is required as RM practices help reduce the effects of the risk (Shayan et al., 2022).

2.2 Stakeholder Management

The complexity and the entanglement of the various stakeholders in projects bring stakeholders that perceive risk differently, having both positive and negative results (PMI,2008). Xia et al. (2018) state that RM and SM have always been done in isolation with little crossover. In their study, they propose that the time has come for the integration of RM and SM to promote the effectiveness of both management strategies for the challenges faced by businesses (Xia et al., 2018).

A stakeholder, according to the PMBOK guide (2008), is any person or group actively participating in the project (sponsors, performing organisations, customers, or the general public) whose interests may be negatively or positively influenced by the project. A stakeholder, according to Freeman (1984), as referenced by Xia et al. (2018), is any individual or group who can influence or is influenced by the achievement of the organisation's objectives or goals. According to de Oliveira and Rabechini Jr. (2019), a

stakeholder is any individual, group, or institution with a vested interest in the project and can influence the result.

Two kinds of stakeholders exist, internal stakeholders and external stakeholders, primary and secondary, and non-fiduciary, and fiduciary, all having an impact on the organisation and projects, whether negative or positive (Nguyen et al., (2019). Other categories of stakeholders are decision-makers, direct and indirect influencers, and observers (Nguyen et al., 2019). De Oliveira and Rabechini Jr. (2019) propose that stakeholders can be distinguished based on three attributes: (1) their power to impact the organization, (2) the reliability of their association with the organization, and (3) the urgency of their demands.

According to Nguyen et al. (2023), external stakeholders include those individuals or organisations with no formal contract to the project but can influence the project or are affected by the particular project. In 2019, Nguyen et al. cited Cleland (1988) who mentions that external stakeholders are usually not bound by any legal power of the project manager giving them the ability to behave in whichever way they choose with no regard for the project. Nguyen et al.'s (2019), study also cited Winch's (2004) seminal study, which claims that external stakeholders rarely have a directly enforceable claim on the project and are therefore dependent on regulators to act on their behalf, but the use of political influence, whether subtly or publicly through campaigns or, on occasion, through direct action, is still important.

According to de Oliveira and Rabechini (2019), stakeholders can be identified based on three criteria. The project owners, the principal suppliers, and the project organization are the primary stakeholder groups. The people or organizations that the project is largely dependent on for support, money, permissions, collaboration, or goodwill make up the secondary stakeholder group. Customers, unions, NGOs, local interest groups, rival companies, the media, and other parties can be considered tertiary stakeholders. Some of the most significant external stakeholders are the same tertiary stakeholders as mentioned by de Oliveira and Rabechini (2019), the affected local communities, governmental agencies, and the general public (Nguyen et al., 2019). According to the recent studies conducted by Nguyen et al. (2023), the tertiary external stakeholders are capable of causing severe damage to the project.

Understanding all stakeholders' interests, especially external stakeholders, and their tactics for achieving their objectives is crucial for project success. Unexpected project events are frequently caused by the complexity and dynamism of stakeholders throughout

the project. By properly incorporating stakeholders, managers can maximise opportunities, increase benefits, and finish projects on schedule. RM depends on bringing together the interests of many stakeholders. The management of project stakeholders, who play a key role can help to reduce or mitigate risks (Nguyen et al., 2019).

The basis of SM is stakeholder theory, which Freeman developed in 1984 (Pedrini & Ferri., 2019). The theory states that, in addition to a company's primary objective of generating profit, its performance and long-term survival depend on satisfying the needs and expectations of all stakeholders (Pedrini & Ferri, 2019). Xia et al. (2018) define SM as the process of gathering documents about stakeholders, carrying out SM planning, classifying, and identifying stakeholders, conducting analyses and evaluations, developing SM strategies, and putting those strategies into practice and managing them. Project teams employ SM as a management technique to address stakeholder needs, according to de Oliveira and Rabechini (2019).

According to Pedrini and Ferri (2019), there is no conflict of interest when shareholders and stakeholders are happy, as it is beneficial to the company in both directions. To sustain enduring relationships with its stakeholders, and not merely depend on organic growth, businesses need to have a strong management plan, as per stakeholder theory proposes. The priorities should not only be clients, staff, or shareholders (Pedrini & Ferri, 2019).

There are two schools of thought on SM, according to de Oliveira and Rabechini (2019). A primary focus is on implementing prescriptive methodologies and technologies to mitigate any adverse impacts on relevant stakeholders. The second is the relational school of thought, which asserts that creating and maintaining connections, particularly concerning the interactions and relationships between various stakeholders, is important (de Oliveira & Rabechini, 2019).

SM is justified on two levels: normatively and economically. Organisations benefit from SM in more ways than just lowering risks through improved accountability and decision-making procedures. According to Pedrini and Ferri (2019), businesses use the normative rationale to explain their concerns about how their institution is perceived, their moral compass, their commitment to social contracts and property rights, and their role in advancing the ideas of equitable justice.

Two categories of SM exist, according to Di Madalloni and Sabini (2022): management of stakeholder opinions and management for and with stakeholders. Conversely, as noted

by Xia et al. (2018), there were two general perspectives identified during the development of the stakeholder theory: the narrow perspective and the broader perspective. All stakeholders are considered by management for and with stakeholders, who hold the right to respect and consideration for their interests (Di Maddaloni & Sabini, 2022). According to Di Maddaloni and Sabini (2022), management with and for stakeholders is a comprehensive approach that considers all stakeholders, including external stakeholders like local community groups, the media, unions, interest groups, consumer advocates, and non-governmental organisations. The broader perspective as noted by Xia et al. (2018) is predicated on the notion that disregarding any group or people could jeopardise project and corporate objectives, making the involvement of all potential stakeholders' imperative.

Di Maddaloni and Sabini (2022) contrast this approach with the management of stakeholders, which views stakeholders as resources for the organisation and classifies them according to the potential impact they may have on the company. Conversely, the limited perspective argues that companies should only engage with stakeholders that possess a limited number of resources and competencies (Xia et al., 2018).

It is noteworthy to highlight that the two perspectives that Xia et al. (2018) describe are similar to what Di Maddaloni and Sabini (2022) saw in their study about the management of stakeholder views and the management for and with stakeholders. Based on these perspectives, it can be inferred that the broader perspective presented by Xia et al. (2018) is more appropriate when thinking about SM for projects because it is in line with the management for and with stakeholders that Di Maddaloni and Sabini (2022) mention. This conclusion can also be connected to the previously discussed definitions of a stakeholder being any person or group that will be affected or can affect the achievement of the organisation's project objectives. Hence all stakeholders are important.

As mentioned earlier concerning the SM process, it is important to identify stakeholders early in the project to understand their requirements and expectations because failing to do so can pose a risk to the project's success (PMI, 2008). To manage stakeholders effectively both internal and external stakeholders must be identified (PMI, 2008). The challenge most organisations face is that the project teams tend to see some of the stakeholders as a risk in a negative light, hindering the engagements from the start and in turn threatening project completion and business objectives (Cuganesan & Floris, 2020).

According to Di Maddaloni and Davis (2018), certain external stakeholders are frequently overlooked or do not receive the respect they deserve as stakeholders. The biggest issue

confronting organisations in their endeavours is their inability to ascertain the influence behind the actions of the groups in the projects (Di Maddaloni & Davis, 2018). Organisations spend limited time with stakeholders at the inception stage of the project rushing for other approvals to start the work preventing solid stakeholder engagement to reduce risk brought by the external stakeholders, which at times can be disruptive (Di Maddaloni & Davis, 2018).

According to Lehtinen and Aaltonen (2020), it is common to view stakeholder involvement and engagement as the client's job and domain of expertise. It is sometimes assumed that the project owner is in charge of organising efforts to involve external stakeholders when working on a project. Understanding how important the project owner or client is to managing connections with local authorities and local communities has proven challenging according to research. Empirical research has called into question the understanding that the project owner is the only active agent in this situation, emphasising the need and opportunity for clients and contracted parties to coordinate the involvement of external stakeholders, especially in the event of unforeseen stakeholder events (Lehtinen & Aaltonen, 2020).

Stakeholder involvement and engagement are essential to enhancing project resilience, as noted by Nguyen et al. (2023). This is especially true when handling unforeseen challenges and conflicts arising from external sources. Strong stakeholder involvement is crucial because it can increase a project's resilience to unforeseen circumstances, conflicts from external parties, and other unanticipated events. By including external local stakeholders and exercising resilience, managers can help their firms survive pressure from unforeseen circumstances (Nguyen et al., 2023). The idea of resilience comes from research on how companies respond to external threats. According to resilience theory, a project must exhibit exceptional resilience to such disruptive effects to achieve its objective by adjusting to the new environment (Nguyen et al., 2023).

According to Nguyen et al. (2023), projects can either temporarily respond proactively or reactively to disruptive events. Proactive approaches try to remove uncertainty by having pre-established solutions in place, while reactive strategies allow the project to modify or refocus toward alternative goals. Nguyen et al. (2023) explain that proactive SM aims to foresee challenges that could impact stakeholders and implement preventive measures, whereas reactive SM concentrates on response strategies to handle their requests and actions during emergencies.

Stakeholders play a significant role, so understanding their interests is crucial to the achievement of the project's objectives for organisations through SM (Nguyen et al., 2019). Companies that fail to effectively manage their stakeholders risk their business operations and reputational capital which can harm future projects (Teo & Loosemore, 2017). According to de Oliveira and Rabechini (2019), communication and involvement of key stakeholders in the early stages of projects contribute to the project's success. Establishing the necessary effective relationships with all the stakeholders throughout the project's life cycle is critical, especially those who can negatively or positively influence the achievement of the project's objectives (de Oliveira and Rabechini, 2019).

Establishing trusting relationships with stakeholders facilitates communication, leadership, and interpersonal relationship building. This affects the resilience of stakeholders and makes room for other solutions in case there are conflicts or problems with the project. Since projects are frequently social activities in which the goals can hardly be realized without the involvement of others, even in an indirect way, every project requires relationship-building, communication, and initiative. According to de Oliveira and Rabechini Jr. (2019), trust is therefore essential to preserving positive stakeholder interactions and project management. According to Rousseau et al. (1998), trust is a psychological state that comprises the goal of putting up with vulnerability because one has positive expectations about the other components' intentions or behaviours. Therefore, if actions could be carried out completely confidently and risk-free, trust would not be necessary.

According to de Oliveira & Rabechini Jr. (2019), it can be challenging to establish trust in projects due to their inherent complexity and character. Establishing enduring partnerships and coalitions is challenging due to the transient and singular nature of the project. Project teams typically work together because completing the project is their only shared objective, and they have no other justification for developing dependable connections. Long-term relationships can foster trust (de Oliveira & Rabechini Jr., 2019). Trust is a prerequisite for effective coordination. It also reduces disruptive conflicts and transaction costs, encourages cooperative behaviour, supports flexible organizational structures, and produces better crisis management.

Because it makes it easier for team members to share pertinent information and assess whether they are willing to let others influence their judgments and behaviours, trust is crucial for problem-solving. Project success and stakeholder trust are highly correlated (de Oliveira & Rabechini Jr., 2019). According to Strahorn et al. (2015), trustworthy

behaviour is crucial for the duration of the project since the parties' levels of trust are continuously assessed to decide whether or not to continue taking risks concerning their relationships. Future predictions and emotional reactions are influenced by prior experiences, claims de Oliveira and Rabechini Jr. (2019). Without communication, trust cannot be developed.

According to Dervitsiotis (2003), maintaining consistency in actions throughout the course of a project, acting with integrity, being sincere, kind, and committed, as well as working toward project objectives, are all necessary components of effective communication. According to de Oliveira and Rabechini (2019) and Waris et al. (2022), continuous communication with stakeholders is crucial for understanding their needs and expectations, resolving conflicts, managing competing interests, and encouraging appropriate stakeholder involvement in project decisions and endeavours. Good project management requires early stakeholder participation and engagement (Waris et al., 2022)

2.3 Construction Industry

As per Boateng et al. (2020), the construction sector is crucial for the economic growth of any country as it generates jobs, and value creation, and contributes to the GDP. Construction encompasses the development, maintenance, repairs, and demolition of any kind of structure, including buildings, roads, highways, sewers, trains, streets, and communication networks (Boateng et al., 2020). Construction projects can be completed in a few hours or over several years, depending on their size, cost, and duration. From modestly funded domestic projects to mega international projects costing billions of rands or dollars (Burke, 2003).

In Jordan, the construction sector contributed 5.3% to the GDP of the country based on the Central Bank of Jordan report (Hiyassat et al., 2022). In India, the construction sector is the second largest sector after agriculture in terms of providing employment opportunities. According to India's Planning Commission's 12th five-year plan (2012 - 2017) the construction sector was reported to account for about 8% of India's GDP. Also, in 2011 India, the construction sector provided direct and indirect employment to about 41 million people and was projected to provide a further 60 million additional jobs by 2022 (Tripathi & Jha, 2019).

Mohammed et al. (2022) state the forecast numbers of the contribution by Egypt's construction sector from the Market Research report of 2021, which shows a rise in total

revenues of around USD 33.7 billion in 2019. There was a further increase of 10.7% in 2021 and an estimated growth rate of 10.2% between 2022 and 2025 (Mohammed et al., 2022). In Ghana, Boateng et al. (2020) mention that the construction sector contributed an average of 14.3% to GDP from 2010 to 2013 according to the Ghana Statistical Service (GSS) (2018).

As previously mentioned, in SA the construction sector makes a huge contribution to the creation of employment especially with the high levels of unemployment seen in the country. According to the media release of 27 June 2022 reporting on the status of the construction sector by Statistics SA, the construction sector contributes 69% of the total income from services worth R406 billion. This income was from various disciplines, namely, civil engineering works - 24% of the total, building installation and completion - 22%, non-residential buildings - 12%, and residential buildings - 11% (Stats SA, 2022).

Furthermore, it is noteworthy to acknowledge the impact that the construction industry has had on other economic sectors, given its capacity to generate substantial multiplier effects via reciprocal connections (Boateng et al., 2020). This is seen in the type of projects that the construction sector does. The Infrastructure Megaprojects (IMs) are typical examples of projects where various sectors come together to deliver infrastructure for an economy (Cornelio et al., 2021).

IMs can also be referred to as Public Private Partnerships (PPPs) as they are similar being large projects or ventures requiring large investments funded through the partnerships between the government and the private sector (Cornelio et al., 2021). SA, as a developing country, uses the PPP framework as another form of delivering projects within the construction sector. As part of the South African Economic Reconstruction and Recovery Plan (SAERRP), one of the priority interventions is to strengthen efforts to attract private sector investment in the delivery of infrastructure through PPPs (Republic of South Africa, 2020).

These collaborations through the PPP framework are crucial for countries that want to produce and distribute more output economically as this provides the public and private sectors a way to get past a variety of challenges including inexperience, financial issues, lack of expertise and knowledge (Almeile et al., 2022). Due to their magnitude, these megaprojects tend to be complex. However, they can also be transformational because they have the power to alter the social, ecological, political, and structural context (Cornelio et al., 2021). Also, these partnerships encourage an opportunity for innovation

in the delivery of public infrastructure services, enhancing project delivery efficiency and sharing certain risks (Almeile et al., 2022). As advantageous as mega infrastructure projects are for a country, they do come with challenges that tend to lead to project failure, especially in developing countries. Some of these are (i) insufficient concession time, (ii) ineffective risk sharing and risk-allocation; and (iii) poor stakeholder communication (Almeile et al., 2022). Also, these mega infrastructure construction projects frequently come to represent social, political, and opposition movements considering the length (Cornelio et al., 2021)

Most mega infrastructure projects have intricate frameworks with numerous public and private sector stakeholders who participate (Cornelio et al., 2021). In the PPP structure the private sector becomes the concessionaire and due to the nature and complicated structure of the PPP various other entities from different sectors enter into the contracts (Almeile et al., 2022). Some of the participants are investors and financial institutions, public clients, main contractors, designers, insurers, equipment suppliers and materials, public clients, non-governmental organisations, and end product/service purchasers (Almeile et al., 2022). In contrast to smaller projects or programmes running within organisations, megaprojects are typically viewed as separate entities (Cornelio et al., 2021).

The leadership is usually vague or challenging to establish due to the multiple parties involved and the tremendous political and social interest. Consortia, joint ventures, and numerous parties are among the teams in charge of these organisations, which increases the entropy of managing such a system by boosting the number of stakeholders and communication avenues. Due to the intricacy of construction projects with a large number of partners in such settings, cooperation, communication, coordination, and trust all play significant roles (Cornelio et al., 2021).

Despite certain difficulties, it is impossible to undervalue the enormous advantages that mega infrastructure construction projects bring. The project's implementation benefits: (i) lower public sector administration costs to local economic development; (ii) increased creativity and innovation; (iii) lower project costs; (iv) technology transfer to local businesses; (v) shared risk; (vi) maintenance and public infrastructure management; and (vii) lower government spending on utilities and public services (Almeile et al., 2022). Infrastructure projects, as highlighted by Cornelio et al. (2021), polarise social and political discourse due to their importance to the environment, economy, and society as well as their important symbolic role in election campaigns.

Whatever the project type, one thing is certain, due to the nature of operations, methods, surrounds, and organisational structures, the construction sector and its stakeholders are usually connected with a significant degree of risk. Risk is a dynamic variable that might have unanticipated results in the construction industry, raising concerns about the project's final cost, schedule, and quality. Construction stakeholders frequently face a wide range of circumstances with several unknowns as well as undesired, unexpected, and unanticipated aspects. Because of the risk to the programme and cost overruns in construction projects, the industry has become more aware of risk (Akintoye & MacLeod, 1997).

Akintoye and MacLeod (1997) identify several important risk factors that are essential to construction activities. These risks include those that are related to design, as well as those that are operational, logistical, physical, environmental, social, financial, governmental, and political. Technical risks, industrial risks, regulatory risks, political risks, market risks, time-related risks, external risks, nature hazards, financial risks, and safety risks are only a few of the risks that Szymanski (2017) identifies. It is normal to investigate each of these risk sources separately and assign a higher priority to each one because they have an impact on the schedule, budget, and quality of projects (Szymanski, 2017)

According to Akintoye and MacLeod (1997), the risk premium method is the contingency allowance that the construction industry usually uses in building projects to manage risks. Because of the changing environment and risk positions in contracts, this is no longer useful. According to Famakin et al. (2020), institutional rules, rising business expenses, and economic volatility present a growing number of risks and problems for building projects in underdeveloped countries.

The research by Baloi et al. (2003), though seminal, is still relevant today because it asserts that the construction industry can no longer use large markups to offset risks due to shrinking margins. Instead, a significant shift has been observed, with greater risks being passed on to the contractors, making the environment difficult to operate in, particularly given the element of criminality that comes with the disruptive extortion events. Certain risk threats, according to Akintoye and MacLeod (1997), cannot be managed by the risk premium; instead, they must be addressed through contractual agreements including all project stakeholders.

When collaborating with local and specialised subcontractors, the majority of contractors (63%) utilise "back-to-back" subcontract agreements to the primary contract. Under the

terms of their contracts with clients and designers, project managers may shift risks by using professional indemnity. The contractors pay insurance payments, which transfer risks to their local and specialised subcontractors. It is not good industry practice for the contractor to take on all project-related risks. Building projects in developing nations face escalating risks and issues as a result of institutional regulations, growing corporate costs, and unstable economies (Famakin et al. 2020).

Owing to the length of the projects and their cyclical nature, any delays in the completion of the construction projects may result in business closures and job losses, which will increase the rate of unemployment in a nation (Ichniowski & Preston, 1989). Hiyassat et al. (2022) mentioned risk allocation as another approach to properly deal with risk in the construction sector. This can occur when a risk is shared or when the obligation for managing it is transferred to one party via a mutually agreed-upon method. Hiyassat et al. (2022), citing Nguyen & Garvin (2016), who promoted contracting risk to the party that can assess, regulate, control, and take on the risk at a minimum cost to the project.

Hiyassat et al. (2022) cautioned against the additional danger of unbalancing risk allocation even if they supported risk sharing. This uneven distribution of risk may prompt the contractor to employ defensive tactics and submit additional expense claims to cover the effects of the risks. Unfortunately, a study by Perez et al. (2017) and Hiyassat et al. (2022) found that stakeholders frequently distribute risks in construction contracts unfairly, particularly in projects involving the public sector. As the private sector is thought to be capable of managing risk, the risk is always passed to them.

While the private sector is incentivized to assume the risk, Hiyassat et al. (2022) caution against the difficulty of misallocating risk, which raises costs and results in unforeseen consequences. Hiyassat et al. (2022) recommend the development of efficient risk distribution systems in light of the intricate building structures to minimize stakeholder disputes and enhance party collaboration.

Over the last few decades, Pakistan has seen several fundamental issues with infrastructure development projects that have prevented them from being effectively completed. These issues include scope deviation, escalating project costs, poor project monitoring, and a lack of supervision. The most prominent reasons for the disappointing performance at the policy level are conflicting interests between internal and external stakeholders and poor governance (Waris et al., 2022). According to Waris et al. (2022), Pakistan is among the many countries where projects are experiencing poor performance

or failure due to inadequate stakeholder management (SM) caused by disagreements between organizations and their numerous stakeholders and conflicts that arise within the project.

According to Teo & Loosemore (2017) ever since construction businesses in the United Kingdom (UK) have been compelled to consult communities in the regions where they build for the first time, as a result of recent legal revisions made by the UK Public Services Act 2012, another layer of risk to manage has been added. The construction sector involves a wide range of stakeholders, including governments, non-governmental organizations, and local communities, as well as internal stakeholders including developers, major contractors, consultants, and subcontractors (Lin et al., 2019). Hiyassat et al. (2022) state that to mitigate some construction risks, contractors must put in their efforts early to complete projects that are safe, effective, and of high quality. The lack of effective stakeholder integration in the construction sector has caused delays in projects in Northern Ireland (Bepari et al., 2022).

Significant problems in managing stakeholders have been identified by researchers. Stakeholders in the project should collaborate from the feasibility phase onward to address potential risks in a timely and effective manner. As these problems have to do with the mechanisms necessary for successful SM and integration as well as the distance between stakeholders (Waris et al., 2022).

2.3.1 Local Community

As stated before, there are many parties involved in the building industry, each with its own set of interests and perspectives. All risks impacting the construction business were previously covered by Akintoye and McLeod (1997) and Szymanski (2017). However, Bepari et al. (2022) add social risk and further define it as a risk that organisations in the industry must manage because it constitutes a threat to the social consensus. According to Teo and Loosemore's (2017) research, one of the most unpredictable forms of risk that various businesses face is socio-political risk from stakeholders. Research on the complex relationships between stakeholders concerning social and environmental issues is scarce, particularly in the context of construction projects (Lin et al., 2019).

Stakeholders with an interest in social risk, monitor the project from the outset to the end (Bepari et al., 2022). Even more so in light of the political sway on project objectives, financial planning, and stakeholder engagement. According to Waris et al. (2022), stakeholders are

more focused on political leaders than on achieving project goals. Project managers appear ill-prepared to include actual community voices in the decision-making that affects lives, despite organisations being obliged by rapidly changing institutional laws and regulations to better consider local community requirements in their proposed plans (Di Maddaloni & Sabini, 2022).

It may be essential to approach the understanding of the social aspect of this risk through the lens of the UN's SDGs (2020), which emphasise reducing urban disparities, promoting a wide range of social partnerships, and encouraging sustainable infrastructure development and economic growth. Fair working conditions, labour rights, cultural product accountability, human rights, customs, equity, social responsibility and justice, community resilience, competency, well-being, and community development are all included in the definition of social dimensions by Di Maddaloni and Sabini (2022).

Construction projects disturb the environment, way of life, and comforts of the local people (Cuganesan & Floris, 2020). Both natural and social resources are heavily consumed by construction activity. Natural and social resources contribute significantly to urban growth, enhance residential environments, strengthen the local economy, and create jobs (Lin et al., 2019). As such protests and community unhappiness are consequently common, which causes project abandonment, overspending, delays, and outdated infrastructure (Cuganesan & Floris, 2020).

Although formal decision-making authority for infrastructure projects does not lie with local communities, research indicates that project teams frequently fail to establish relationships and support within the community, resulting in prolonged delays, additional expenditures, and/or project abandonment. Project teams frequently choose to incorporate the local community because they see them as a risk, based on a degrading "risk mitigation" technique (Cuganesan & Floris, 2020).

It is feasible to have positive community participation, but it depends on the project teams' ability to analyse stakeholder dynamics and local communities' alignment of intentions, as well as how project managers clarify and attribute intentions to one another's actions. Desertion happens when project staff fail to establish connections and support within the community, even in cases where local communities have no formal say over decisions regarding infrastructure projects (Cuganesan & Floris, 2020). As long-term stakeholders, locals are essential to minimising or mitigating conflict and costly delays while attaining socioeconomic advantages from infrastructure projects (Cuganesan & Floris, 2020).

While it is acknowledged that local communities may suffer directly from construction projects and that they bear some of the risk associated with them, these communities continue to receive little attention, and neither theory nor practice sufficiently accounts for their inclusion in project decision-making (Di Maddaloni & Sabini, 2022). According to Waris et al. (2022), during the 1990s, developing countries relied on public involvement to lessen the likelihood of environmental and socioeconomic conflicts during infrastructure construction projects. Unaware that identifying stakeholders' requirements, analysing their consequences and relationships, and implementing effective stakeholder engagement strategies would be a difficult job for project managers working on projects, particularly in the public sector (Waris et al., 2022). According to Cuganesan and Floris (2020), one of the characteristics associated with low project success is the project teams' insufficient or unsatisfactory community connection with the local population.

Due to the highly complicated nature of the construction sector and a lack of construction personnel with the knowledge and skills to manage stakeholders' requirements, current processes in the construction sector appear to make it difficult to deal with the project's increasing complexity effectively and efficiently. Construction projects are becoming increasingly complicated and unpredictable, with a high rate of fatal accidents, serious injuries, cost overruns, and stakeholder disputes. At the project planning stage, it is difficult to anticipate all potential risks and create reaction strategies or mitigation plans (Shayan et al., 2022). Shayan et al. (2022) propose the application of an RM policy that addresses both expected and unforeseen hazards in the execution of construction projects to enhance project efficiency and safety.

Local communities should be embraced by project teams in the construction sector as external stakeholders that can affect the project's success. Building trust through effective communication is crucial in stakeholder engagements and interactions in the construction sector as the unstable, changing environment makes it difficult to build trust. Understanding that there is a strong correlation between trust and communication is crucial because it justifies the efforts project teams make to enhance their communication abilities (de Oliveira & Rabechini, 2019).

According to research, the construction industry still needs to improve the facilitation of engagements with external stakeholders, notably the local community, as previously stated. Cuganesan and Floris (2020) share some insight into how the construction sector may effectively incorporate the local community. Building relationships and trust with the community, increasing information sharing with local communities to encourage their

interaction with the project, broadening governance mechanisms to include local community or third-party umpires, enabling flexibility through design and relaxing performance targets, and alleviating associated pressures are all required for understanding community concerns and perspectives about the project (Cuganesan & Floris, 2020).

Cuganesan and Floris (2020) have proposed that for project managers and communities to actively engage in positive community engagement, both groups' cognitions must be altered to ascribe good motives and justifications to one another's behaviours. Transparency and trust must be built within project teams for this to happen. Construction project teams must connect with their stakeholders successfully, which involves doing so with respect, openness, and consistent, dependable behaviour throughout the project. To perform the assignment successfully, you must act with honesty, commitment, competence, and kindness.

Di Maddaloni and Davis (2018) emphasise the importance of stakeholders in project management, underscoring that effective engagement with stakeholders can lead to improved project performance and a reduction in risks that impact business operations. Kallow et al. (2022) further assert that robust communication among all stakeholders involved in a construction project can facilitate the identification of potential risks, ultimately contributing to project success.

Managing stakeholder objectives or choices of influence is critical for project success. Not being able to manage stakeholders brings risks that can be disruptive and not manageable, affecting the whole project environment and business (Nguyen et al., 2019). Researchers Lin et al. (2019) suggest that project managers could gain an advantage by improving their ability to predict future aggressiveness from stakeholders. This would enable them to resolve possible conflicts before they arise.

As mentioned earlier, the construction sector is a risky sector and every year organisations go bankrupt due to various reasons. As to Tripathi and Jha's (2019) findings, the construction sector is susceptible to diverse risks and is likely to attract dangers from criminal entities that go beyond the contractor's RM protocols.

2.3.2 *Extortion – Organised Crime*

Based on literature there is no doubt that the construction sector plays a significant role in both developed and developing countries and yet still faces numerous risks impacting projects and business operations (Bepari et al., 2022). According to Lin et al. (2019), stakeholders' ability to exert influence on projects varies. Community groups, non-governmental organisations, and end users have little influence over governments, contractors, and developers. It is still unclear, though, how the stakeholders use their influence to accomplish their intended outcomes. Project implementation is affected differently by the techniques that stakeholders choose.

As mentioned earlier the construction sector in SA is no different as it is also faced with challenges, amongst those being the rise in disruptive extortion events (Qhobosheane, 2022). Extortion amongst criminal gangs is not a new phenomenon in SA but has become prominent in the construction sector across the country (Qhobosheane, 2022). The criminal extortion groups that emerged around 2015 in the construction sector are referred to as the construction mafia as they distinguish themselves by the fact that, 1) their extortionist events are in one industry, and 2) they act from a position of fighting for the implementation of radical economic transformation under the banner of adopting a political narrative (Qhobosheane, 2022).

According to Section 34 of the Prevention and Combating of Corrupt Activities Act extortion, corruption, theft, fraud, forgery and uttering of forged documents are reportable offences. Failure to report is also said to be an offence (SAPS-SA). Extortion is defined as an “act consisting of taking from another person some patrimonial or non-patrimonial advantage by intentionally and unlawfully subjecting the person to pressure which induces him or her to submit to the taking” (South African Police Services South Africa [SAPS-SA]). Public Violence “consists of the unlawful and intentional commission, together with several people, of an act/s which assume serious dimensions, and which are intended forcibly to disturb public peace and tranquillity or to invade the rights of others” (SAPS-SA).

The use of illegal criminal tactics, such as intimidation, threats, and corruption, to deter rivals is a hallmark of the mafia's entrepreneurial *modus operandi* (Ravenda et al., 2020). The mafia penetrates the local political institutions and public administration by getting involved in elections and the market for votes to gain protection from prosecution. Politicians receive support from the mafia in the form of votes and campaign donations in

return for favourable laws, freedom from prosecution, and the awarding of public contracts (Ravenda et al., 2020).

According to a study by Ravenda et al. (2020) on the examination of complaints from law enforcement agencies in Italy, both indirect and direct mafia infiltration of the Public Procurement (PP) system is recorded. A direct invasion occurs when a mafia-controlled company receives a public contract. To get around anti-mafia laws enforced by Italian PP law, firms that appear to be genuine but are controlled indirectly (through figureheads and strawmen) by the mafia, sometimes by design, are regularly used. Because of the relative flexibility of public regulations and tender participation rules, this happens more frequently with smaller public contracts (Ravenda et al., 2020).

In contrast, indirect infiltration happens when a corporation that receives a governmental contract is pressured or extorted to provide the mafia or extorters with jobs, subcontract work, kickbacks (protection money), and other financial benefits (Ravenda et al., 2020). Mega infrastructure and complex public contracts, with more strict anti-mafia legislation and higher legal, technical, and financial standards, may make participation more difficult for mafia-controlled enterprises, which are often small to medium-sized and less qualified (Ravenda et al., 2020).

Economic expansion is seriously threatened by organized crime. Organized crime can harm economic growth even in high-income countries. Italy serves as a prime example of this, with organized crime playing a major role in the low-income regions' failure to keep up with the rest of the country. These criminal organisations steal legitimate private investment opportunities and interfere with direct governmental investment prospects, which opens up new doors for illegal activity (Forgione & Migliardo, 2023).

In Italy, organised crime initially started in the Southern regions of Sicily, Campania and Calabria and was denied and ignored for a long time but there was a growing concern as the construction sector was heavily affected (Scognamiglio, 2018). In Italy, the Sicilian mafia used extortion as the typical activity of criminal organisations, extracting resources from organisations by force under threat or punishment (Battisti et al., 2018). According to Forgione and Migliardo (2023), organized crime's financial costs caused a minimum 16% per capita GDP decline in Southern Italy.

In SA, the disruptions by the extortion groups have had a huge impact on the construction sector. The Mtentu Bridge project by Aveng for R1.5 billion in the Eastern Cape was terminated after extortion groups closed down the site for 84 days while threatening staff

in the process. More than 60 projects by South African National Roads Agency Limited (SANRAL) across the country have been affected to varying extents by the extortion groups (Qhobosheane, 2022). For WBHO, a R 2.4-billion German oil storage investment project under construction at Saldanha Bay, was put on hold due to extortionists invading the site and turning it into a war zone, as reported by the South African Forum of Civil Engineering Contractors (SAFCEC, 2019).

The housing project in Beacon Valley in Cape Town was delayed for more than a year due to extortion invasions (Qhobosheane, 2022). In 2019, extortion organizations disrupted at least 183 infrastructure and development projects valued at about R 63 billion (Qhobosheane, 2022). In SA, the Chief Executive Officer (CEO) of SAFCEC, Webster Mfebe, mentioned that skills retention has been a challenge facing the construction sector as technical skills were being lost to people immigrating to other countries due to the threat and risk of the emerging disruptive extortion criminal events (SAFCEC, 2019)

The site invasions by the extortionists are usually done under the name of the 30% of public procurement contracts that should be allocated for designated groups as promulgated by the Preferential Procurement Policy Framework Act (PPPFA) 39 issued by the National Treasury in 2017. The regulation stipulates that 30% of any project over the value of R50 million should be allocated to local content as the regulation was formed as part of efforts to encourage local involvement (Qhobosheane, 2022).

As much as the regulations were meant for public projects by the government of SA, interestingly the regulation has not only affected government contracts but also the private sector. The extortion groups cause damage to the infrastructure, and work stoppages affect business operations due to delays in projects and threats to human life. Several projects around the country have been affected (Qhobosheane, 2022). It is commonly recognized that the mafia's detrimental externalities act through a variety of mechanisms to keep underdeveloped areas from progressing (Forgione & Migliardo, 2023).

In addition to causing resource misallocation through increased business costs, Forgione and Migliardo (2023) claim that the widespread presence of organized crime has far-reaching negative effects, especially on the core components of community social capital, such as trust, community identity, social support, and collaboration. Furthermore, in the field of criminal economics, enterprises that operate legally bear the weight of organised crime to the point where it negatively impacts their performance, potentially leading to business closures.

Crime harms the economy by increasing costs and diminishing incomes. Businesses must safeguard themselves against illegal activity. Paying protection fees leads to a considerable loss of output due to labour misallocation. Mafia extortion, like *pizzo* racketeering, produces massive resource misallocation in Northern Italian firms, even when the demands are minor (Forgione & Migliardo, 2023).

Forgione and Migliardo's (2023) findings reinforce the view that organised crime is a cancer that destroys social capital in a society. Criminal threats are a type of risk that has the potential to diminish a company's efficiency and investment. According to Ganau and Rodriguez-Pose (2018), the collaborative environment of the industrial district is directly disrupted and any positive productivity benefits resulting from industrial clustering are severely undermined by a notable presence of organized crime. This is because organized crime infiltrates the procurement process of the supply chain. Combating this risk is crucial since smaller organizations are more affected than larger ones (Ganau and Rodriguez-Pose, 2018).

The unfavourable climate makes businesses less confident in market expansion potential and ultimately discourages corporate investment in developed and developing nations that have a high crime rate. The likelihood of innovation is impacted by delinquency. In this sense, a key factor influencing company investment decisions is apprehension about crime (Forgione & Migliardo, 2023).

In New York, the construction sector had to increase or improve its understanding of the structural forces that had caused this risk to become a pervasive feature in the industry to be able to develop effective strategies to fight organised crime that plagued the industry (Ichniowski & Preston, 1989). The labour unions were found to be one of the effective tools of control that could be used to help fight organised crime due to the monopolising nature of the institution in being able to control essential labour resources throughout the construction cycle. In New York not all labour unions are corrupt as some unions were still believed to have leadership and members who were not involved in any criminal activities and, in some instances, members were found internally who had their self-serving interests.

Also, the New York government policymakers were seen as a catalyst in developing solutions and assessing options based on using the best available data (Ichniowski & Preston, 1989).

In Italy, trade associations such as Addiopizzo were founded to combat the illegal influences of mafia-style organisations. Addiopizzo is a grass-roots movement that advocates for a 'culture revolution' against the mafia and social injustice. It consists of all the women and men, boys and girls, business owners and customers who identify with the expression, "A whole people who pay protection money is a people without dignity". Initiated by the artisanal, industrial, trading, and agricultural sectors, the association aims to combat criminal influences by uniting as stakeholders. They believe this will counteract the decline of social capital and enhance the reputation of their industries and businesses by showcasing their dedication to anti-crime campaigns (Dal, 2004).

Similar to the Addiopizzo in Italy, South African associations such as SAFCEC, Bargaining Council for the Civil Engineering Industry (BCCEI) and Business Against Crime South Africa (BACSA) a division of Business Leadership South Africa (BLSA), are continuously trying to work with the private sector and government in the fight against the emerging criminal influences by the extortion groups (SAFCEC, 2019). The associations in Italy and South Africa recognize that acting against mafia organizations leads to a more secure and safe environment, which in turn attracts more firms and investors and raises the demand for commercial property ownership as stated by Ichniowski and Preston (1989).

In his 2022 SONA address, Ramaphosa also emphasised how the theft and damage to economic infrastructure by criminal gangs (extortion groups) undermines investor trust and impedes job growth. Qhobosheane (2022) proposed that while a solution to the risk of disruptive extortion events is being sought, a gathering of stakeholders' local communities, private sector organisations, state actors, and civil society is required. She stresses that in SA, strong cooperation is needed in the construction industry to deal with the threats posed by disruptive extortion occurrences. This current challenge needs a coordinated and concentrated response, as it affects both the public and private sectors (SONA 2022).

Nguyen et al. (2019) emphasise a critical point that the complex character and dynamic nature of the project stakeholders can be the key source of unexpected disruptive events in the projects. Effectively reconciling the stakeholders' interests is essential to SM and in turn, extends to effective RM.

2.4 Conclusion

In conclusion, as the construction industry is known for having numerous stakeholders, literature has shown that SM is crucial for effective RM, especially with the dynamic

changing environment that brings risk requiring effective RM. RM does not mean that the risk will not occur, but it reduces the effects of the risk to both the project and the business when it does occur. RM is about mitigating the risk.

Although RM and SM are universal phenomena, in SA these are fields of study that have yet to be thoroughly explored and recorded from an academic theoretical standpoint, particularly in the context of disruptive extortion events. In the South African context, the challenges and risks posed by disruptive extortion events are mostly discussed in newspaper articles, business reports, and association reports, therefore the gap in academic research remains.

With SA's history, it is important to understand what the construction sector is doing to deal with the disruptive extortion risks as the construction mafia claims that they act from a position of fighting for the implementation of radical economic transformation under the banner of adopting a political narrative (Qhobosheane, 2022).

As previously noted by Xia et al. (2018) many research studies tend to focus on RM and SM as separate areas. However, Nguyen et al. (2019) highlight a critical point that, as the nature of the stakeholders during the project is dynamic and complex and can be the key source of unexpected disruptive events in the projects, reconciling the stakeholders' interests plays a critical role for effective RM. The integration of RM and SM has been an under-researched area in literature, and this research study seeks to contribute to RM and SM theory.

RESEARCH QUESTIONS

3.1 Research Questions

Organisations can either have a proactive or reactive response to disruptive events (Nguyen et al., 2023). A proactive approach helps reduce the threat of uncertainty as this comes with having some form of strategy, as managers would have anticipated what the stakeholder issues would be and planned what to do and how to respond to the disruptive events. The reactive approach, on the other hand, can allow the project or organisation to adapt or face the risk of heading towards different goals and the manager would be able to respond to the other stakeholders' requirements and tactics in crisis (Nguyen et al., 2023).

Project success is still a topic of growing attention in the realm of construction and project management research (Tepeli et al., 2021). The successful completion of the project is the consequence of elements influencing the project's efficiency and effectiveness (Kallow et al., 2022). As a result, understanding how RM strategies affect the success of construction projects in underdeveloped markets would contribute to the body of RM knowledge. Organisations can improve project performance by analysing the elements influencing construction project success (Kallow et al., 2022).

Predicting all the risks and developing response strategies or preventative plans at the inception of the project can be challenging (Shayan et al., 2022). Careful attention should be given to all the stages of the project through some form of RM process or plan. This will help in being able to respond to the predicted and unpredicted risks brought about by disruptive events during all the stages of the construction project (Shayan et al., 2022).

Although process-based resilience studies are scarce in the project management literature, prior studies on social media have provided a wealth of knowledge and data regarding the pressure external stakeholders place on building projects. Interestingly, however, there have been far fewer studies looking at how project managers respond to these kinds of demands. A few studies have looked into these responses and associated response techniques (Nguyen et al., 2023).

It is not yet understood how RM techniques reduce difficulties in finishing a building project. The construction management literature must be expanded to include an understanding of how, and under what circumstances, RM approaches result in project

success. In poor countries, effective RM procedures have been neglected when working on construction projects (Kallow et al., 2022).

Consequently, this explorative study seeks to investigate the RM processes that the construction sector in SA uses by answering the two main research questions (Di Maddaloni & Sabini, 2022):

- ***How is the construction industry assessing the disruptive extortion risk?***
- ***How is the construction industry managing the disruptive extortion risk?***

These research questions will have sub-questions that seek to probe the processes and management practices of the construction industry in SA amid the extortion events.

RESEARCH METHODOLOGY

4.1 Introduction

Chapter Four will detail the research methodology used by the researcher. Firstly, the purpose of this phenomenological research study was to investigate or understand the disruptive extortion risk in SA's construction sector. Based on the research questions detailed in Chapter Three, the goal was to understand how the construction industry assesses and manages this risk, which is common in project environments. To achieve this, a qualitative methodological approach, based on guided semi-structured interviews, was adopted (de Oliveira & Rabechini, 2019). This methodological strategy provided the optimum opportunity for the researcher to answer the two research questions highlighted in Chapter Three (Di Maddaloni & Sabini., 2022).

This research methodology chapter explains the purpose of the research design, philosophy, approach, methodological choices, time dimension, strategy, population, unit of analysis, sampling method and size, measurement instrument, data gathering, analysis approach, quality controls, and limitations (Kallow et al., 2022).

4.2 Purpose of Research Design

Five research designs are available, namely, casual, explanatory, descriptor–explanatory, descriptive, and explorative (Myres, 2023). An exploratory study is a study that provides new insight or understanding into an issue, probing with new questions to see the topic in a new light. The exploratory study allows for a broad perspective at the start and progressively narrows as the study progresses (Saunders & Lewis, 2018).

Due to the nature of the research study, the exploratory research design was used. The research questions sought to understand how RM in the construction sector is assessed and managed amid disruptive extortion events. The study sought to understand the phenomenon of disruptive extortion events from the perspective of the various stakeholders involved in the construction sector.

4.3 Philosophy

Research philosophy is about developing knowledge in a particular field. There are five research philosophies, namely, i) positivism, ii) critical realism, iii) interpretivism, iv) postmodernism, and v) pragmatism (Saunders & Lewis, 2018).

Interpretivism is the philosophy that seeks to understand the differences that exist between humans and their roles as social actors. It is a study of a social phenomenon. Understanding the social world from the participant's point of view is key (Saunders & Lewis, 2018). Interpretive phenomenology is also known as hermeneutic phenomenology, originating from the work of Martin Heidegger (Neubauer et al., 2019).

This research study used interpretivism as it sought to understand, in detail, the role of the participants within the construction sector as social actors amid the challenges of disruptive extortion risks, as well as their experiences.

4.4 Approach

Theory development has three different approaches, namely, induction, deduction, and abduction. The induction approach is about theory building from analysing reliant data. It is about gaining an understanding of the meaning humans attach to events. The inductive approach offers a flexible methodology structure, permitting changes as the research develops (Saunders & Lewis, 2018).

This research study used the induction approach to gain knowledge and understanding of RM amid disruptive extortion risks through the lens of SM from the stakeholders who had lived through the experience.

4.5 Methodological Choices

There are six methodological choices, namely, i) mono-method quantitative, ii) mono-method qualitative, iii) multi-method quantitative, iv) multi-method qualitative, v) mixed-method quantitative, and vi) mixed-method qualitative (Saunders & Lewis, 2018).

Mono-method qualitative is a single technique for collecting data, usually in the format of an interview guide (Fourie, 2023). This research study used the mono-method qualitative methodology. The interview guide had an introductory section with information about the study being done by the researcher. The interview guide used was made up of three parts,

section A on the background of the participants, section B on research question one with sub-questions, and section C on research question two with sub-questions.

The interview guide questions were open-ended and exploratory (Saunders & Lewis, 2018). The open-ended questions allowed the participants to express their views freely, providing more details to their responses, which assisted with the analysis and findings and provided an opportunity for probing.

4.6 Strategy

Differing research strategies exist, namely, i) experiments, ii) case study, iii) surveys, iv) action research, v) grounded theory, vi) archival research, vii) ethnography, viii) phenomenology and ix) narrative inquiry (Saunders & Lewis, 2018). Phenomenology is a strategy that questions what is at the heart of a phenomenon experienced by people. It is used when wanting to understand the essence of an event (Myres, 2023). According to Creswell and Poth (2018), it expresses the shared interpretation of an idea among multiple persons based on their personal experiences. According to Sundler et al. (2019), the philosophy of phenomenology is the study of a phenomenon, such as something as it is experienced (or lived) by a human being, or as things seem in our experiences.

Explaining the significance of this experience, in terms of both what was experienced and how it was experienced, is the aim of phenomenology (Neubauer et al., 2019). Reducing unique experiences with a phenomenon to a description of its fundamental characteristics is the goal (Creswell & Poth, 2018).

This research study used the phenomenology strategy as the intention of the study was to understand the experience of the disruptive extortion risk, probing how RM is assessed and managed in the construction sector amid the disruptive extortion events from different individuals' views and experiences.

4.7 Time dimension

There are two time horizons in research, namely, i) cross-sectional and ii) longitudinal. A cross-sectional study is a study of an event at a particular point in time and can also be referred to as a snapshot. This time dimension is used when a researcher has time constraints for completing the study.

This research study used the cross-sectional time dimension for two reasons, i) time constraint to complete the study and ii) the study being done at a particular point in time. This research will be a snapshot of the RM processes in the construction sector amid the disruptive extortion risk.

4.8 Population

A population is a complete set of groups be it people, organisations, or places, that a study will be done in (Saunders & Lewis, 2018).

The population for the study was stakeholders operating within the South African construction sector.

4.9 Unit of analysis

A unit of analysis is the object or person from whom the research data has been collected (Kumar, 2018). The unit of analysis in this study responded to the research questions that were intended to explore or understand how the construction sector in SA assesses and manages the disruptive extortion risk. Using Hiyassat et al.'s (2022) approach, the unit of analysis included individuals from the various stakeholders operating within the South African construction sector.

Table 1 below in 5.2 shows information about the participants. The researcher intended to interview a minimum of 15 participants but unfortunately was not able to reach the 15th participant due to connectivity challenges experienced in two attempts. The 14 participants interviewed were all participants from the various stakeholders operating within the South African construction sector. The average years of experience of the participants interviewed were between 10 and 51 years. As seen in Table 1, the participants' positions within the various stakeholder organisations were senior, ranging from Chief Executive Officer, Director, Senior Manager, Project Manager, Ward Councillor, and Community Liaison Officer (CLO). Also, the organisations and types of projects that the participants had been involved in gave credibility to their experience in the construction sector.

One of the participants was involved in both the construction sector as a consultant and also as a senior lecturer at one of the top institutions of higher learning in SA. The

researcher highlighted this because it was interesting to get a view from a participant in the education sector in terms of what the participant was seeing in the education environment.

In terms of heterogeneity, one of the participants was retired but still involved in the construction sector through his work as a consultant to both the private and public sectors. Two of the participants were from the community and involved in the construction sector through the projects happening around their communities. The remainder of the participants were still actively involved in the construction sector in their various disciplines doing various projects.

Lin et al. (2019) warned that the positions of the participants cannot guarantee that rich information is provided, but in this study, it increases the probability of rich data since the participants at senior levels are more familiar with the phenomenon of disruptive extortion events and are involved and exposed to what the organisations are doing about the risk. Also, as Robinson (2014) mentioned the similarities found in a heterogeneous sample are more reliable than the ones found in a homogenous sample.

4.10 Sampling method and size

There are two types of sampling methods available, i) probability and ii) non-probability sampling. This study made use of non-probability sampling, which is a type of sampling technique utilized when the researcher does not have access to the complete population list (Saunders & Lewis, 2018).

There are several different kinds of non-probability sampling, namely, i) quota sampling, ii) purposive sampling, iii) volunteer sampling, iv) snowball sampling, v) self-selection sampling, and vi) convenience sampling (Saunders & Lewis, 2018). Purposive sampling is a type of non-probability sampling used when a complete list of the population is not available to select from and the researcher uses their judgment to select the sample based on various reasons (Saunders & Lewis, 2018).

There are varieties of purposive sampling, namely, typical case, critical case, extreme case, heterogenous and homogenous (Saunders & Lewis, 2018). According to Saunders and Lewis (2018), heterogeneous purposive sampling occurs when the sample possesses a sufficient number of diverse traits to allow for maximum variance in the data collection process and provide intriguing patterns that will enhance the representation of important themes.

Similar to Di Maddaloni and Sabini (2022), this research study used the purposive sampling technique because the researcher selected a representative sample from the stakeholders within the population. Also, heterogenous purposive sampling was used because the participants were of diverse characteristics within the construction sector, as seen in Table 1. As the researcher has direct access to most of the key stakeholders in the South African construction industry through professional networks, the stakeholders were identified through these networks to request an opportunity for an interview. During the interview process, the researcher deployed the snowballing technique by asking the participants to recommend other relevant participants that the researcher might not have been aware of (Saunders & Lewis, 2018).

The sample size used in this research study was 12 to 14 participants. Similar to Cuganesan and Floris (2020) the guided semi-structured interviews in this study were performed until data saturation was reached, that is when the researcher was not able to identify any further coding categories and where no additional data was found.

4.11 Measurement instrument

Similar to Boateng et al. (2020), semi-structured interviews were conducted using an interview guide that was authorized by the institution's ethical clearance committee. Semi-structured interviews, according to Saunders and Lewis (2018) are a method of collecting data in which the researcher poses a set of themed questions but can also vary them in order of how they are asked and can choose not to ask some depending on the participant's response. The semi-structured interviews provided for rich data collection, allowing for clarification and expansion of questions and answers during the interview, therefore, enhancing internal validity (Di Maddaloni & Davis, 2018). The interview guide was used as a base for the questions to be asked and to also provide focus on the discussion for the research at hand.

The semi-structured interviews allowed the researcher a chance to obtain additional in-depth information on the assessment and management of the extortion risk in the construction sector and to gain knowledge and insights from the participants into the issue and their lived experiences (Boateng et al., 2020).

4.12 Data gathering process.

Data can be gathered in two forms, namely, i) qualitative data and ii) quantitative data. Qualitative research uses three forms of gathering data: structured, semi-structured and unstructured interviews. Qualitative data is not measured or standardised and is not as numerical as quantitative data (Myres, 2023). According to Peterson (2019), qualitative researchers explore uncharted domains, seeking to understand participants' language and behaviours, drawing conclusions from their findings, juxtaposing these with existing literature, and proposing potential practical applications and avenues for further research.

Williams and Moser (2019) mention that qualitative research is known and used for its ability to be able to give a chance to find the start of an event, to be able to understand the reasons why the event was happening, to get a better understanding of what the event meant to the people who were involved, and to establish if there was any conceptual understanding or theoretical frame generated by the event.

The primary empirical basis of the research study used was a qualitative approach, as the intention was to investigate or explore RM in the construction sector amid disruptive extortion events through interviewing the unit of analysis in semi-structured interviews

using the interview guide. The researcher also made use of probing questions, such as, how did this happen? Please tell me more, can you give another example? Why would you say this is the case? Anything else? etc (Lew, 2023). Some of the questions in the interview guide were not asked directly because of the responses that came from the participants as these were semi-structured interviews and exploratory.

Ethical Clearance Approval was received by the researcher on 24 July 2023 from the Gordon Institute of Business Science (GIBS) Ethical Committee. The approval comprised the Consent Form (*Submitted as part of the supporting documents to the institution*), and Interview Guide (Appendix 1). Following the approval, before starting with the process of arranging the interviews the researcher requested a Confirmation Letter (*Submitted as part of supporting documents to the institution*) from the Master's Research division of the institution stating and confirming that the researcher was a student from the institution performing data collection for the Master qualification. The researcher then began the process of scheduling interviews with the participants. As mentioned earlier, the participants were selected from the researchers' professional network accumulated over the years within the local South African construction sector. This was done in no particular order as the intention was to interview the participants based on their availability.

Firstly, the researcher called the participants that they were familiar with to discuss the reasons for requesting the interview. This was done to show the participants respect and not just send an email with no prior background to the communication. Also, the researcher was cognisant of the fact that this was a professional matter and that even though the researcher might be familiar with the participant within the sector some form of respect was still required as these were professionals and experts in their areas of work. After the call and with the consent of the participants, a formal email was sent with content similar to the discussion had on the call and attachments of the consent form, interview guide and confirmation letter from GIBS. The researcher tried to give a minimum of a week to the participants for availability. When the researcher received confirmation of availability from the participants a meeting invitation was then sent with a Microsoft (MS) Teams link. The interviews were conducted by the researcher in SA. The interviews were conducted from 1 August 2023 to 28 August 2023. The researcher would have between one and three interviews per day, maybe 3 times a week depending on availability.

The researcher tried to request that most of the interviews be face-to-face, but it was not possible for all of the interviews. For those not held face-to-face, Microsoft (MS) Teams were used as the virtual platform. English as the medium of communication was used for

all the interviews. The interviews were all recorded. The virtual meetings were recorded using the MS Team's platform and the face-to-face meetings were recorded using Microsoft 365. The researcher also used the mobile phone to record all the interviews in case any technological challenges occurred with the other platforms, which in one or two instances did occur but the data was still retrievable as the mobile phone was always charged during the interviews and therefore no interview data was lost in the process.

On the day of the interviews, the researcher would be online ten minutes before the interview to ensure that there were no technical challenges. This was tested with another colleague checking sound and clarity of voice. When the participant got online the researcher would start the engagement with a catch-up and check-up session just to ease the atmosphere, especially with participants who were not familiar with the researcher. Also, to make the participants comfortable, as the research study conducted by the researcher was sensitive and most of the stakeholders were reluctant to be found commenting in fear for their lives, some of the participants specifically would state that they were participating in the study in their capacity as individuals and not expressing views of the organisations they work for.

When starting the actual meeting, the researcher asked for permission from the participants to record the interview. When permission was granted, the meeting started by explaining the reason for the interview and the study being conducted. The researcher went through some house rules, such as confidentiality being guaranteed, and that the participant could opt out at any time without any penalties. As mentioned earlier, this was important to do especially with the topic that the researcher was addressing. The extortion events within the construction sector are a topical issue in the South African construction environment and participants needed to be given comfort that whatever information they shared and recorded would be kept safe and that it was for academic purposes only.

The researcher also used the first two interviews as part of a pilot study to determine how long the interviews would be and establish if the interview guide questions required any changes. This worked well for the researcher as the first two interviews were with stakeholders who held different positions and represented different interest groups. The first two interviews assisted with being able to see how the participants responded to the questions as their body language and facial expressions were observed by the researcher. This is where the researcher was able to establish that even though the interview guide questions continued to be used for all the interviews, how they were asked required

phrasing, but not steering away from, the intention of the research questions but rather to give comfort to the participants.

For example, where the researcher may have made use of the word “investigating”, the researcher rather decided to use “exploring” or “understanding”. As mentioned, and advised by one of the participants, “investigation” sounded as if participants were being assumed to have participated in the criminal extortion events, risking the data received as participants might not have felt free to speak. The researcher took this advice and used it for the rest of the interviews. Between the first two interviews, the researcher was able to establish how long an interview would last. Depending on the participant's responses and engagement the interviews lasted between sixty to ninety minutes. Some outliers took more than ninety minutes due to the participant's engagement level.

The researcher utilised the interview guide for taking notes. This was used purely for making points of reference when doing the transcribing, as the researcher did not want to be seen as always writing and not engaging the participant or not interested. When the interviews ended the researcher would stop the recording and take a few minutes to have a few words with the participants as part of showing gratitude for having participated. Most of the participants found the research study to be interesting and some of the participants commented that these interviews made them think about how they can look at the issue in trying to find ways to mitigate the extortion risk within their organisations.

4.13 Analysis approach

As the study used qualitative data gathering three data analysis methods exist, namely, codes, categories, and themes (Myres, 2023). Qualitative data can be text or non-text (audio recordings, video recordings and still images). Audio recordings are interview transcripts that are transcribed, word processed and analysed as text data. The recordings also have details on the research setting (Saunders & Lewis, 2018).

This research study used audio recordings in the form of MS Teams recordings, mobile phone device recordings and Microsoft 365 recordings. The interview transcripts were transcribed verbatim, word processed and analysed. After each interview, the researcher sat with the recording, notes and transcripts listening to the recording and cleaning up the transcripts from the recordings to read properly. This was done because when the transcripts from the recordings were downloaded there was duplication of words, and the sentences would be broken/split and needed to be put in a structured, easy-to-read, and

understandable format. Also, the clean-up allowed the researcher to be able to set up the responses according to the interview guide. An exploratory semi-structured interview with open-ended questions uses the questions as a guide, and the responses are not restrictive. The participants, while answering question 1 for example, would also at the same time respond to question 5. The clean-up allowed the researcher the opportunity to allocate the responses accordingly.

After transcribing the first two interviews the researcher was able to gain insights that were used as follow-up questions in the later interviews. This also helped with determining when saturation was reached. After the cleaning up and transcription process, the researcher transferred the documents into Atlasti 9, a qualitative data analysis software package for analysing the interview data finding codes, categories (code groups), and creating themes. (Di Madalloni & Sabini, 2022). To start with, the researcher went through the process of manually coding the transcripts using Atlasti 9, allowing for the researcher to become more familiar with the data, and then to group the codes into categories, and then finally find the themes from the code groups (categories). After the themes were determined, the researcher started documenting the findings.

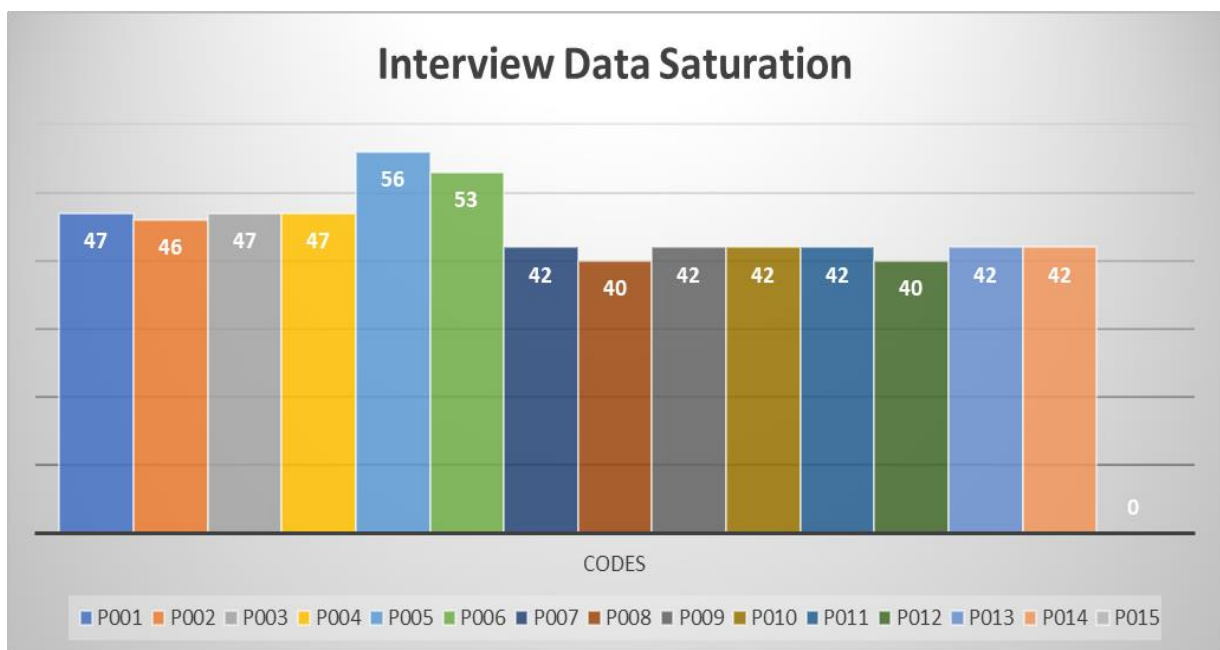


Figure 1: Interview Data Saturation

Figure 1 above represents the outcomes of the coding done using Atlasti9 to reach data saturation. The above figure is a true representation of the varying participants from the stakeholders within the construction sector. What can be seen in the figure is the commonality that exists between the participants interviewed in terms of the responses provided. P001 and P004 were the public sector participants who, due to their positions in their organisations, were careful in the responses they provided. P002 and P003 were the local community representatives who also responded based on their views as local community representatives. The striking change in codes seen from P005 and P006 show the interesting responses that started to appear as these were participants from the private sector on an advisory level and construction company representatives respectively. It can be seen that the codes spiked as these representatives were comfortable responding without any sense of restriction. P007 and P008 represented consultants within the private sector who also were careful of what they said as they wanted to represent their views and not come across as representing their organisation's views. P009, P010, P011; P013 and P014 were private sector construction companies' representatives, which aligns with P006 levels but with lesser codes as the responses started to become very similar. P012 is the representative from the education sector who now and again did private sector work, which explains the level of the codes represented, as she advised that she had been out of the industry at the corporate level for quite some time and was focused on the built environment aspect. P012 views highlighted some interesting points regarding the challenge of disruptive extortion risk. Even though the figure shows a number that is consistent from P009 it is due to the coding and quoting in Atlasti9, but the consistency shows that saturation was reached as no codes were picked up.

4.14 Quality Controls

The quality of the research study conducted needed to have quality controls. The quality of this research study was evaluated by checking the scientific rigour by assessing validity, reliability, confirmability, and triangulation (Myres, 2023). The researcher was aware that biases and objectivity would affect the findings of the study it was therefore important that the study demonstrate that the findings were a true representation of the views of the participants, the recordings and transcription were done and kept accessible for review by the institution (Myres, 2023).

Internal validity checking for the credibility of the data documented and interpretation of the study was done through the process of triangulation (Myres, 2023). Triangulation is the process of using more than two independent sources of data. Secondary data triangulation was also used. As the reliability of the study can be questioned, triangulation was used to ensure reliability. Saunders and Lewis (2018) state that validity is about testing if the collection method accurately measures what it was intended to measure and if the findings profess what they are really about. Reliability is when the data collection and analysis produce consistent findings.

For the external validity of the study, transferability was checked to see if the study could be applied to other settings or groups. This was done through the use of purposive sampling. The reliability of the study was important. Checking for dependability to see if the findings and conclusion could be replicated. This was done through triangulation (Myres, 2023

For the credibility of the findings, the responses were bolstered by the incorporation of secondary data (Di Maddaloni & Sabini, 2022). To triangulate the participants' responses and provide additional context to the findings of the study, secondary data from sources like newspapers, and published reports, was also used.

For the protection of personal information, as required by the Protection of Personal Information (POPI) Act enforced as of 1 July 2021, all data collected was stored in a cloud-based storage facility. The participants were advised of this in their interview to be transparent, earn their trust and gain their consent. The data will be stored for a minimum period of 10 years as requested by the institution and after such a period will be destroyed. The data will be deleted using data deletion methods that will ensure no risk to any party (GIBS Green Pages, 2023).

4.15 Limitations

Similar to Witz et al. (2021), this research study's findings hold limitations. The researcher might have unintentionally biased the interviews, for example through the drafting of questions, sample selection, or probing or nudging during the interview process. The interviewees may have offered tainted replies for unknown reasons, as in every interview circumstance, even though the researcher asked the same questions in several ways to prevent socially preferred answers.

This research study's findings might have been affected by biases. The risk of bias from the participants is that their viewpoint on the interpretation of information could have led to a systematic error in one direction of the study (Willumsen et al., 2019). To mitigate this limitation triangulation was done. Triangulation assisted with confirming what the data was telling the researcher (Myres, 2023).

Due to the sensitivity of the research study, the researcher made all endeavours to ensure that all the questions were answered by the participants. Where the researcher could see that the participants were not comfortable responding, the participants were given the freedom to respond from their views and what they saw in the sector and not concerning their specific organisations or line of work. Where the participants did not feel comfortable not responding the researcher did not push to avoid making the participant uncomfortable.

FINDINGS / RESULTS

5.1 Introduction

Chapter Five presents the findings or results from the analysis of the interview data collected. The chapter begins with a brief description of the sample of the participants interviewed by the researcher to provide context for the findings or results presented. The brief description of the sample of participants also shows sample alignment to validate the suitability of the sample criteria. The key themes that emerged from the qualitative data analysis relating to each research question from Chapter Three are also noted in this chapter.

The data collection aimed to answer the two research questions and therefore the results are presented in two sections. The first section responds to research question one on how the construction sector assesses the disruptive extortion risk. The second section responds to research question two on how the construction sector manages the disruptive extortion risks. Both research questions had sub-questions that were used as guiding questions in the data collection process.

5.2 Description of Sample

Table 1 below *shows* information about the participants. As mentioned, the researcher intended to interview a minimum of 15 participants but unfortunately was not able to reach the 15th participant due to connectivity challenges experienced with both attempts. The 14 participants interviewed were all stakeholders operating within the South African construction sector. The average years of experience of the participants in the construction sector was between 10 and 51 years. As seen in Table 1, the participants' positions within their various organisations were senior ranging from CEO to Director, Senior Manager, Project Manager(s), Ward Councillor, and Community Liaison Officer (CLO). Also, the organisations and types of projects that the participants had been involved in gave credibility to their experience in the construction sector.

One of the participants is involved in both the construction sector as a consultant and as a senior lecturer at one of the top institutions of higher learning in SA. The researcher highlights this because it was interesting to gain insights from a participant in the education sector as it brought an interesting view in terms of what the participant is seeing in the education environment. Two of the participants were from the community and were

involved in the construction industry through the projects that happened around their communities. The remainder of the participants were actively involved in the construction sector in their various disciplines doing various projects.

No	Participant (P)	Profession/Job Title	Highest Qualification	Gender	Organisation	Years of Experience	Types of Projects Involved in	Duration of interviews	Dates of Interviews
1	P001	Chief Architect & Development Programme Manager	Masters in Architecture & Property Development - Real Estate	Female	Government Public Sector	15 years	Commercial and Public Infrastructure Projects	02:38:05	31 July 2023
2	P002	Ward Councillor - City of Tshwane	Currently studying - Degree in Economics	Male	City of Tshwane - Office of the Speaker	10 years	Construction-related Work	01:12:06	31 July 2023
3	P003	Dispute Resolutions Labour Relations - Community Liaison Officer	National Diploma - Labour Relations - Major in Labour Law	Male	Community Stakeholder - Tshwane	11 years	Public Projects - Roads and Commercial	01:17:56	01 August 2023
4	P004	Senior Manager - Contract Management	Masters in business leadership	Male	Government Public Sector	15 years	Construction Projects - Specialising in PPPs (Public Private Partnerships)	02:00:32	02 August 2023
5	P005	Specialist Advisor Consultant - Public and Private Sector	MBA UCT and Bachelors Degree in Engineering	Male	Infrastructure Consultancy - Project Managers in the Built Environment	51 years	Technical Advisor- Infrastructure Development - Design & Build, PPP, Facilities Management (FM)	02:29:15	02 August 2023

6	P006	Civil Engineer - Director in Construction Management	BSc - Civil Engineering	Male	Construction Company	19 years	Building Contracts and Civils	01:34:10	03 August 2023
7	P007	Senior Infrastructure Technical Advisor - Lenders Technical Advisors	BSc in Electrical Engineering	Female	Consultants	20 years	Large-scale mega projects – Infrastructure commercial	02:16:50	07 August 2023
8	P008	Senior Project Manager	Master of Commerce	Male	Consultants - primarily financial advisory	10 years	Government advisory in the PPP projects, independent power producer energy space, investment, and asset management for private clients.	02:38:08	08 August 2023
9	P009	Managing Director Building North	BSc Honours Degree Civil Engineering	Male	Construction Company	26 years	Commercial and Civil Projects	01:39:38	10 August 2023

10	P010	Director – Project Management	Master of Engineering in Project Management	Male	Construction Company	20 years	Civil infrastructures	02:43:35	15 August 2023
11	P011	MD Civils Division	BSc in Civil Engineering at the University of Stellenbosch	Male	Construction Company	18 years	Civil Projects - Large Concrete Work - full spectrum. we do work for the government, the SOEs and private clients as well	01:05:10	15 August 2023
12	P012	Senior Lecturer – University of Witwatersrand	PhD in Quantity Surveying	Female	Education Sector - Built Environment	25 years	Social Infrastructure – Clinics, Schools, Commercial Projects – Private Sector	01:18:47	19 August 2023
13	P013	Project Director	National Higher Diploma – Building Management and Quantity Surveying	Male	Construction Company	35 years	Renewable energies include solar and wind across South Africa and	01:51:17	28 August 2023

							southern Africa.		
14	P014	CEO	MBA – Gordon Institute of Business Science	Male	Construction Company and Developers	28 years	Across the board, Housing, Commercial, Private sector and Public sector, Design and Construct, professional services as project managers.	01:10:19	29 August 2023
15	P015	Director	Degree in Civil Engineering	Male	Construction Company	25 years	Was not able to have the virtual call with the candidate. Tried having the meeting but the network was just not working as the	00:00	

							<i>participant works in an area with a lot of mountains and the network was an issue.</i>		
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5.3 Results presentation

5.3.1 *Research Question 1: How does the construction sector assess the disruptive extortion risk?*

To provide a more comprehensive perspective, research question one was composed of sub-questions that served as guiding questions. First and foremost, it was important to understand how the construction sector assesses the disruptive extortion risk and when it is done. Next, it was important to determine which stakeholders should bear the risk, who is involved in the risk assessment process of the stakeholders and when, and whether or not the various stakeholders believe they should be involved in each other's risk assessment processes and why. Finally, it was important to understand the difficulties that the participants encountered when conducting these risk assessments, what causes these difficulties, and whether there are any measures that the industry can employ to assess the risk effectively.

Presented in this chapter are the conclusions drawn from the researcher's qualitative data-gathering process. The themes that emerged from the coding analysis that was conducted to address the research questions are used to portray the findings. The categories (code groups) that resulted from the codes concerning each final theme are displayed in tables. To bolster the conclusions, a few of the participants are also quoted. Chapter Six will provide an analysis of the findings by theme.

5.3.1.1 *Understanding the Disruptive Extortion Risk Assessment Process*

The purpose of sub-questions B.1 and B.2 was to ascertain whether or not the stakeholders in the construction sector have a procedure in place that they use to assess the disruptive extortion risk, as well as when that assessment is done. It is important to emphasise that the participants' responses to sub-question B.1 produced a two-part answer, which led to the emergence of the theme, of extortion.

Firstly, the responses made it clear that extortion is a criminal act that cannot be assessed as its existence in an environment is unknown, and secondly, the responses revealed that the stakeholders look at the local community from a societal perspective, assessing the local community with the understanding of mitigating the potential issues that may arise. The participants mentioned that it is important that the local community is involved as an

external stakeholder as the projects tend to have an impact on their environment either positively or negatively.

Even while the private and public sector participants' responses varied in how risk assessment is done, there was consensus among them all that disruptive extortion risk is a criminal act and therefore cannot be assessed by any stakeholder in the construction sector. The stakeholders in the construction sector are not able to know upfront or identify if the disruptive extortion risk will transpire in an area or a project. The participants all agreed in their responses that the local community risk assessment should be done as soon as possible before the start of the project on-site.

Below are the themes that transpired from the analysis.

Table 2: Categories and Theme Table

Categories	Themes
Risk assessment stages Risk Assessment in the construction sector	Understanding the disruptive risk assessment process
Extortionists criminal act Construction mafia	Extortion

The responses from the participants on the **risk assessment processes** reveal that the stakeholders have some form of the risk assessment process for the assessing local community and most of the time the assessment process is done before arriving on site. Firstly, looking at the public sector and local community participants, P001, P002, P003, P004, P005 and P008, it can be noted from the responses that the public sector does not have a structured way of assessing the local community risk and when they do attempt to do a risk assessment, it is not very clear what the processes are for engaging with the local community. These public sector participants are quoted together to show the disintegrated understanding of the approach of undergoing the risk assessment process within the public sector.

P001, *“The process of engaging the community is guided by policies, frameworks, and structures. It’s very specific in the built environment that you have different role players and organisations with specific mandates. so, you do assess that upfront and engage the relevant parties not that the community is not important, it is important to first establish*

proper guidelines before going to the community about what you can or not do ... We rarely find that there are issues with the community directly. It's predominantly forced from outside in. Your communities are bullied. And they are used as vehicles for political gain, and they are just completely disregarded".

P008, *"The government does not have formal processes for assessing this particular risk. So first of all, I want to put it from a government perspective advisory position, one of the first challenges that we currently experiencing is because of the continuous delays in the decision-making processes in government the risks are not assessed properly. So, by the time you issue documentation to market, there are no actual provisions for accommodating or being aware of or putting mitigants in place to address this potential risk from a community".*

P005, *"As an advisor we go back to the client and ask what they are doing about it as this will put the government project at risk and will have to deal with it. In the last 5 years, it has become very high profile. Some government stakeholders are looking and aware of it but can't say all departments. Anyone in the infrastructure development arena is aware of it. The last year or so it has been escalating. It has been looked at by some government departments and they are aware of it. They have tried to address this with success and sometimes no success".*

P004, *"We do not have a formal process for this particular risk. However, since it has come to light, we have to look at the increased risk that we have to cope with. When planning a project, we have to consider that but not going to technicalities but rather for both time and insurance purposes. This was never really looked at seriously when it started in KZN. No one was paying attention to it even when doing projects in KZN. Only now it is being taken seriously as it has spread to all provinces and countrywide".*

From a community perspective (public sector), this is highlighted as these are participants who work with the public sector as community representatives. Interestingly, the CLO, participant 3 was not aware of what the processes are and yet the Ward Councillor participant 2 knew what the city does.

P003, *"No process for assessing the extortion risk. This is alien to the industry. We plan and think on our feet as the community. In 2013 there were no such tendencies from our people. This started after 2015 when the 30% local spend was announced by the president at the time and all hell broke loose".*

P002, *“We have an Internal unit in the speaker's office that deals with assessing any risks relating to construction projects. The unit also deals with and works with DPW on any projects that they do. As a councillor, I sit in that unit as well as representing the ward. Firstly, they call security meetings with different units of the security classification involved, others with extensive experience and expertise around security matters. It involves public participation and start having discussions around the areas in which the project is going to take place and obviously as understand our areas, we can make our submissions to the unit as the community”.*

The responses from the private sector stakeholders are also interesting as the results reveal that the approaches vary from organisation to organisation. There is no one standardised approach used by all the stakeholders in the sector, even with the local community risk assessment process.

P006, *“The extortion events are criminal but be that may when we are looking at the project, we predominantly look at the geolocation first, provincial location, down to the city or town to even a township or municipality to understand the community where the project will be constructed. That gives us an indication to decide whether to pursue or not pursue the project”.*

P009, *“For me involved in the inland sector of our building business so we understand the areas we operate in reasonably well in terms of site location based on past experience. Since there are active businesses in the community, we have consultants that we use on projects and they advise us of the high-risk areas or not and they you can also see physical traits on the project in the area where if there are challenges if it's easy to extract people or difficult to extract people and physical nature of the construction is it in a camped off-site or not. We look for areas where it is rife and decides not to do business there”.*

P010, *“Even with the organisation, from my understanding of what it's also done on a project-by-project, division-by-division basis. So, there isn't a global protocol. It's a bit of an evolutionary crisis, seeing what works for the teams and then trying to learn from each other... So, there are some formal processes some organisations are doing... Generally, there's no sectoral or national protocol. The closest one is the Business Against Crime which they try and give to their members as a guideline document... organisations doing their own thing. All attempts of co-ordination have generally not borne much fruit...there's no support at the states that I've come across”.*

P014, *“So, to answer your question, internally we developed a process of managing communities, and community engagements right from the outset. Sometimes before we are awarded but most times after we awarded the project, which involves the community engagement of which a portion of that is what you're referring to would pose the risk of the construction mafia. We see it as an absolute necessity in South Africa in dealing with communities and engaging and positively dealing with community engagement to minimise the extortion risk.”*

It was important to understand when the risk assessment is carried out by the stakeholders. The participants' responses reveal that the majority of the stakeholders do their risk assessment as early as possible before the start of the project on-site.

P001, *“Pre-planning and planning stages (Inception stage)”*.

P004, *“As part of the procurement process. During the design and construction phase of our project. It becomes part of the contract as a negotiating point”*.

P014, *“As early as possible, depending on the project but we prefer the pretender stage and just before construction on site...”*.

P008, *“For PPP projects community engagements are not done by the government. For normal conventional projects, community engagements are done through a feasibility study”*.

P002, *“Stakeholders or developers should engage the community before the project starts on site at the planning stage or pre-construction stage”*.

As noted above, a theme emerged from the findings of sub-question B.1. Below are some of the quotes from the participant's responses on the extortion:

5.3.1.2 Extortion

P002, *“The meetings are never to assess the extortion risk but rather to engage the community about the project and the opportunities that the project will bring”*.

P010, *“This is where it becomes difficult, and I think that this is where one of the challenges lies...we have the definition of extortion from Business Against Crime and also have a process of how the client can engage with the community. They give you a nice guideline... clear distinction between public violence and/or extortion... extortion triggers come in where there's a threat of commercial physical or intimidation event or with the intent to get*

some gain out of it, something along those lines. Whereas public violence with the guys just burning facilities is treated separately, particularly within the legal system in the policing system... ”.

P012, *“My experience it’s not necessarily with the extortion, but working with communities, especially with the government projects and some of the research that I’ve done”.*

P006, *“The extortion events are criminal events but be that may when we are looking at the project...”*

P005, *“The extortion risk is a construction mafia risk. It is a criminal event firstly, but it is a real risk for the construction sector. As a technical advisor, we look at it although it is not in the risk matrix in the feasibility studies...”*

P009, *“Extortion is a criminal event with an element of violence, and our teams all understand that if they are being threatened in any way, they can close the site and keep the site safe protecting the people. We avoid violence”.*

5.3.1.3 Bearer of the Disruptive Extortion Risk

Based on sub-question B.3, it was important for the researcher to understand the participants who should bear the disruptive extortion risk. As mentioned earlier, the extortion risk is a criminal act that cannot be assessed. The responses in this sub-question varied as some of the participants viewed the extortion risk as a client risk as it is the client’s responsibility to ensure that the environment is enabled for the execution of the works, especially in cases where the client is government. Other responses saw the extortion risk as being a shared risk as they believed that the risk impacts all the stakeholders involved in the project.

The sharing of the risk comes from the view that the criminal element is the client (government) and while that is the case, the local community risk is to involve all the contracting parties in the project. What is important to note from the responses is that the government has a responsibility to create an enabling environment and therefore the disruptive extortion risk is their responsibility. Below are the categories that transpired from the code analysis.

Table 3: Categories and Theme Table

Categories	Themes
Government enabling environment. Risk Bearer All stakeholders	Bearer of the disruptive extortion risk

P005, *“It’s a breakdown of law and order. It’s anarchy and that falls squarely within the ambit of the state. The breakdown of law and order cannot be handled by the private sector unless we end up in a state of civil war. The private sector is sitting within the law and these extortionists are coming outside the law and the police are not protecting the citizens of the country. The statements of the political parties also do not help the country and the situation as they incite violence. The state has a responsibility to protect the state and citizens”.*

P001, *“In its entirety, the state of the country should bear the risk. It is the burden of government. Sole existence is to serve its people and its communities. You serve a community by enabling betterment, enabling access to equitable access to service, and basic service delivery. They write the policies, they write the structures, the frameworks, the preferential, they write all, and they dictate all of it. But at the end of the day, you learn OK, how do I achieve this and they’re like? Oh well, that’s kind of your problem. I did my part”.*

P002, *“I think it’s a collective shared risk. All the stakeholders involved in the project”.*

P014, *“All the stakeholders, clients, local community, municipality, ward councillors, CLOs (Community Liaison Officers), contractors, and provincial government. I mean the employer likes to say it’s the contractor’s, risk you know, the contractor likes to say it’s the employer’s risk and the communities, it’s everybody’s risk. If you set the rules of engagement early, you have half a chance of winning...”*

P008, *“According to the framework of the PPPs, all risks are borne by the private sector. Will the government intervene in a PPP? The government will be reluctant to intervene, but the government will be prepared to provide some assistance and guidance, but it will not take a leading role in terms of resolving those issues... In normal conventional*

government projects that do not go through the PPP framework, the government would take the responsibility to ensure that risks are assessed and managed by them...”

P012, *“The government should take responsibility. Yes, I think because they would want to know at the end of the day, in terms of reporting, we as QS would report. After all, you need to show the government has this obligation to show how much the community is involved in the project and how they benefit. It engaged like how many youths were employed and there was, you know, and even the things are those who are physically challenged and those kinds of things you have to report. But it's the whole thing because they don't get, they don't have that data...”*

P010, *“Depends on how it's contracted ultimately, and this is where the frustration comes. You see there is very little trust between clients and contractors, and it's even worse between the state and clients and contractors... So, I think that the issue is if contracted and everyone's pricing for that everyone's allowing it then you could say it should sit with the party that's priced for it if you haven't contracted for it, if you don't provide for it then it should sit with the client part...”*

5.3.1.4 Stakeholder Involvement in the Risk Assessment Process

Sub-questions B4., B5, and B6. under research question one sought to understand if the various stakeholders involved other stakeholders when doing their risk assessments and, if so, when, how and why. Also, based on sub-questions B.9, B.10, B.11, B.12 and B.13 it was important to understand if the stakeholders believed they should be involved in other stakeholders' risk assessment processes and why they believed so.

First and foremost, extortion is a criminal act and therefore the risk assessment responses provided are based on local community risk. The majority of the participants' responses reveal that the stakeholders, even though they do their risk assessments, can involve other stakeholders. Although at times it might be a challenge due to the time pressures and procurement regulations, as well as the issue of when to involve other stakeholders without creating expectations, especially with the local community, make it difficult to involve other stakeholders. Other stakeholders are involved as soon as possible in the risk assessment process.

Table 4: Categories and Theme Table

Categories	Themes
Stakeholder engagement Stakeholder involvement Community engagement	Stakeholder involvement in the risk assessment process

Sub-questions B.4, B.5, and B.6

B.4 When doing the risk assessment process which stakeholders do you involve or interface with? And why?

P014, *“Well, I mean, obviously all the stakeholders. You get the client's employer on board as early as possible. You get the local government, local municipalities and most, most times provincial government because a lot of our projects are in the public sector. So, we get the provincial government, we get through the Ward, councillors and everybody involved upfront to establish what is the framework..., we all trying to deliver something for the community especially since most of our projects are in public sector healthcare, education, it's housing which benefits the actual community from end product as well as future employment...”*

P011, *“Local community, CLO, Ward councillors, client especially in areas where we know there is potential risk, police, municipality”.*

P001, *“We involve and engage the team spoken of earlier. This is because they help with formulating the legal parameters of the project, especially concerning community-related matters. It is important that the legal and statutory requirements are set up first before going to the community to avoid going out and communicating unrealistic expectations to the community creating a problem from the get-go for the project. The community is involved and engaged with when all these requirements have been established”.*

P003, *“Only work with the municipality because the ward councillors are part of the office of the speaker and run the participation meetings”.*

P005, *“The contractor or developer depends on the project and client requirements because most times we do assurance engagements checking that the contractor has done proper engagements with the community and how that was done. We look for gaps in their processes and advise”.*

P008, *“No other stakeholders in the PPP framework besides the government's representatives and any other advisors like the legal teams. The framework is very clear and strict in terms of the processes and engagements during the whole procurement process hence interaction with other stakeholders is limited”.*

B.5 When do you involve these stakeholders?

P014, *“As early as possible before the start of the project on-site”.*

P012, *“As early as possible. At tender stage or before starting on site depending on the project and client requirements”.*

P001, *“The professional team is involved in the pre-planning stage. The community is involved in the planning stage”.*

P003, *“Before the establishment on-site. When the contractor knows that they have been awarded the work. Before putting cranes and containers on-site”.*

P009, *“Pretender stage”.*

B.6 How do you involve these stakeholders?

P014, *“The community through the municipality and ward councillors. Client through the process of engaging in the contract”.*

P011, *“We depend on the client as I said earlier, we believe the client should have the initial interactions with the community. But if that has not happened, we try and find out who the leaders in the community are like I said the CLO (Community Liaison Officer) and ward councillor”.*

P001, *“At the preplanning stage – the professional team called the major stakeholders are invited... The other government entities are involved... The community is involved at the planning stage as secondary stakeholders when the directive has been formulated and a plan has been developed with all the mechanisms...”*

P003, *“Go through the ward councillor in the office of the speaker “.*

Sub-question B.9, B.10, B.11, B.12 and B.13. What was interesting to observe from the participants' responses was the double-fold responses given, some partially yes and partially no and some straight no or yes answers. This is because, at times, the procurement processes do not allow for this and where it is possible, it is limited. Also, some of the community representatives, based on the sector's reputation of corruption,

believe that the construction sector does not want to work with the local community hence they do not involve them.

B.9 As a stakeholder, do other parties involve you in the risk assessment process? Yes/No

B.10 If No, what are the key reasons you think cause your non-involvement?

B.11 If yes, when do you get involved?

P014, *“Partly Yes and No. No, because the procurement process does not allow for pre-engagement with the contractors before tender awarding. It's not part of the PFMA”.*

“Yes, if procurement was not a restriction. I believe it is a risk for everyone and should try and engage as much as possible and as early as possible to try and find ways to mitigate the risk”.

P011, *“Unfortunately no, we have had clients some clients but it's in the minority. If they do that through this feasibility stage now before we get the tender it will help a lot, I believe. It would help with the whole community engagement”.*

“No because, some of their procurement processes are restrictive”.

“Yes, normally at the pre-contract stage or after being awarded the contract some clients are still allowed to look at the risk and see how it can be managed”.

P001, *“That's very important. It's and it's bringing us back to the legality because the answer is yes and no”.*

“No, because That property is signed over as property as ownership to the contractor, which I have no party to. It's not mine that ownership is assigned over. So even if I wanted to get involved. I'm not allowed because it's not my property when work starts on that project.... But from a legal process, I cannot because it's not my property any longer, so we take a supporting role”.

“Yes, the pre-planning stage and the establishment of the risk profile upfront are based on the studies. I make that available to the contractor or the developer, but legally, again, we're talking about a property...Support our contractor”.

P003, *“No, they do not involve us because of the nature of the construction industry”.*

“No, the construction industry itself is a mafia sector and does not want to empower skills transfer, empower SMMEs. They want to come to extract whatever and live in the community. They come to the community united and by the time they live, the community

is integrated... Sometimes you find some of the shareholders are political and sit in parliament and do not want to give to the community and will not make money. Due to the nature of the construction business and the history of the industry, they only share information or want to engage once they are on site. They are not upfront with engaging with the community”.

P008, *“No, they do not”.*

“The contracts in the construction sector are very clear as to how the engagements should work especially between the private sector and engagement. These conditions make it difficult to engage or be involved in other stakeholders' risk assessment processes. They can only interact through the clarification process which is guided by the contract as well and it needs to be transparent to all the bidders or tenderers”.

B.12 As a stakeholder, do you believe that you should be involved in any risk assessment process? Yes/ No? The responses reveal that the stakeholders in the sector want to work with other stakeholders when doing the local community risk assessment as they believe that this could help in mitigating the disruptive extortion risk but because of the procurement processes in construction most times it is difficult to do so. The majority of the responses are Yes; the stakeholders should be involved in other stakeholders' risk assessment processes, especially the contractors.

B.13 What do you believe your involvement will achieve?

P003, *“In our community, we did the risk profiling ourselves like noted SANCO and we found a solution to include them as stakeholders as well. It would help the contractors or developers with understanding the nature of the environment because as the community...If we are involved, we can help with engaging and communicating some of the risks that the contractor is not aware of mitigate the disruptions and have minimal disruptions. In most instances, the extortionists are not from the community and will take a member from the community and create their structures...”*

P008, *“No because we do not have that much information on this extortion risk as we do not engage the community when putting together the documentation and during the feasibility study. So whatever information they receive on the tender documents will be what we know”.*

“Yes, because it would help to clarify some of the queries that the stakeholder has but must be a transparent process for all”.

P012, *“I think it's important because you have done the system quality that we work towards when we're doing work. We all know that it becomes difficult for contractors to employ people who may not work at a certain level of expectation because they have to meet the specs that are set by engineers and architects. I think even architects and engineers can have an input... So, I think if you were involved, everybody from the start, I think that could eliminate a lot of these issues and mitigate the potential risk of having a community that retaliates and bringing the gap for extortionists”.*

P011, *“I believe it would help with the whole community engagement. Also, it would help with understanding what skills are available in the community and to understand what can be promised and not promised. Also, these projects have to be delivered to a specific quality and sometimes understanding what you can source or not be able to source from the community contributes to the quality and costs of the projects”.*

P001, *“You take a supporting role, and you engage in support as much as you can. However, the decision as to how to respond to a specific risk remains with them. So yes, it does help. And yes, we do get involved, but again it's very much dictated by the contract and the execution of the works. Because it's a liability in money. Who gets issued the delay?”.*

5.3.1.5 *Challenges faced when engaging during the risk assessment process.*

Sub-questions B.7 and B.8 sought to gain an understanding from the participants on whether any challenges were experienced during the engagement with the stakeholders when looking at the risk. The findings reveal responses that were silent on the challenges faced when engaging in the disruptive extortion risk as this is not a risk the stakeholders assess.

The participant's responses on engaging with the local community reveal that the stakeholders encounter various challenges, such as no trust, no respect between stakeholders, political interference, not having enough time to engage before the project starts on site, unmet expectations, the socioeconomic issues that plague SA also contribute, intimidation becomes an issue as the local community feels that the construction sector tries to bully them, and not having proper agreed upon communication structures.

Table 5: Categories and Theme Table

Categories	Themes
Lack of trust Political agendas Lack of time to engage. Lack of communication structures Unmet expectations Socioeconomic issues Stakeholder Intimidation	Challenges faced when engaging during the risk assessment process

B.7 What challenges do you face when engaging or involving the stakeholders during the process?

P012, *“The biggest issue is that communication is a barrier to understanding each other and the expectations because if you don't communicate, people will have different expectations through the news and that will create problems. Communication in terms of language barriers at times and no respect...Let's be blunt, we can't run away from the fact that the industry is very white-dominated. I think the fact that I am black and understand the principle of Ubuntu and some of my white counterparts let's be frank are perceived as not understanding and don't see the need for them to actually be engaging a lot and just want to do the job and get paid, and the attitude is that government can just sort itself out. So, I find that sometimes even the attitude of the professionals can also be a hindrance. So, I think part of the problem is that as well”.*

P013, *“Some of the leaders want respect and when you come to engage with an attitude of just informing and not wanting to hear the other side you get resistance. What I've picked up is poverty so people would like to be included, you know, and given some work opportunities, but you mustn't look down on them because they are poor you must still give them the same respect and even try and build up a relationship of inclusion and trust. Not listening to the community and education...”*

P010, *“You see there is very little trust between clients and contractors, and it's even worse between the state and the clients and contractors. I think the socioeconomic issues that South Africa is faced with or the generational how you approach them or being*

handled by the government level opens a gap for these disruptive events. I don't think constructive contractors or clients will resolve those underlying causes..."

P001, *"Massive challenges we face. The core issue is mistrust from the get-go. The community does not trust the process as the engagement of the community process is managed by the government through the local municipality and local ward councillor and you normally get interested parties with vested interests coming in. The process to follow is political. political alliance. ...Communicating the right message from the beginning. At times you get people that go into the community and make promises that cannot be met by the project. It is important that at the first engagement, the message is clear and consistent"*.

P002, *"The challenges are not with the community but when having the public participation meetings what we tend to see are the new faces claiming they are from within the community but would be familiar to the security clusters as they would have seen them or have had an experience with them in another ward in a different project may be like in Centurion or Soshanguve. Different interest groups infiltrate the community through these engagement meetings..."*

P006, *"Time is the challenge. We do have time to engage and build relationships with the community. We are not able to address the inherent expectations of job seekers and community businesses... and we do not always preview some of the promises made outside the contract this is where clashes start with unmet and misaligned expectations. Because you do not have a chronologically ordered manner of engaging with the community you never know who you are talking to, and the extortionists come in at this point. no way to vet if you are engaging the correct person. You do not know the constituency that people are coming from as in the ward. Also, you are engaging and do not know who you are engaging with as they are always wearing political regalia as well and it is hard to see who the business forum or political parties are"*.

5.3.1.6 Causes of the challenges faced during the risk assessment process.

Sub-question B.8 aimed to ascertain from the participants' perspectives what they thought were the root causes or aggravating factors for the aforementioned difficulties the sector faces when interacting with the local community. Some of the triggers shared similarities with the issues arising from local community challenges. The 30% local procurement

policy issue of local content from the National Treasury is a noteworthy response that warrants attention as it was mentioned by the majority of the participants as a trigger.

Table 6: Categories and Theme Table

Categories	Themes
Lack of trust Political agendas Lack of skills within communities Lack of time to engage. Socioeconomic issues Procurement policy Issues Stakeholder intimidation	Causes of the challenges faced during the risk assessment process.

P007, *“Social gaps exist in our country. Mistrust between the stakeholders. The community does not trust the contractor on site and also the government. Projects being used for political grounds. Given that over 20 however, many years later, 30 years later, we still deal with subtle racism. We've got a more complex structure within South Africa, so socioeconomic status is an issue that can prevent proper engagement. So, it's understanding what the biases are and that's very important, right? Understanding biases... That's critical is critical.”*

P003, *“Politics is the issue that has caused... Election machinery. Municipalities and communities are used for political gain. Opposition parties fight to not have developments done because it will change the voter base in certain areas. Look at where it is rife in townships because of politics...it's rife where black children must suffer and kill one another. It is political at the end of the day. No structure to be able to engage properly as stakeholders. Back in the day, extortionists were invited by the political structures. The 30% local spend”.*

P012, *“The whole ward and section matter. Some people will complain about engaging with people from section B or Section A. One of the other challenges in terms of the people or stakeholders sometimes that you engage with people who do not have the technical understanding of the projects becomes one of the triggers because of what you need to deliver which can then affect the message or communication that has been and spoken*

or given across you know to the Community stakeholders. People’s expectations are clear from the start”.

P006, *“Engaging in organised business and informal business always has the challenge of not understanding each other... It is rare to get a community or leaders that engage in the same rules. Communicating with no code of conduct. The very nature of the engagement always airs on the side of Intimidation as the contractor is always seen as the enemy coming into the community and not trusted. The contractor is always seen as the one who has and the community the people who have not and need to be given.”.*

P013, *“Unemployment, and poverty. The areas that we work in are very poor communities and all people want is a job to have food on their table. The misunderstanding of the 30% local spends”.*

P002, *“Interest in the project and wanting to gain and cause problems in the community. To benefit from the so-called 30% of the construction. They understand what it is about, but they interpret it and use it for their interests that are not benefiting the community but their selfish interests. Politics and division amongst the parties affecting the communities as well do play a role. People with selfish interests infiltrate the community even through media talking things that are not true about the project and having not even communicated with the Ward”.*

5.3.1.7 Measures to facilitate effective risk assessment process.

It was vital to find out if the participants believed any actions could facilitate a successful risk assessment process. Sub-question B.14 attempted to determine this. It is evident from the participants' responses that they may benefit from better procedures for engaging communicating and exchanging information with the local community. They also concur that the erroneous interpretation of "local" in the “local content” procurement policy needs to be investigated since it exacerbates issues in the community and that the government should be involved in law enforcement. Law and order were on everyone’s list of measures.

Table 7: Categories and Theme Table

Categories	Themes
Stakeholder engagement	Measures to facilitate effective risk assessment process

<p>Community engagement</p> <p>Law and order</p> <p>Definition of local or local community in policy</p>	
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P008, *“So again, extortion is a criminal act and the engagements I recently had with the premiere and the head of police they are aware of this and some of the individuals behind these events. ..., me stating a name to them is nothing new hence I believe and say that they just need to take policing action and arrest these guys...Look at the definition of Local Community or Local as the interpretation becomes an issue for the contractors and causes challenges on-site with the community. it's not pragmatic...”*

P014, *“I don't think you'll get anything that is seamless, but I think the fact is that everybody realises it's not one person's problem. It is all the stakeholders engaging to build relationships of trust”.*

P003, *“Have a platform where the community can be able to have engagements and communication with the private sector. Tshwane municipality has a platform that can be used to facilitate these engagements. In Tshwane, they are trying and have partnered with private security and can advise the contractor as they know the terrain better. As the government security work with these extortionists as in one of my projects, people were getting shot but the police did nothing until the private sector was brought in”.*

P012, *“We need to value people from the start. We don't build for ourselves we build buildings for people and that should be the number one thing not profit not winning this ward or constituency or politicking. So, I think for me that's the way it starts with understanding that we are not in the industry only for money, money should be a byproduct. It should be about producing buildings that are fit for purpose”.*

P008, *“In the PPP space what we have changed and is part of the lessons learnt and what we take on board going forward is to clearly define beneficiaries within a specific geographical area, so its targets were previously set to say that it is within a geographical area you need to be compliant, and you need to source XY and Z. It is now more specific that says that there are specific targeted groups, and it moves them from a ward into a broader metropolitan or municipal environment to the provincial and then at the national level...”*

P010, *“Allow for the whole local community engagement process as part of the contract very clear and make it contractual for the contractor to price for whatever their risk assessment would give them. Ensure that the EIA by the Clients is done properly ensuring that the engagements with the local community and expectations are written in the contract documents...Remove the political play involved as you find they are ward councillors, CLOs, and chiefs, and they want to dish out the work to the community...”*

5.3.1.8 Conclusion – Research Question One

In conclusion, research question one sought to understand how the construction sector assesses the disruptive extortion risk in SA. The findings reveal firstly that the construction sector does not recognise the disruptive extortion risk as a risk that can be assessed by the sector as it is a criminal act and requires law enforcement. Secondly, the sector, even though risk assessment is done from a social risk perspective by looking at the local community, some challenges lead to the extortionists finding gaps and infiltrating the environment causing disruptions. The findings also show a sector that has no structured way of dealing and engaging with the local community due to a lack of structure or protocols, but this is a challenge that also leads to the extortionists finding an opportunity. SA's local procurement policy also does not provide much assistance as it is being used as the stick when the extortionists invade the construction sites. Thirdly, all stakeholders agreed that better ways of facilitating the risk assessment process are required. Lastly, the participants all agreed that better stakeholder engagement and law enforcement are the keys to solving the challenge of disruptive extortion risk and mitigation of its occurrence.

5.3.2 *Research Question 2: How does the construction sector manage disruptive extortion risks?*

Similar to research question one research, question two had sub-questions that sought to understand in a deeper context, firstly, how the construction industry manages disruptive extortion risks, secondly, which stakeholders they believe should be involved in the RM process, thirdly, how should they be involved, when do they get involved, fourthly, if they are involved in the RM process as stakeholders, and lastly, understand if any effective measures can be used to facilitate the management of the extortion risk.

It was important to also understand if the construction sector has any protocols and procedures for managing the extortion risk, what extortion RM activities are in place as part of project management delivery, and whether the project teams are trained to undertake the management of the disruptive extortion risk.

One of the triggers mentioned in the responses from research question one is the procurement policy in the country, so it was important for the researcher to understand if the construction sector stakeholders understand what this policy is about, whether it has achieved what it was intended for and if not, how it can be reviewed. It is clear from the discussions that the criminal disruptive extortion risk has an impact on the community, construction sector and country as a whole. It was important for the researcher to gain an understanding of the impact. Also, it was important for the researcher to understand if the stakeholders believe there are any solutions to manage this extortion risk and what the solutions are. Even though this is seemingly a risk that is challenging the sector while still having to execute projects and complete them, it was important to hear from the participants if any projects had successfully managed the disruptive extortion risk.

5.3.2.1 Understanding stakeholder involvement in the Risk Management process of the Disruptive Extortion Risk

In sub-questions C.1 to C.6 the researcher wanted to understand which stakeholders the participants believe should be involved in the RM process, how should these stakeholders be involved, when they should get involved, the participants as stakeholders are they involved in the RM process and if so, when and if not, why not. It was interesting to find from the responses that the majority of the stakeholders believed that all stakeholders need to come together to manage the risk as it impacts all stakeholders involved in the project and they must be involved as early as possible from inception or start of the project until completion. What also transpired was that the stakeholders all tried to get involved in the process if they were invited or informed by the contractor or any other stakeholder. What was concerning at the same time was the local community response revealed that they do not believe that they are involved in the process as they are the last ones to be thought of. The participants all agreed that law enforcement is required, or the illegal criminal act of the extortionists will continue.

Table 8: Categories and Theme Table

Categories	Themes
Government All stakeholders Local community Law enforcement	Understanding stakeholder involvement in the Risk Management process of the disruptive extortion risk

P011, *“Client we believe they need to always be part of the project from inception till handover. Look if you have done your due diligence if I call it that with the local community and you've got the local community on board, not these illegal elements, local people who want to work and be part of the project... Our management...community leaders were involved because remember now you've got the community on your side you want in your working together so it helps a lot, and it helped us a lot on our team on one of our projects to get the local leaders involved because they can also assist you to drive these illegal elements these criminals to drive them away”.*

P006, *“The contractor with the client oversight. Community leadership committees hold the contractor accountable for what is in the contract”.*

P012, *“All of the stakeholders. It is very difficult to say you will leave some stakeholders out as everyone will get affected by the extortion events should they occur. As for me as a QS It's going to affect the budget...If you are an architect or engineer, is going to affect your quality... community members as well, that is going to also affect you because you are the ones who are going to be disgruntled. If you are the government, is going to sabotage whatever you're trying to achieve as well. If you are a contractor is going to affect you a lot more than I think because you are at greater risk and have the highest risk in terms of the project risk and, the life of your people on site...be involved in the process in the process from the beginning”.*

P008, *“I think we need to talk about the distinction here. So, for me, in the PPP space, it has to be GTAC It has to be the National Treasury that provides that policy framework and makes the change because it's regulated. Surely the economic cluster has to be a key engagement within this broader thing, because of safety and security, economic growth Policy changes, etc. All sit within that cluster my immediate concern. We can put that as a potential engagement. The Private sector (contractor) and the Community”.*

P009, *“There I believe it should not be exclusionary. The police, department of Health, the police, Ward Councillor and CLO as a Municipality and Community representatives, government, contractor community, everybody should be involved. Implementing agent DBSA. Extortionists are not part of this and should be in jail. If anyone behaves in an extortionist’s manner should be in jail”.*

P002, *“The security cluster, government. (That’s like In Salvokop. we have the SAPS as part of the measures that they implemented). PSC and all relevant stakeholders”.*

P014, *“All stakeholders should be involved as mentioned earlier. I think the other thing, the other stakeholders that we also want to get involved in is the large subcontractors”.*

When and how should the stakeholders be involved?

C.2 When should these stakeholders be involved in the process?

C.3 How should these stakeholders be involved in the process?

P014, C.2 *“As early as possible”.*

C.3 *“Through the various structures agreed on from the initial engagement.”.*

P009, C.2 *“The initial phases and as a contractor when we were successful, we got added”*

C.3 *“As the project develops at the various stages based on the contractual processes...”*

P007, C.2 *“From inception till completion and operations phase as well in PPPs. It’s an ongoing process from the time you of structuring the project...”*

C.3 *“Through the contract, when the engagements are happening, that’s one of the different levels of engagement. As I said, it’s a double-edged sword if you’re engaging and nothing happens in terms of the project you’ve lost your credibility. It comes down to credibility you know, no matter what it is, people don’t realise what social capital credibility holds. Because the perception is often more real than reality. So again, it’s perception management. The project needs to be perceived to be benefiting, yeah. Perception management there”.*

P002, C.2 *“Before the project starts on-site”.*

C.3 *“DPW and GTAC facilitate the engagements”.*

P011, C.2 *“I think everybody should be involved in the process in the process from the beginning”.*

C.3 “Depending on the lifecycle of the project. I think with every project you know the life cycle of the project, how it starts and how it ends. So, I think as I said, I think the government and community should be the ones from the beginning should be working together from the start or whoever it is the implementing agent...”

Having established how the participants as stakeholders within the construction sector see the RM process, it was important to also establish if the participants as stakeholders get involved in the process or have been involved in the RM process and when they get involved.

C.4 As a stakeholder, are you involved in the RM process of extortion risk? Yes/No?

C.5 If yes, when do you get involved in the process?

C.6 If No, what do you believe are the causes of the non-involvement of some stakeholders?

P004, C.4 *“Yes, we do get involved. When we do get asked to assist, we assist”.*

C.5 “During the construction phase and the life of the project, we are available when required”.

P003, C.4 *“I do not believe we are involved as a community”.*

C.6 “The contractor believes they would be playing with the enemy when they work with the community. There is no trust from both sides from on-site as the relationships were not established”.

P008, C.4 *“Informally, yes. Formally, no.”*

C.5 “We are involved in the life of the project as the client but form an overseeing role and when these events do occur, we play a supportive role. The government is not averse to providing some assistance or support, but we don't see it as a government risk to be actively involved. And it's within the construction space because in the PPP the risk is being transferred...”.

P012, C.4 *“Yes”.*

C.5 “We are involved from the time we decide to bid for the project till completion”.

P001, C.4 *“Yes”.*

C.5 “I am involved throughout the life of the project but with great difficulty. If they fail to achieve, you fail to achieve. That’s the essence of partnership and relationships”.

P002, C.4 “Yes, I get involved although not daily as the CLO is the one who deals with the day-to-day running regarding that project. The CLO is appointed through the City’s policy”.

C.5 “From the start of the project and whenever the contractor contacts us and requires assistance”.

5.3.2.2 Measures to facilitate effective risk management of the extortion risk.

As the participants have mentioned, the disruptive extortion risk is a criminal act that disrupts the sector, it was important for the researcher to understand if the stakeholders believed any measures could be put in place to effectively manage the risk. Sub-question C.7 sought to gain an understanding as to what measures the participants believe are needed to effectively facilitate or manage the extortion risk.

The responses reveal that the participants all agreed that law enforcement is key to this challenge and that government needs to be serious, leadership also came up, especially for the construction companies as this helped with showing the employees that the company values them and would not put them at risk. Legal agreements came up as another form of protecting the contractor and even the clients, when it comes to the risk, as this risk is understood to be coming from the opportunities found within the local community. Improving local community engagements was mentioned, political interference is a big challenge facing the country and the construction sector is not new to this. These must be removed as the sector sees them as playing a huge role in this risk. Other industry groups or associations were also seen as another measure that could help as the associations can have a wide reach concerning labour.

Table 9: Categories and Theme Table

Categories	Themes
Law enforcement Leadership involvement Industry groups Politics	Measures to facilitate effective risk management of the extortion risk.

Community engagements	
Legal agreements	

P003, *“I think should be done at the level of the councillor amending the mandate of the steering committees and CLO and empowering them to make decisions for the community and be able to work with the contractor stakeholder. Working closely to mitigate and minimise the risk. These extortionists are here to stay and see easy money”.*

P006, *“Communication and interpretation of the contract. Alignment of expectations amongst the stakeholders. I am aware that it is not always possible because of the need for employment, poverty alleviation and people wanting jobs to secure livelihoods and projects are always seen as a sort of haven. If projects can stop being used as political campaign grounds...Sometimes contractors come into projects already identified as political ploys”.*

P009, *“Transparent engagements, having stakeholders with a vested interest in the project. Multi-stakeholder involvement. I think if the government does not have the capacity, then they should consider the implementing agency that we have in one of our projects where DBSA is playing that role...”*

P011, *“It's important to ensure that you've got the support of the community you've got the trust because when you do have that from the beginning then they protect the project because it benefits their interests that they going to achieve whatever they going to achieve in terms of jobs and that and you've got also the buy-in of your policy you know that you also engage with as a stakeholder...we can be able to work together local leaders..., make sure you've got proper security and make sure you've got proper measures in place for if there's a threat to your people. now we've got a whole procedure with how you set up your establishment”.*

P014, *“Get the senior leadership of the organisation involved so that the site teams can see that they are not alone in this and have their lives put at risk. When your senior site staff members can see that they've got senior involvement as leadership in this then it gives them, it gives them strength and it gives them an empowers them to deal with it, you know. And they don't feel isolated”.*

5.3.2.3 Activities for successful risk management of the disruptive extortion risk to ensure proper project management and delivery.

As mentioned by P003, these extortionists are here to stay as they see easy money. If the stakeholders are to be effective in the RM of the extortion events or even deal with local community risk, the stakeholders must have RM activities as part of their project management and delivery. The researchers' sub-question eight was formulated to understand this.

C.8 How do organisations ensure that extortion RM activities are part of project management and delivery?

The participants' responses reveal stakeholders who, even amid the criminal extortion risk, try and find a way to work to deliver projects. The contractors who are the most affected spend millions of rands on security, employing third-party consultants, using other industry bodies to work with to find solutions, ensuring that the legal agreements protect them, and trying to have community engagement as much as they can. It is clear from the response that the stakeholders are trying to find a way around this challenge. Also, the government participants believe that there are no activities within the government which confirms P005 who stated that the government does not know what to do and is not serious about the issue.

Table 10: Categories and Theme Table

Categories	Themes
Legal agreements Third-party consultants Community engagements Lessons learnt. Industry groups Security	Activities for successful risk management of the disruptive extortion risk to ensure proper project management and delivery.

P006, *“In my experience, there is a use of third-party consultants. They all operate differently. Some have experience in the geographic area; some utilise the most dominant forums. It's outsourced skills that get utilised as they are not part of the core business. At most times it is more reactive than proactive”.*

P003, *“We try and work with the contractor when they allow us to. We do our risk assessments as well to see what can affect us in our public engagements. Looking at like taxi associations etc”.*

P004, *“No formal processes. But we allow for the potential risk in the contract through relief events to manage the cost overruns and delays”.*

P013, *“Having the contracts put the force majeure as a clause and also security, you know, having ensured that you've got security in your project. Having the site secured for the safety of our teams. Allows sometime in the programme for community engagements before the project starts. Our teams have numbers of the nearest police station and know the Station Managers or Commanders. Our teams have our lawyers' numbers on speed dials as well in case an interdict has to be opened...”*

P010, *“By having more security on site and ensuring that the people are safe should anything transpire. By having the whole local community made a force majeure event so that the contractor can claim for the time and not be impacted in terms of the potential delays caused”.*

P008, *“Is actually to take the learnings from one project into the other and for me, it's a continuous improvement that we need to address and that is something that needs to be managed better in terms of the PPP provisions, In the meantime, there's a close-out report., so we're sharing it back into other projects, and becomes IP that sits within government, and we look towards National Treasury, then to take those lessons learnt back into the next project. But for me, it's something that can be easily managed. There are provisions in the regulations, and it just needs to be enforced by the National Treasury (government)”.*

5.3.2.4 *Procedures and protocols in managing disruptive extortion risk.*

Similarly, sub-question C.9 sought to understand if the construction sector stakeholders have procedures and protocols in their organisations to manage the disruptive extortion risk. And how effective are these? The responses were interesting as some stakeholders have some sort of system in place, and some have nothing in place, explaining some of the challenges faced when the risk does transpire. Interestingly to highlight is the community P003 feels alone and at risk as some of these extortionists would be within the community and know where people stay to intimidate them.

Table 11: Categories and Theme Table

Categories	Themes
Community engagements Security No formal structures and systems	Procedures and protocols for managing disruptive extortion risk

P006, *“No protocols and procedures. We think on the fly as contractors”.*

P010, *“There are no formal protocols or procedures”.*

P004, *“Engage and communicate with the stakeholder when required. We get information about the events and try and learn from past experience”.*

P003, *“As communities, we are on our own and we are the ones most targeted the fact the extortionists work with the police we are in danger. As community members we are at risk and the extortionists threaten you as they know where you stay in the community. They call us names and say we work with the enemy when they see us engaging with the contractor in some projects. All they want is money from the project, not community interests”.*

P009, *“We have forms and documents that we ensure that all our local community people know how to fill in and what they mean. We have a very clear process that shows step by step how we include the community businesses and appoint them. We have consultants who run these processes for us with our site teams. For community engagement, we have found these processes to be effective. They are not effective when the developer has promised something we are not aware of or a politician”.*

P002, *“The security cluster is actively involved in the project and not only when something happens but throughout the lifespan of the project, actively participating, engaging, and communicating. In some areas, it works and some not. The contractor needs to have processes and structures in place to communicate when the events happen”.*

5.3.2.5 Lack of Risk Management Training for Disruptive Extortion Risk.

As previously mentioned, there are challenges in the construction sector in managing the extortion risk or even local community risk and therefore sub-question C.10 was important

to gain an understanding of how the construction sector project teams are trained and equipped for these events.

C.10 How does your organisation train and equip project teams to undertake extortion RM?

The findings reveal that there is no formal training for most stakeholders, but the use of lessons learnt is used as a training tool. There is also a lack of skills in the sector, and no time to have early engagements before the project starts on site early enough in the project. Some of the stakeholders also use retired police as part of their security team to equip their project teams.

Table 12: Categories and Theme Table

Categories	Themes
No formal training Time challenge Lack of skills Lessons learnt. Retired police	Lack of Risk Management training for disruptive extortion risk.

P003, *“As the community, we are not trained and equipped to deal with these extortion risks. The extortionists have money and have lawyers to fight for them and find space to operate in the projects. The people (police) who can assist us are too scared as these people kill”.*

P008, *“No formal training on this particular risk but rather learning from events happening in the sector”.*

P001, *“Unfortunately, that’s the area in which I guess we are currently lacking. We don’t get to have that. In terms of equipping one another, we rely on the experience that they’ve already accumulated somewhere and it’s more information sharing. Rely on learning as we go along and build up processes. No formal process on how it will be managed. It’s the grey areas on the government side”.*

P006, *“No, the project teams are not trained. It is hard to train and equip the teams as these as ever-evolving issues. The extortionists are always evolving. Small companies*

deal with it differently from the big ones. Small businesses are more receptive to the demands whereas big businesses have more resources to fight or curb the extortionists”.

P012, *“In my view, I do not believe that the industry is equipped to deal with these events... It is a lot, and all these come with costs that need to be absorbed by the client and also the stakeholders that have to be managed...”*

P013, *“I don't think we spend a lot of time training and equipping the project teams. So, I think we're doing too little training, but I think we are also still a bit naive in this whole thing that we hope for the best although we put systems in place as we are experiencing the events. You need to do a lot of training. Have the right people, the right mindset, the skills I call it, tools that you have. Teach people how to communicate and engage with the community and some of these stakeholders that sites have to deal with”.*

P004, *“No training and no equipping of project teams. We are starting to open our eyes to it. We are still looking at how to manage it. We are not serious. The government is not doing anything as far as I am concerned”.*

P009, *“We have consultants that work with our site teams and show them how to manage or handle the matters and what to do. We follow a legal process against the person, and the police fail to action, and we turn to the law to tell law enforcement that they need to do their job. Interdict used to be effective is no longer effective. The consultants are retired police and understand how criminals work and operate. They are affiliated with professional bodies, and they engage with the community, and they are the ones who report the cases to the police but do not put my team's names as we are trying to protect them from getting threats and potentially being killed”.*

5.3.2.6 Understanding the Preferential Procurement Policy Framework Act (PPPFA)

In research question one various participants mentioned the procurement policy as one of the challenges that triggers the extortion risk. So, it was important for the researcher to gain an understanding from the participants about their understanding of the PPPFA, what it was intended for, did it achieve what it was intended for and what can be done to review or change it.

The findings reveal that the participants understand what the local 30% PPPFA is about even though this is not detailed in their quotes. Also, the responses reveal that the majority

of the participants did not believe it had achieved what it was intended for, and it is not sustainable and therefore requires a review.

C.11 What is your understanding of the 30% Preferential Procurement Policy (PPPFA)?

C.12 In your view, is this 30% PPPFA achieving what it was intended for? If not, how do you think it can be reviewed and managed?

Table 13: Categories and Theme Table

Categories	Themes
Transformation and empowerment Sustainability	Understanding the Preferential Procurement Policy Framework Act

P002, C.11 *“The intention was about shared growth and transformation when a positive impact in terms of economic growth, we can have the dividends trickle down so that those SMMEs, played their role in the mainstream economy. The intention was to ensure that everyone gets to play a role in the economy”.*

C.12 *“I may not have a proper measure anymore of it to say indeed it has achieved, but not even features before me, but the intentions are very progressive. The balancing of the intentions is very clear and very progressive. Their main aim is to ensure that people play a significant role within the mainstream economy. Like any other policy, you will always, even though the intentions may be good, always have the areas in which you will either need to review it, or you need to strengthen it...”*

P004, C.11 *“It was part of the BEE policy there was this contested 30% which was supposed to benefit the local community in terms of participation in public projects. there is a difference in terms of employment of people and for the businesses EMEs and QSEs. These are two different policies”.*

C.12 *“It has not achieved what it was intended for. The bigger companies have found a way to work around which has created the space for these extortions. People are frustrated with the policies and how it gets implemented. There are good policies, but they are not being implemented by the government's departments. This extortion is perhaps not a thing of now and it has been done but in a formal structure where you have joint ventures or partnerships, especially in PPPs where you get BEE companies as a*

shareholder, and they do not even participate in the construction, but they get the financial benefit...”

P006, C.11 *“My understanding of it is that contractors are to include medium enterprises and smaller businesses into 30% of project value or values that exclude P's and G's, attendance and provisional sums or escalation”.*

C.12 *“No, it has not been achieved. The intention of it was for big businesses or for businesses or contractors to partner with local communities or local doorstep contractors apportioning 30% of the project values to them. ...”*

“It can be reviewed by the model spearheaded by the government where the contractors are given a cost-plus condition. The contracts require the EMEs or QSEs to have a given fee over and above, so you don't find a main contractor squeezed. A portion ring-fenced for the 30%...”

“Also, the recent treasury decision on the 30% to allow government departments to do what they want is also not correct it is running away from the issues and creating more problems. Where there is no leadership there is a void of communication there will always be misaligned expectations as each stakeholder is left to its own interpretation or matters”.

P001, C.11 *“It was a BEE transformation and empowerment regulation to try and address the history of South Africa that we come from previously disadvantaged and giving opportunities”.*

C.12 *“So that's no longer a requirement treasury. What's the word? Repealed... I don't know where that came from... But in my opinion. I don't feel we've made a difference we should even start a conversation with Treasury to say... It can be improved by making it sustainable. The intention was great, but the implementation is just not working at all. The same EMEs and QSEs are given jobs in particular projects and when the project is finished, they are left bankrupt left with nothing and back to poverty some even kill themselves because they had spent their pensions to open up this company and now can no longer get any work”.*

P003, *“To transform and empower people. The intention was good. But has attracted the wrong people. The execution was done incorrectly. Also, when the prisons were overflowing during COVID-19 some prisoners were released and now they are all not being rehabilitated, and they are free to do anything. They are a problem in communities*

not even understand the 30%. SMMEs are not benefitting and being skilled and empowered”.

P008, *“Again, it was. It was never anticipated. It was a subcontracting arrangement that was not targeted specifically at designated or defined groups in a clearly defined geographical area. It was a principle. I think the principle is sound, but how it's being applied is not properly defined and regulated, and it requires. It's not achieving what it was intended. A review of the existing provisions to make it viable because the way that it is currently applied is not the way that it was intended”.*

5.3.2.7 Government intervention in the risk management of the disruptive extortion risk

These disruptive extortion events are a challenge for the construction sector in SA where the sector plays such a pivotal role in creating employment opportunities and alleviating some of the socioeconomic challenges that plague the country. It was important for the researcher to understand from the different participants as stakeholders in the construction sector what they believe the government could do to intervene in resolving this challenge.

Based on the responses from the participants, both from the public and private sector, as well as the community representatives, it was evident that all stakeholders see the government playing a pivotal role, especially since the disruptive extortion events are seen as criminal acts which the construction sector cannot deal with on their own.

C.13 How can/does the government intervene when extortion events occur?

Table 14: Categories and Theme Table

Categories	Themes
Law enforcement Government involvement	Government intervention in the risk management of the disruptive extortion risk

P003, *“Law enforcement agencies must crack a whip and do their job. Jail these people as they lay low when they see arrests. Police must do their job”.*

P006, *“South African Police Services (SAPS) should do their job and protect the country and its citizens. We cannot afford to have another Marikana which the police are using as*

an excuse in cases of this nature. We need public order policing. Clients and contractors are not equipped to engage or deal with large crowds carrying guns and intimidation. We need specialised units that deal with public order policing or organised crime as they understand the charge of extortion”.

P004, *“The social part of managing this should be government. PP will manage their part of giving opportunities on the site. Law enforcement agencies must crack a whip and do their job. Jail these people as they lay low when they see arrests. Police must do their job”.*

P002, *“Restricting the extortions in scope for example with security or policing as I said in some areas it is rife... The very same problems we are operating in silos we need a working together as a country and stakeholders. If there is an integrated approach to how to deal with these cases, we will be able to manage them. But if someone in Cape Town, they're driving it like this, someone in Durban they're driving it the other way then, though we don't have a uniform approach, we will always experience a problem. Must be a holistic approach”.*

P009, *“Security, law and order, and consequence to the act. Yes, as contractors we will engage with communities, but we do not need to engage with criminals with guns. We can do that. The government need to do their job”.*

P014, *“Policing and law enforcement. In one of our projects in Bara, the COVID hospital the community was unhappy with us because they said we brought on the police too early, and they were harsh. And they were there the police came in too harsh. I think. I mean, there was one instance and we managed to smooth it up. We told the police to hold back a little bit. We are we we'll. Resolve it internally, you know”.*

5.3.2.8 Impact of Disruptive Extortion Events

From the participants' responses and discussions during the interviews, it was clear that the disruptive extortion risk brings with it events that have an impact, not only on the construction sector but also on the community and the country. It was therefore important for the researcher to understand how the community, construction sector and country are impacted by the participants' opinions, hence sub-questions C.14, C.15, and C.16 focus on the impact of the disruptive extortion events. The table below shows the impact on each of the areas.

Table 15: Categories and Theme Table

Categories	Themes
<p>Community Impact (unemployment, service delivery, loss of skills)</p> <p>Industry impact (project delays, cost overruns, supply chain disruptions, loss of skills)</p> <p>Country impact (no investment, projects not executed, cost of projects increased)</p>	<p>Impact of Disruptive Extortion Events</p>

Community

C.14 How is the community impacted by disruptive extortion events?

P003, *“Take the share of the community. They take jobs for the community as they bring their people to the projects. Taking empowerment benefits of the community. Employment opportunities are taken as well. The spin-off is usually the use of local community accommodation as that benefit is lost by the businesses. The contractor brings their people who are skilled and won't hire around. Impact backpackers and hotels around. The people they bring to block the sites are from outside and also get the work”.*

P014, *“Immediate impact, no employment, contracts delayed, services delayed to the community, future continuous employment is delayed”.*

P006, *“They impact them negatively because most of the time projects don't get finished, because of the radical behaviour, which sometimes even destroys the very same asset that you're putting down. Affects employment. Services are not delivered. Socioeconomic issues are not addressed as poverty is not alleviated. Disadvantages the communities”.*

P011, *“It's a very negative effect because you've got a community that works on your projects their lives can be in danger I mean we've had jobs you know we've had shootings drive-by shootings it's not good for the community you know they can be collateral damage you know some of the community that's not even working on the project can be literally in the line of fire and then like I said no you know we've had instances where the job stood for months now that people don't work they don't get paid you know it's type of a no work no base scenario you know people go on short time at best so people lose income”.*

Construction Sector or Businesses

C.15 Can you please describe the impact that disruptive extortion events have on both construction projects and businesses?

Participant P007, *“Well, again, it's a loss in revenue because of time delays and cost overruns. The second thing is then driving up the cost to price risk which doesn't serve anybody actually because then we are pricing ourselves out of the market. You affect affordability suddenly, affecting value for money. PPPs are subject to public scrutiny and when they are not bringing value for money it does not help the industry. The unintended effect is just a complete reputational risk”.*

P004, *“The extortionists are no longer interested in construction companies but now they are targeting the suppliers. The supply chain is disrupted. Now the supplies will be impacted directly instead of being inversely affected. The extortionists hijack the trucks and threaten lives”.*

P014, *“Delays in projects, and cost overruns, contribute to some of the skills leaving the country even though it is not a full contributor to people's decisions. The industry has contracted, and smaller companies are closing down and battling financially”.*

P009, *“We avoid certain areas, and economic activities in certain areas we just die. Foreign investment will pull out affecting long-term employment. Affects the whole economic health of our country. This behaviour is going into other industries. For the next 5 years, it could be in the assess of R 5 billion that will be lost. Look at Calgro no longer working in Durban. Financial loss for the business as an interdict can cost you close to R 1 million depending on the process that the lawyers use. It is a huge problem for businesses”.*

South African economy

C.16 What would you say the impact on the South African economy is?

P013, *“No investment basically in the country. Projects delayed being brought into the market delaying growth in the economy. Investment in the country is stifled. Brain drains our country and prevents skills and technology from being brought into our country. Project are not being executed”.*

P005, “About R 68 billion worth of projects in SA have been affected by these extortion events. Municipality abandoning projects because of these events. Infrastructure is not being developed. Services are not being provided as the contractors are chased off-site in the communities by these extortionists. Tshwane says they have R58 million worth of projects not being implemented in the market. The cost of infrastructure is going to go up as well, yeah, because it's going to go in security...construction is one way in which you can spin up the economy in that area. massive unemployment, the massive issue of skills...”

P003, “Delaying infrastructure projects and scaring investors away from South Africa affecting the economy. People with skills and expertise have left the country because of the threats. In one of the projects, a very experienced engineer almost took the next flight out of the country. The empowering projects are not moving. No skills transfer. Everything goes to the wrong people who have no interest in empowering others greed. The country is not a safe place to work in especially construction. The world thinks we are a banana republic as if we are Nigeria run by rebels running the oil industry. The outlook of the country is of a lawless state...”

5.3.2.9 Solutions to effectively manage disruptive extortion risk.

As the interviews took place it became apparent that the participants are concerned by these disruptive events as they are costing the construction sector billions of rands. The researcher was interested in getting an understanding from the participants as to whether the participants believe there are any solutions to this issue to the benefit of ALL construction stakeholders involved. Sub-question C. 17 sought to ask to get this understanding. All the participants agreed that law enforcement is critical, better stakeholder engagements and education of the stakeholders in the sector.

Table 16: Categories and Theme Table

Categories	Themes
Stakeholder engagement Stakeholder management Communication Law enforcement Education	Solutions to effectively manage disruptive extortion risk

P003, *“Law enforcement agencies must do their work. Police must arrest these people. The government must reflect on how they remunerate the police. A person has been a police officer for the past 10 years with no increases and then they revert to crime. Arrest these people. Have the arm of the law tougher and tighter. Law and order. Have more police. The contractor must litigate. Government must create an enabling environment for businesses and citizens to function safely”.*

P014, *“It’s an ongoing problem and has to be adaptable and flexible. You have to know when to grow the line and say No. As a country, we have so much poverty, and unemployment and this is a by-product of those challenges tax base is low no international investment coming in. Just do what you can in the environment you are in to make our country better”.*

P001, *“If you were to identify these mafias as stakeholders do not ignore them and come onwards an agreement. Because the reality of the situation is these institutions or organisations or parties or whoever represent people, normal people, not just big businesses or big politicians or whatnot, they do because that's how they get the following. The people, the representatives, also have fundamental needs. And if you can upfront. Identify them as such, negotiate and establish their need give them equity or investment opportunity in a development, yes, I feel. I'm not saying you can manage all the risk. Yeah. But I do feel. It's better than ignoring it and it is an opportunity”.*

P012, *“The government needs to have strategies on how to deal with these events. Government providing safety...The school needs to teach future leaders that they are building for the people and therefore the element of Ubuntu is important. It is the people at the heart of it all. Starting at the education level where the students come into the built environment it is thought that the community is a stakeholder that needs to be involved and is very important to the success of the project. I say this because I see here at the university that we teach the students about engaging all the other stakeholders in terms of consultants etc. but we never talk about the community”.*

P013, *“Mafia is an old-age thing that started in Italy, Sicily, Mexico, and New York it’s not something you fix overnight. The police need to do their job. Like I said, in government you go to the infrastructure office of the President and make it a priority... apply and appoint your lawyers to get an interdict against these specific people. Have strategies on how to best work with the local community who will ensure that they are for the project*

and can protect it when the extortionists...Community buy-in is crucial for the success of your project...the community is never the problem especially when you have approached them with respect engaged them as humans and shown that you want to work with them then they will be for the project. Be inclusive of all the stakeholders”.

5.3.2.10 Reasons for successful management of the disruptive extortion risk

As this is an ongoing challenge facing the construction sector it was important to understand from the stakeholders if they believe there are any successful projects where the disruptive extortion events have been managed well and what was done to achieve this outcome. Sub-question C.18 sought to understand this, can you give me an example of where the management of the extortion risks has worked well and why? The responses revealed that genuine stakeholder engagement and involvement are the ingredients for what made things work and resolved the disruptive extortion risk.

Table 17: Categories and Theme Table

Categories	Themes
Stakeholder engagement Stakeholder involvement	Reasons for successful management of the disruptive extortion risk

P011, *“I would say in most of the projects that I have been previously involved in what I found to have worked is genuine engagements, not superficial, people feeling like they are cared for. Engaging to bring a change in the local community”.*

P003, *“Tazes in Mamelodi Ford factory - the involvement of the communities and making sure they benefit from what has been set aside for them. The intentions are genuine. If people, see real empowerment then they will fight for the project. The interaction and engagements are transparent and open. The 30% is true and the community sees the benefit. Genuine empowerment of the community. There are measures in place to manage greed. Law enforcement forever present has also minimised the risk. Working together with the stakeholders. Stakeholders trust each other”.*

P006, *“One I can think of was the collaboration and working together of the stakeholders. Where the client, community and contractor collaborated in coming up with solutions to*

deal with the extortion. Communication was key and alignment. Give and take situations from all stakeholders. It was engagements, communication, and alignment with a clear message...

P011, *“I believe the Durban Harbour project that we did with an State Owned Enterprise (SOE) that worked there was having constant engagements as the various stakeholders. As I have mentioned throughout the interview any challenges, we had there we were able to sit down and engage to find a solution. There are some other projects that we have been involved in where stakeholder engagement has been what has helped with managing the potential risk of these extortionists. Constant communication and leadership be present”.*

5.3.2.11 Conclusion – Research Question Two

In conclusion, the findings for research question two sought to determine how the construction sector manages the disruptive extortion risk in SA. Based on the participants’ responses representing the various stakeholders, both from the private and public sector as well as local community representatives, and the analysis done it is evident that the stakeholders all agree that, even though the disruptive extortion risk is a criminal act that requires government involvement with law enforcement, a holistic stakeholder approach is still required to mitigate and manage the risk when it does transpire or from transpiring on sites.

From the findings it can be seen that the stakeholders in the sector have project teams that are not trained in managing the disruptive extortion risk, efforts are being made to ensure that the people and projects are protected, costing the industry millions of rands on security and legal costs. It is also clear from the findings that the history that SA carries brings with it challenges that trigger this risk, resulting in disruptive extortion events. The PPPFA as well-intended as it was as a policy, is being abused and misused for selfish interests. It was also evident from the findings that South African politics has a huge role to play as local communities become playgrounds for politicking, leading to an opportunity for these extortionists to infiltrate the environment.

Also, the findings reveal that this disruptive extortion risk has a detrimental impact on the community, the construction sector, and the country as a whole, hence the participants believe working together is required because no one will be a winner if an integrated approach is not found. The job losses, loss of skilled people, threat to lives, service

delivery impact, infrastructure project delays, loss of revenue for the country, and non-investment as investors take their business away from SA, will result in an economy and country that is not growing, contributing to the already high unemployment rate in the country and socioeconomic issues.

Although this is a risk that is causing much unrest it was promising to hear from the participants the hope that they still carry for the country and believe that if only all the stakeholders in the construction sector can come together, especially government and law and enforcement, to manage this risk the construction sector can continue to be a sector that contributes to the economy of the country positively leading to more investment and more jobs being created and the alleviation of the socioeconomic issues.

5.4 Conclusion

In conclusion, how does the construction sector in South Africa assess and manage the disruptive extortion risk, the findings for research questions one and two reveal that the disruptive extortion risk is a risk that cannot be identified, or assessed from the onset but rather can be mitigated and managed through SM involving and engaging with the local communities in and around the environment where the projects are being constructed. Most importantly the findings reveal that the disruptive extortion risk facing the sector requires law enforcement and a government that is present to protect its citizens while at the same time creating an enabling environment for businesses to be able to grow the economy.

Also, the findings reveal a sector that is dealing with regulations or policies that on paper are good but open to interpretation opening up an opportunity for people to use in whichever way that benefits selfish interests hence the disruptive criminal gangs use the 30% local procurement policy as their foundation of their acts.

Based on the findings it can be concluded that the construction sector in SA is not able to deal with the disruptive extortion risk in a silo stakeholder approach but rather a holistic SM approach is required for an effective risk assessment process and RM process. The findings show how this disruptive risk was successfully managed on successful projects through stakeholder involvement, engagement and working together of all the stakeholders including government and local community.

Even though the sector is challenged the findings reveal stakeholders with leaders who understand their environment and each day through their organisations are trying to work with the government to create a society that is beneficial to all in the country whether

directly or indirectly affected by the sector. The stakeholders in the sector are choosing to have a proactive approach and not reactive as Nguyen et al. (2023) stated.

Some of the participants shared some secondary data to back up the responses on what is happening in the sector concerning the disruptive extortion risk. Also, P001 shared how the National Treasury had made changes to the 30% local procurement policy. The participants mentioned how this is an issue that the market is still trying to understand. To confirm the validity of these findings the researcher did more research and found a media statement released on the National Treasury website providing clarity on the change (See *Appendix 5 for these documents*). *These documents are part of the secondary data that is part of the triangulation process that the researcher in Chapter Four advised would be used.*

The next Chapter Six will discuss in detail the findings or results from Chapter Five about the literature in Chapter Two to see how the research questions in Chapter Three are answered on how the construction sector in SA assesses and manages the disruptive extortion risk.

DISCUSSION OF RESULTS

6.1 Introduction

In Chapter Six the researcher provides a discussion of the Chapter Five findings comparing and contrasting with Chapter Two literature review based on the themes as highlighted in Chapter Five to answer the research questions outlined in Chapter Three.

Research question one sought to understand how the construction sector in SA assesses the disruptive extortion risk. Research question two sought to understand how the construction sector in SA manages the disruptive extortion risk.

According to Szymanski (2017), organisations operating in open systems include risks that need to be evaluated and managed to prevent projects from failing and goals from not being met. Thus, the research questions in this study aim to investigate how the South African construction industry evaluates and handles the risks of disruptive extortion.

6.2 Discussion of Research Question 1: How is the construction industry assessing the disruptive extortion risk?

Research question one's sub-questions sought to understand how the construction sector assesses the disruptive extortion risk, which stakeholders should bear the risk, which stakeholders are involved in the risk assessment process and why, when, and how the stakeholders believe they should be involved in other stakeholders risk assessment processes and why, what challenges are faced when doing these risk assessments, what triggers these challenges, and determining if any measures can be used by the construction sector to effectively assess the disruptive extortion risk.

6.2.1 Understanding the Disruptive Extortion Risk Assessment Process

Sub-questions B.1 and B.2 sought to understand from the participants as stakeholders in the construction sector how the disruptive extortion risk is assessed and when this assessment is done within their organisations or environments. As noted in chapter five, the findings reveal that the construction industry, both public and private, distinguishes and sees the extortion risk as a criminal act that brings violence. Due to this, the risk is not one that the stakeholders identify and assess upfront as no stakeholder can know

whether there is extortion or extortionists. The participants highlighted that rather than looking at the disruptive extortion risk they look at the local community from a societal perspective.

The participants understand and appreciate that as external stakeholders' local communities need to be involved in projects as early as possible as the projects bring change in the communities, which the local people need to be aware of as they stand to be affected by the project and can also affect the project. This early engagement is used by the construction sector stakeholders as part of trying to understand the local community requirements and expectations. As supported in the literature by Xia et al. (2018), part of the early SM is about collecting stakeholder information, establishing requirements, and managing those requirements. The findings also revealed that there is no standardised structure for doing the local community assessment but rather each stakeholder uses methods that their organisation believes will work and it is done at different stages depending on who the stakeholder is.

Literature supports these findings, although at times it is indifferent it is not silent when it comes to some of these findings. Firstly, it cannot be said whether the literature is indifferent or silent on how the disruptive extortion risk should be assessed. Even though the literature is not very clear on the actual process of assessing the extortion risk, Cuganesan and Floris (2020) support the fact that construction projects disrupt the environment, amenities, and way of life of local communities.

De Oliveira and Rabechini (2019) on the other hand, support the findings that the stakeholders assess the social risk from a local community perspective when they mention that it is important that project teams embrace local communities as external stakeholders in the construction sector as they can influence a project's success. Literature supports the participants' findings, acknowledging the local community as a stakeholder to be engaged with. The PMBOK Guide (2008) states that a stakeholder is any person or group actively participating in the project (sponsors, performing organisations, customers, or the general public) whose interests may be negatively or positively influenced by the project. De Oliveira & Rabechini (2019) also supports that local communities should be embraced by project teams in the construction industry as external stakeholder that can influence your project's success.

Supporting the findings that extortion is a criminal act SAPS-SA defines extortion as an "act consisting of taking from another person some patrimonial or non-patrimonial

advantage by intentionally and unlawfully subjecting the person to pressure which induces him or her to submit to the taking," which is consistent with the participants' strong belief that extortion is a criminal act that incites public violence. According to SAPS-SA, "public violence" is defined as "the unlawful and deliberate commission of an act or acts with several individuals that assume serious dimensions and which are intended forcibly to disturb public peace and tranquillity or to invade the rights of others."

The findings based on the participants' responses imply that the construction sector stakeholders understand that the local community is an external stakeholder that is important to the success of the project being executed. As Nguyen et al. (2023) state even though external stakeholders have no contractual obligation to the contract or project, they have the potential and ability to influence the project. Also, the participants reveal stakeholders that are managing with and for the stakeholders, as Di Maddaloni and Sabini (2022) advise, are most beneficial as this approach is comprehensive and considers all stakeholders, including the external stakeholders.

6.2.2 Extortion

As mentioned earlier, the findings reveal that the participants believe that the extortion risk by the extortion groups that invade construction sites is a criminal act that cannot be known and assessed by the sector and requires law enforcement. In literature, Wideman (1992) supports this view, asserting that unknown–unknown risks cannot be predicted in terms of their existence or occurrence.

The findings that extortion is a criminal act are supported in the literature by Qhobosheane (2022) who states that the criminal extortion groups that emerged around 2015 in the construction sector are referred to as construction mafia. The findings are also supported by the South African law, Section 34 of the Prevention and Combating of Corrupt Activities Act which lists extortion, corruption, theft, fraud, forgery and uttering of forged documents as reportable offences. On the other hand, Ravenda et al. (2020) in their study on *The Effects of mafia infiltration on public procurement performance*, note that the use of illegal criminal tactics (such as intimidation, threats, and corruption) to deter rivals is a hallmark of the mafia's entrepreneurial *modus operandi*. Also, Battisti et al. (2018) support this view by mentioning in their study that in Italy the Sicilian mafia used extortion as the typical activity of criminal organisations extracting resources from organisations by force under threat or punishment.

6.2.3 Bearer of the Disruptive Extortion Risk

Since it was noted and made very clear that a disruptive extortion risk is a criminal act, it was crucial to determine who should bear the risk as it was made clear by the participants in the findings that the disruptive extortion risk involved criminal conduct and should be differentiated from the local community (social risk). The findings provide varying views as some of the participants believe it is a shared risk, some are clear that if it has been priced for then it is for the party that priced for the risk, and some are confident that it is for the private party as risk is passed down, which in PP projects or mega infrastructure projects is seen as the contractor since they would price for it but at the same time it can be shared as there is an element of creating an enabling environment by the other contracting party.

Others believe that since the extortionists tend to use the local community as the entry point it can be difficult to manage the risk as you would need to prove that it is not because the local community is disgruntled with the project and that extortionists are involved. Some of the participants believed it is a client risk depending on who the client is in the project, whether private or public projects as the client or project owner is the one who creates an enabling environment for the project to be executed, but the client should bear the extortion risk while the contracted party takes the risk of local community from the social aspect.

Hiyassat et al. (2022) in the literature support the findings that risk can be shared when they mention in their study that risk allocation is another form of managing risk in the construction sector giving it to the party that is best fit to manage the risk. Lehtinen and Aaltonen (2020) on the other hand in their study support that the risk is shared when they state that the responsibility for managing the contracts with local governments and communities, as external stakeholders is not only the client's responsibility and capability but rather all the client and the contracted parties particularly in situations where unexpected stakeholder events occur, supporting the findings that it is a shared risk with the client playing a role in ensuring that criminal elements are dealt with and creating an enabling environment and the contractor deals with the local community involvement in the project as external stakeholders.

In literature Almeile et al. (2022) support the findings that in some projects, such as the PP or mega infrastructure projects, the risk is either shared or passed to a party that can price for it, stating the fact that the PP partnerships encourage an opportunity for

innovation in the delivery of public infrastructure services, and enhance project delivery efficiency and the sharing of certain risks.

6.2.4 Stakeholder involvement in the risk assessment process

Following Lehtinen and Aaltonen's (2020) findings stating that all contracted stakeholders are to be involved in the external SM in a contract, sub-questions B.4, B.5, and B.6 under research question one sought to understand if the various stakeholders involved other stakeholders when doing their risk assessments and if so when, how and why.

Also, from sub-questions B.9, B.10, B.11, B.12 and B.13 it was important to understand if the stakeholders believed they should be involved in other stakeholders' risk assessment process and why they believed such.

Sub-questions B.4 and B.5's findings reveal that the local community is the major external stakeholder that both the public and private sectors try and engage in their risk assessment process as they have to understand the environments they will be operating or building the project in. Even though, in some instances, it is challenging, and the contractors end up having to do the assessments from a desktop review due to the nature of the procurement process, the assessment is done in some form. The contractor participants reveal that it is always a challenge when you do engage without creating any unnecessary expectations, especially in SA with a government where projects can be cancelled at any time, but the sector tries to involve the community as early as possible. In instances where the engagements have not occurred before the project then it will only be when the project starts on site.

Similar to the above findings B.9, B.10, B.11, B.12 and B.13's findings reveal that, due to the nature of the construction industry and regulations, most times the stakeholders do not involve each other in their risk assessment processes even though they would want to be involved as early as possible. Depending on the nature of the project, the stakeholders, especially the contractors, attempt to involve other stakeholders but are restricted by the procurement processes. The private sector does try to involve the local community as an external stakeholder but finds that there are some challenges especially if the client has not had the engagements upfront.

For instance, in public sector projects, the private sector stakeholders are never involved in the public sector processes vis-à-vis the public sector is not involved in the private

sector assessments due to procurement regulations, unless the private sector stakeholder is working for the public sector on a particular project, for example as an advisor to the government, especially in PPP projects. It is important to note P003's response to why the community is not involved in the risk assessment process, although he believes that they should be, they are not because the construction sector itself is viewed as a cartel that does not want to benefit others, especially the local community.

Once again, the literature is not prescriptive as to which stakeholder should be involved in what assessment processes, but it does advocate for the involvement of stakeholders in risk assessment processes, as Wideman (1992) emphasises that risk assessment is important as it typically involves input from all project management functions, including stakeholders. As the construction stakeholders try their best to engage the local community in the risk assessment process to gather as much information as possible about the community and the environment, they are supported by Mohammed et al. (2022) who assert that risk assessment is the systematic process of recognizing, classifying, and analysing potential risks as well as projecting their likelihood and impact of occurrence to prevent their unfavourable outcomes. This can be accomplished through engagements.

The implications of the findings, which are partially supported by the literature, clearly indicate that the construction industry must make sure that other stakeholders, especially local communities are included in the risk assessment processes without jeopardising the established procurement procedures. This is why the literature is generally not prescriptive about the specifics of how the risk assessment process should be carried out, as the findings reveal that it can be impacted by the procurement procedures in the specific environment.

6.2.5 Challenges faced when engaging during the risk assessment process.

After hearing the participant's responses on how they involve other stakeholders in their risk assessment processes and how they participate in the risk assessment processes of other stakeholders, the responses revealed that there seem to be some challenges in involving the various industry stakeholders. It was crucial therefore, based on sub-question B.7, to try to understand some of the challenges the stakeholders encounter when attempting to involve other stakeholders in the risk assessment process, particularly from the perspective of the local community, as it was noted in sub-question C.1 that the

risk assessment is done from this perspective and not from assessing disruptive extortion risk, which is unknown.

The results were intriguing because they highlighted a range of challenges brought up by the participants, supporting the observation made by Waris et al. (2022) that developing countries relying on public participation to lower socioeconomic conflict rates in the 1990s, are unaware of how difficult it is to pinpoint stakeholders' needs and put effective stakeholder engagement strategies in place, especially for projects involving the public sector.

Among the difficulties mentioned by the participants are intimidation and a lack of confidence between the parties. Transparency in stakeholder interactions, especially with members of the community. Projects are being utilised as political grounds to sway the surrounding community for campaigning or voting. Illiteracy also poses a challenge, especially when it comes to expressing complicated technical concepts. Unrealistic expectations from the community based on promises made about the projects by the client or politicians and a lack of the necessary time needed to establish trustworthy relationships with the local community before beginning the work on-site.

Almeile et al.'s (2022) study supports the findings by mentioning that, particularly in developing nations, the size and nature of construction projects might provide difficulties that ultimately result in project failure. A few of the issues include, (i) not giving concessions enough time, (ii) not sharing and allocating risks effectively, and (iii) not communicating with stakeholders well.

In the literature, Cuganesan and Floris (2020) also provide support for some of the findings. They discovered that a challenge faced by most organisations is that project teams often perceive certain stakeholders negatively, which can impede engagements from the outset and jeopardise project completion and business objectives. Di Maddaloni and Davis (2018) also discovered that organisations face a different challenge as they rush for other project approvals to begin work on site, solid stakeholder engagement is impacted affecting an opportunity to create relationships that can help reduce the risk brought by the external stakeholders, which can occasionally be disruptive.

The implications of the findings suggest that the construction sector is to be cognizant of the fact that stakeholder engagements are to be undertaken with an awareness and understanding of the type of stakeholder being engaged as the interactions can be affected by numerous factors.

6.2.6 Causes of the challenges faced during the risk assessment process.

According to the replies provided in sub-question B.7, these challenges are seemingly triggered or caused by other underlying issues. Sub-question B.8 asked the participants to advise what issues they thought caused or triggered these challenges. In no particular order, the triggers were noted as follows, the political interferences by people with selfish vested interests in the project and the constantly shifting environment of the construction sector, intimidation continued to surface as a trigger, the local community occasionally feeling threatened by the private sector contractors, and socioeconomic problems in SA, such as poverty, high unemployment, and hunger, trust and respect these were just a few of the causes or triggers mentioned. Another novel finding was the 30% local procurement policy requirement from the majority of the participants. A lack of education or understanding was also raised as a trigger, as some of the projects can be very technical.

The results are corroborated in literature by de Oliveira and Rabechini Jr. (2019), who noted that because of the nature of the construction industry, it might be difficult to create stakeholder confidence in complex projects. According to Waris et al. (2022), certain project stakeholders—even those without a formal role in decision-making or significant power—can significantly influence the project outcomes by exhibiting fluctuating interest during the project execution stage. This finding is consistent with the notion that people with other interests also use projects to play politics. Since trust is necessary for efficient communication among stakeholders, de Oliveira and Rabechini (2019) support the idea that trust might be a trigger.

In literature Cuganesan and Floris (2020) support the findings that trust, and respect are important when engaging as these can be a trigger when they proposed that to actively engage in positive community engagement, both groups' cognitions must be altered to ascribe good motives and justifications to one another's behaviours. Transparency and trust must be built within project teams for this to happen. Construction project teams must connect with their stakeholders successfully, with respect, openness, and consistent, dependable behaviour throughout the project.

In the scholarly literature, Qhobosheane (2022) offers further evidence that the 30% Preferential Procurement Policy Framework Act 39, enacted by the National Treasury in 2017, acts as a catalyst for the occurrence of disruptive extortion episodes. Extortionists

often exploit this 30% allocation in public procurement contracts that are designated for a specific group as a local procurement rule.

6.2.7 Measures to facilitate effective risk assessment process.

The results demonstrate that even if there is a criminal risk of disruptive extortion, local community risk assessment is still necessary and is a difficult task to administer. Participants were asked if any measures could be implemented to help the industry have an effective risk assessment process in sub-question B.14.

Drawing from the comments provided by the participants, the findings indicate that all stakeholders in the construction sector concurred that certain steps should be implemented to improve risk assessment procedures before work is done on-site. As mentioned previously in chapter five, better stakeholder participation, whether from the public or private sector, customer, local community, or government, can aid in risk mitigation up front, and constructing trustworthy partnerships. Law and order or having the police involved would also assist in demonstrating to the extortionists that there is collaboration amongst the project stakeholders, reducing the opportunity of finding any gaps in their criminal acts.

One intriguing aspect that was brought up as a requirement for the South African government to consider is the meaning of "local." Individuals have differing views or understanding of the local content and procurement element, which is creating problems for the industry.

The results are corroborated in literature by Cuganesan and Floris (2020), who in their study offered insights into how the building industry can effectively involve the local communities. They also concurred that developing rapport and trust with the community is crucial, as is sharing more information with them to facilitate their interaction with the project. Broadening governance mechanisms to include local community or third-party umpires, allowing for flexibility through design and lowering performance targets, and facing accompanying pressures are all essential for comprehending the views and concerns of the community about the project. Effective communication between all parties involved in a building project can facilitate the identification of potential risks, according to Kallow et al. (2022).

According to Di Maddaloni and Davis (2018), managing, involving, and engaging stakeholders can enhance project performance and lower project risks that influence business operations.

The literature is silent on the meaning of “local” being reviewed as it causes challenges as this is a part of the PPPFA South African policy.

The findings imply that the construction sector stakeholders are still optimistic about the future of the industry even through the challenges that have been mentioned. The stakeholders still believe that ways can be found to improve the risk assessment process to mitigate the potential risk of disruptive extortion risk. This also speaks to the responses that have, in part, mentioned that they find the local community is never a problem, it is the criminal extortionists that find a gap.

6.3 Conclusion – Research Question One

In conclusion, even though the literature is vague on some issues—such as the risk assessment process for disruptive extortion risk or local community engagements—it is clear that stakeholder engagement—especially concerning external stakeholders, whom the project teams sometimes perceive as lacking authority—is an essential component of the risk assessment process. Project risks can be decreased or mitigated by managing important stakeholders (Nguyen et al., 2019).

Evident, among Wideman's (1992) four stages of RM, identification, evaluation, and mitigation are critical components of the risk assessment process. An organisation operating in open systems must carry out the risk assessment process with the greatest thoroughness as this will help mitigate risk, particularly the societal risk relating to the local community. As Szymanski (2017) points out, organisations functioning in an open system are subject to risks, which must be assessed and managed for projects to succeed.

6.4 Discussion of Research Question Two: How is the construction industry managing the disruptive extortion risk?

According to Kallow et al. (2022), RM plays an important role in facilitating successful project outcomes and business objectives. Research question two with its sub-questions was important for this research study to understand how the construction industry

manages the disruptive extortion risk that plagues the construction sector in SA, who is involved in the RM process, when they get involved, what activities, processes and procedures and protocols are in place to manage the risk to successfully deliver projects, are the project teams trained in managing the risk, what effective measures can be used to manage the risk, what is the impact of the risk to the local community, construction sector and country, and what can the government do to intervene when the risks do occur.

Also, what was important to understand the stakeholders' understanding of the PPPFA and if it had achieved what it was intended for? Lastly, projects that the participants had been involved in that had successfully managed the risk and how this had occurred to make it a success, were discussed. The discussion of each theme as it transpired from research question two is discussed below.

6.4.1 Understanding stakeholder involvement in the risk management process

Research question two included sub-questions C.1 to C.6, these sub-questions aimed to determine which stakeholders are thought to be involved in the RM process of the disruptive extortion risk, when these stakeholders become involved, and how they become involved in the process. It was also important to determine whether the stakeholders themselves were involved in the RM process.

The findings reveal that the construction sector stakeholders still believe that the management of the local community as an external stakeholder in efforts to mitigate the effects and impact of the disruptive extortion risk when it does occur or from happening is important, even though the stakeholders see the disruptive extortion risk as a criminal act. The results showed that RM is the responsibility of all parties involved in the project. Involved parties must be part of the RM process as early as possible, whether through a contract or other established procedures. Interestingly, the majority of the stakeholders are involved in the RM process, either directly or indirectly, but they all play a part, according to the findings. The community, according to participant P003, is not involved in the RM process, even though the majority of participants acknowledged that they are involved in some capacity. According to P003, this is because communities are often viewed as risks and are marginalised by other stakeholders, particularly contractors who work on construction sites.

In their literature, Shayan et al. (2022) bolster the findings by pointing out that careful attention is needed during the execution of the continuous RM process, including

stakeholders to help lessen the effects of risk. Nguyen et al. (2019) point out that project teams can maximise opportunities, increase benefits, and help finish projects on schedule by incorporating all stakeholders in the RM process. This is because the complexity and dynamism of stakeholders throughout the project frequently cause unexpected project events.

As part of the RM process, bringing together the different stakeholders also helps decrease or manage risks for organisations, according to Di Maddaloni and Sabini (2022). Di Maddaloni and Sabini (2022) state that management with and for stakeholders is essential to the RM process because it is a comprehensive approach that considers all stakeholders, including external stakeholders like media, unions, interest groups, local community groups, consumer advocates, and non-governmental organisations.

Cuganesan and Floris (2020) provide support to community representative participants who felt marginalised as a community stating that local communities are often viewed as a risk by project teams, which reduces the opportunity for positive interactions to encourage engagements that centre around risk reduction. Local communities can have an impact on the success of a project, which is why de Oliveira and Rabechini (2019) stress how important it is for project teams in the construction industry to accept them as external stakeholders.

Implications of these findings suggest that all stakeholders need to be involved in both the RM processes. Looking back at the risk assessment the participants mentioned how being involved in each other's risk assessment processes would help with the mitigation of the disruptive risk, thus being involved in the assessment of any project going into the RM during the execution of the project plans is important. Involvement in the risk assessment process right through to the RM would allow for proactive solutions.

6.4.2 Measures to facilitate effective risk management of the extortion risk.

Sub-question C.7 was crucial since the researcher aimed to determine if the participants, who are stakeholders in the construction industry, thought that any steps could be taken to successfully manage the disruptive extortion risk. Once again, the findings are based on local community RM and not the disruptive extortion risk that is unknown.

The findings from the participants' comments highlight the necessary actions that the different stakeholders could take to address this risk. A few of these included getting rid

of political interference, eliminating selfishness and self-serving interests, encouraging consistent engagements with openness and transparency amongst stakeholders, including the local community interaction, law enforcement for the criminal extortion acts, having contracts allow for this risk, joining associations or industry groupings and working with them, have leadership that is involved as an organisation, engaging with the local community to establish a relationship of trust, and educating stakeholders on contract and policy interpretation.

The literature is not as comprehensive and prescriptive as the findings when it comes to naming or identifying some of the actions that may be taken to effectively manage the local community although it supports some of the findings. De Oliveira and Rabechini (2019), assert that trust is built through stakeholder engagements and exchanges. Emphasising that trust is built through good communication between stakeholders. According to Strahorn et al. (2015), it is critical to exhibit trustworthy behaviour throughout the project's lifecycle.

Cornelio et al. (2021) seemingly agree even though they do not state that politics or people with vested interests are to be removed from the projects, they do support the fact that politics do need to be dealt with when mentioning infrastructure projects having multiple parties involved with political and social interests from various stakeholders as a challenge that has to be dealt with. Ravenda et al. (2020) support the findings that politics are to be removed as they are seen as a cause for the extortion events when they mention in their study that the mafia infiltrates the local political institutions and public administration, intervening in political elections and market for votes for protection from punishment. Politicians receive support from the mafia in the form of votes and campaign donations in return for favourable laws, freedom from prosecution and public contracts affecting the awarding of public contracts.

Once again, similar to research question one the findings imply that the construction sector is a sector with stakeholders that see the value in working together, as they want to find ways to better manage the disruptive extortion risk as well as the local community as these proposed measures can be applied to dealing with the local community.

6.4.3 Activities for successful disruptive extortion risk management to ensure proper project management and delivery.

To assist project managers in delivering their projects, sub-question C.8 asked if the stakeholders had any activities in place to guarantee successful RM. Similar to the measures noted in sub-question C.7, the results show that law enforcement, leadership participation in RM, industry groups or associations involvement, removal of politics, ongoing community engagements, and making sure that the parties are covered by the legal agreements in terms of time and costs, are important. Also, lessons learnt based on past experience.

Given that certain risk threats are not controllable by the risk premium, Akintoye and MacLeod (1997) corroborate the findings that identified the employment of legal agreements as one of the actions for successful RM. Contractual arrangements involving all parties involved in the contract mitigate certain risks. As an example, Akintoye and MacLeod (1997) state that while working with domestic and specialised subcontractors, the majority of contractors (63%) use "back-to-back" subcontract agreements to the primary contract. Using professional indemnity and the terms of their contracts with customers and designers, some project managers may shift risks.

Ichniowski and Preston (1989) provide evidence to support the findings regarding the benefits of using industry groups or associations. They note that in New York, labour unions were found to be one of the most effective control mechanisms for combating organised crime because of their monopolising power over labour resources throughout the construction cycle. Not all union executives are dishonest and work only to further their own agendas or selfish interests.

Di Maddaloni and Sabini (2022) support the findings that ongoing community engagements are some of the activities that can be used when emphasising the importance of involving external stakeholders, such as local communities, in the decision-making process of construction projects as part of RM. Cuganesan and Floris (2020) highlight the fact that even though local communities might not have official influence over infrastructure project decisions, not building relationships leads to no support from the community of the project. Mentioning a critical point, Cuganesan and Floris (2020) advise that to minimise conflicts and expensive project delays while also achieving socioeconomic benefits, support from the local community as a long-term stakeholder is crucial.

Wideman (1992) does not prescribe which documents should be kept during the documentation stage of the RM stages, identification, assessment, response, and documentation. However, he does support the findings that one of the activities is learning from past projects based on the close-out reports that are kept and the records of what had caused the issues. To improve the RM of subsequent projects, Wideman (1992) highlights the significance of making sure that all information about the project is accounted for, documented, and organised into a database.

While not specifically addressing the disruptive extortion risk, Pedrini and Ferri (2019) warn organisations that, according to the stakeholder theory, effective management strategies must be implemented by the leadership to sustain long-term relationships with stakeholders and avoid depending solely on spontaneous developments. This study supports that leadership should be involved in the RM process for fraudulent extortion, though not in a very direct way.

6.4.4 *Procedures and protocols for managing extortion risk.*

Because the disruptive extortion risk is persistent, the inquiry in sub-question C.9 aimed to comprehend RM practices and determine which ones are employed, as well as their efficacy. The findings show that largely as a result of a lack of preparation and training, conventional procedures, and protocols for managing this specific risk were either non-existent or poorly defined within the construction sector across all the different players. Participants' responses varied; some recommended procedures and guidelines they believed should be followed, others mentioned ongoing organisational efforts to manage this risk based on what they observed being done within the organisations, and still others had no opinion or remained silent.

Literature is silent about the exact protocols and procedures to use to manage the disruptive extortion risk. It appears from the literature that various organisations employ various systems based on the circumstances surrounding their organisations. For example, to effectively combat organised crime, New York's construction sector organisations needed to deepen or broaden their comprehension of the structural factors that generate risk (Ichniowski & Preston, 1989). In SA, however, Qhobosheane (2022) states that for a solution to be found for the risk posed by disruptive events, a gathering of stakeholders—local communities, private sector organisations, state actors, and civil society—is required.

This implies that the construction sector, not only in SA but also in other countries, must look at establishing standard procedures and protocols to use concerning disruptive extortion risks.

6.4.5 *Lack of risk management training for disruptive extortion events*

As mentioned by participant P003 in response to sub-question B.1, the risk is continuous, hence the construction sector needs to make sure that project teams are well-prepared and equipped to handle the task. The purpose of sub-question C.10 was to ascertain from the industry whether the stakeholders are prepared to handle the risk of disruptive extortion using training or other means.

According to the findings, project teams do not have formal training on how to manage disruptive extortion risk. The contractors believe that they are contractors and are not trained to be soldiers or police, they are trained to build and therefore are not equipped for these events, hence government law enforcement is required. Others mentioned that there are no skills for this type of risk hence no training is available. Some companies have turned to employing the knowledge of other third-party consultants like retired police who understand the criminals and use their past experiences and training to train and equip their project teams as part of a more practical approach to RM of the disruptive extortion risk. Some mentioned that even though they try to train their project teams, time does not allow for this. One thing that the contractors mentioned is that the project teams are trained to close the sites if anything puts the employees at risk on-site.

Literature is silent about the training and equipping of project teams on the disruptive extortion RM. There are no processes or protocols mentioned in the literature on how the stakeholders should train their teams.

These findings imply that the disruptive extortion risk will continue to be a risk that challenges the construction sector and threatens lives if solutions are not found. Also, with some of the participants taking measures into their own hands employing other external consultants means the costs of projects will increase.

6.4.6 Understanding the Preferential Procurement Policy Framework Act (PPPFA)

The 30% local procurement guideline by the National Treasury is one of the triggers used by the extortionists that the participants in Chapter Five highlighted. Therefore, the researcher needed to ascertain the stakeholders' understanding of this 30% PPPFA through sub-question C.11. Simultaneously, in sub-question C.12 the researcher needed to determine whether the policy had achieved its objectives and, if not, understand how it could be revised or reassessed.

The results reveal that although some of the participants understood the purpose of the PPPFA policy, they did not think it accomplished what it was intended for. Additionally, they believed that the execution of the policy is misunderstood and perceived differently by different individuals. This policy, like all other well-meaning South African policies, is well-intentioned but poorly executed. Also, it became clear from the comments that the policy was unworkable, particularly in light of the misunderstandings surrounding the meaning of "local," which has an impact on how Exempt Micro Enterprises (EMEs), SMMEs and Qualifying Small Enterprises (QSEs) participate in projects.

Qhobosheane (2022) supports the participants' responses, stating that the policy aims to empower and reform SMMEs, EMEs and QSEs by allocating 30% of the value of all public projects to these designated groups. Qhobosheane (2022) states that the legislation mandates that thirty per cent of any project above R50 million must be devoted to local content. This is because the regulation was created in an attempt to promote local participation.

With regards to the reviewing of the policy by the government, the findings show that some of the participants believe it must be reviewed as it does not benefit those whom it was meant to benefit. Also mentioned by the participants are the changes made by the National Treasury to the policy. A couple of the participants expressed confusion as to why the National Treasury would reverse the policy and permit each SOE to set its guidelines and standards for the amount of local content as a solution.

The literature neither affirms nor refutes this conclusion nor can it be claimed to be silent or indifferent because, as the participants pointed out, this is a recent change that was just announced and appears to still be under consideration or review as some stakeholders are questioning it. The participants mentioned that this change is very recent, and most organisations are still trying to understand the implications of the change. The

researcher, as part of secondary data and to ensure the quality and validity of the information provided, did additional research on the matter (see Appendix 5).

6.4.7 Government Intervention

Participants in Chapter Five consistently expressed the view that the risk of disruptive extortion events is an illegal criminal act and government must get involved. The purpose of sub-question C.13 was to learn more about the precise ways in which the government can step in to stop disruptive events caused by extortion risks. The participants all agree based on the findings, stating that government law enforcement must be present and available to help when needed. More police visibility around projects is needed, and the police need to be engaged as stakeholders in the project.

The literature does not explicitly state what the government must do to intervene, but it does acknowledge that certain risk threats cannot be controlled by risk premium and that they require the involvement of all stakeholders for the project to be successful (Teo & Loosemore, 2017).

The findings imply that the government has a huge role to play in ensuring that an enabling environment is created for businesses to do work, linking back to P001 who did not in any way mince her words about the fact that the disruptive extortion risk is a government risk, and they are to create an enabling environment and safeguard the citizens.

6.4.8 Impact of Disruptive Extortion Events

Given the disruptive nature of the events resulting from the disruptive extortion risk as mentioned by the participants in answer to sub-questions C.14, C.15, and C.16 set out to ascertain the effects of these occurrences on the community, the building industry, and the South African economy.

Community

The findings in chapter five reveal that the impact on the community is massive and far-reaching according to the participants, people lose out on job opportunities (unemployment), and services such as water, sewer, clinics and schools are not delivered as projects are not completed. Some of the projects bring business to local community

businesses such as accommodation, food street vendors, and transportation these businesses lose out on revenue, skills are lost, and the community's reputation or identity is affected, impacting any future developments being proposed. There is also a threat to people's lives as some of these extortionists kill people who do not align with what they want to achieve. The relationships between communities and government are further strained as police are seen to not intervene or as aligning themselves with the extortionists.

In the literature Forgione and Migliardo's (2023) research study, emphasises the far-reaching effects brought about by organised crime in nations, particularly the essential components of the community, providing support for the findings. According to Forgione and Migliardo (2023), social capital that undermines a community's identity and cohesiveness, such as trust, cooperation, and social support, is harmed. Forgione and Migliardo (2023) also discuss the harm done to community members' networking and cooperation as well as the harm created by business endeavours.

Construction Sector

According to the participants' responses from Chapter Five disruptive extortion risk is understood to have a significant impact on the construction industry. To name a few, business closures occur because smaller businesses cannot afford the financial losses from project delays and money spent on-site security; insurance costs rise; skills in the industry are lost as people leave the country due to threats to their lives and families; innovation is impacted; and projects are delayed, increasing project costs that occasionally cannot be recovered through contracts. The stakeholder relationships are strained. The supply chain from the construction sector is also affected causing further job losses. Businesses lose confidence in governments as the provision of an enabling safe environment seems to not be created by the government with the provision of law enforcement.

Literature supports the idea that enterprises are impacted by the risk of extortion or organised crime, even though it is not as explicit or precise as the participants' responses have been. Ganau and Rodriguez-Pose (2018) provide some literature evidence for their claim that when the supply chain procurement process is compromised, the industry's collaborative environment is disrupted and the favourable productivity gains that arise from industrial clustering are compromised. They also highlight that smaller organisations

are more affected than larger ones. According to Forgione and Migliardo (2023), who provide evidence for the findings, innovation is hampered by delinquency since foreign investment and new skill sets are not being brought into the nation. Furthermore, the unfavourable environment reduces firm confidence in market expansion potential.

Both Qhobosheane (2022) and Mfebe (2019), the CEO of SAFCEC, have provided literature supporting the results that the construction sector is affected by delays in employment, cancellations of projects, cost overruns, and threats to lives when disruptions occur. Work stoppages impact company operations by causing delays in projects and endangering human life, while extortion organisations harm the infrastructure. Numerous national initiatives have been impacted (Qhobosheane, 2022).

A few of the nation's largest corporations are reported to have been impacted. For example, Aveng's R1.5 billion Mtentu Bridge project in the Eastern Cape was abandoned after extortion groups threatened employees and forced the site to close for 84 days. The extortion gangs have had varied degrees of impact on over 60 SANRAL projects across the nation (Qhobosheane, 2022). Due to extortionists infiltrating the site and turning it into a battle zone, the Wilson Bayly Holmes-Ovcon, an R 2.4 billion German oil storage investment project under construction at Saldanha Bay, was placed on hold (SAFCEC, 2019).

Extortion invasions caused a more than year-long delay in the Beacon Valley housing project in Cape Town (Qhobosheane, 2022). In 2019, the extortion groups caused interruptions to at least 183 infrastructure and development projects valued at about R 63 billion (Qhobosheane, 2022). Furthermore, Mfebe (2019) said that the construction industry has struggled with talent retention as workers have been leaving the country to go abroad due to the fear and possibility of new disruptive extortion criminal events (SAFCEC, 2019). Additionally, Forgione and Migliardo support that organised crime affects lawful firms, sometimes resulting in business closures due to performance issues.

South African economy

Participants discussed the negative effects on SA's economy and how badly they harm the nation. Namely, the unemployment rate rises, people flee the country fearing for their lives, the construction industry loses revenue, which affects government spending through taxes, investors hesitate to invest in SA out of concern for their companies, service delivery suffers, project costs rise, and projects are postponed or sometimes even

cancelled. Construction businesses are beginning to decide not to work in specific regions of the nation, which has an impact on infrastructure delivery.

In line with some of the findings in the literature, the president of SA highlighted in his SONA 2022 speech that extortion groups and criminal gangs are causing harm to the country's economic infrastructure, undermining investor confidence and creating job losses. In their research, Forgione and Migliardo (2023) note the negative effects of these crimes on the nation's economy, pointing out that expenses rise, and incomes fall, corroborating some of the participant comments regarding rising project costs and lost revenue to the nation's revenue base due to the loss of foreign investments.

Because these extortionists do not distinguish between private and public sector contracts, Qhobosheane (2022) states that both are impacted. According to Forgione and Migliardo (2023), the economic consequences of organised crime resulted in a minimum 16% decrease in GDP per person in Southern Italy. These criminal groups disrupt direct government investment chances and pilfer lawful private investment opportunities, creating new avenues for illicit activity (Forgione & Migliardo, 2023). Economic expansion is seriously threatened by organised crime. Organised crime can harm economic growth even in wealthy countries. Italy serves as a prime example of this, with organised crime playing a major role in the low-income regions' failure to keep up with the rest of the country.

The implications of the findings reveal a construction sector that is a challenged state and if this disruptive extortion risk continues, the country will see several organisations failing due to the pressures and financial challenges caused by these events, impacting the economy, business, local communities and the country. Affecting the socioeconomic and employment opportunities. The findings imply that an urgent solution is required.

6.4.9 Solutions to effectively manage extortion events.

For the industry to grow and contribute to the economy, it is evident from the participant interviews and their remarks that efforts must be made to find a solution to either remove or significantly reduce the disruptive extortion risk. Sub-question C.17 asked participants whether they knew of any approaches that would help all parties involved in lowering the disruptive extortion incidents caused by the danger. It is necessary to draw a line between extortion and the local community, as the participants have repeatedly made it clear in their responses.

The results reveal that government action, including law enforcement and arrests, is necessary to mitigate the extortion risk, as indicated by the participants' replies as stakeholders in the construction industry. Additionally, as the risk affects the construction sector in both the private and public sectors, internal and external stakeholders, all parties involved in the sector must collaborate. Getting local community buy-in is thought to be one of the critical mitigation factors to this disruptive extortion risk, as the extortionists tend to use the communities as their home ground. While law enforcement can address the criminal elements, most participant responses also provided context regarding solutions on how to effectively deal with the challenges facing the local community. It was also said that the procurement policies should be reviewed over and above the local community engagements and involvement.

Additionally, a few participants indicated that industry associations such as unions and BACSA, which a few participants had previously mentioned as a means of assisting the industry risk assessment and RM processes, can also help manage this risk by facilitating engagements in some way. Some of the participants recommended that one of the solutions may be to allow adequate time before the start of the project for stakeholder engagements to develop confidence and transparency among stakeholders, as one of the issues and triggers cited was not having enough time.

Among the crucial components that should be considered as a remedy, according to participants P012, P001, and P006, is education. It is recommended that the educational system include instruction on enhancing local community interactions and management, particularly in the engineering arena. This is because the researcher has seen that the Ubuntu factor is crucial to the involvement of sector stakeholders. Given how frequently projects are used for politicking, eliminating politics also emerged as a significant alternative. A few participants suggested that enhancing the organisations' comprehension of the business climate in SA would be another way to address the country's history of socioeconomic problems, which have long plagued the country and are the root of some of the behaviours seen with the disruptive extortion events.

According to one of the participants, P013; the mafia is an ancient institution that originated in Italy, Sicily, Mexico, and New York; it is not a problem that can be resolved quickly. Extortion is not a new phenomenon in the construction industry and requires government intervention.

The results are corroborated by research conducted by Ichniowski and Preston (1989), who note that in New York, the construction industry discovered that labour unions were useful control mechanisms that were employed to combat organised crime. This was because the unions had a monopoly on labour resources, which allowed them to maintain control over these resources throughout the life of a construction project.

Addiopizzo, an Italian trade association established to counteract the illicit influence of mafia-style organisations, assists in the fight against extortionist groups, corroborating research suggesting that unions and associations in SA could play a role in reducing risk and combating extortionist groups (AddioPizzo, 2023). Literature also backs up the suggested solution of associations as the SAFCEC 2019 report mentions that associations such as SAFCEC, BCCEI, and BLSA are continuously working with private and government sectors to fight extortion crime (SAFCEC, 2019).

In support of the procurement policies being reviewed Ichniowski and Preston (1989) state that in New York the construction sector also saw the government policymakers as a catalyst in developing solutions to the organised crime challenges.

Literature is silent with regards to the education element being a solution to the disruptive extortion events, but it could be looked at further to establish the basis of it concerning the disruptive extortion events. As the participants proposed not being able to engage as stakeholders does pose a risk when dealing with local communities.

The solution of allowing time before the start of the project for engagements is supported in the literature by Di Maddaloni and Davis (2018) who state that organisations spend limited time with stakeholders at the inception stage of the projects, whereas if solid engagements could be held the risk brought about by the external stakeholders would be reduced.

The findings imply that the disruptive extortion risk requires stakeholder engagement through SM. The majority of the participants believe that more open communication between stakeholders can help reduce risk and improve local community relationships.

6.4.10 Reasons for successful management of disruptive extortion events

The findings show that, despite the potential for disruptive extortion to cause events that negatively affect the construction industry, stakeholders are actively seeking measures to mitigate this risk. During the interviews, some of the participants shared instances of

projects in which the risk appeared to be managed and completed. Sub-question C.18 sought to find examples of projects where the risk transpired and was managed well, and the reasons that made it successful.

Based on the responses provided, the findings revealed that when the disruptive extortion risk materialised in some projects, the stakeholders' cooperation was essential to the projects' completion. Engagement and management of the stakeholders were acknowledged as the main reasons that the project continued through the events. The project's ability to survive the threat posed by the extortionists was attributed to the stakeholders' continuous and open communication. Ensuring that every stakeholder, both internal and external, is included in the solution to make sure the project survives the dangers, authorities, law enforcement, the local community, customers, and vendors are crucial.

Additionally, in instances where the local community was involved and witnessed the project's true empowerment for the benefit of the community, the community united with the contractor and client to safeguard the project, linking back to some of the participants' responses that community buy-in is critical when dealing with the extortion events. Strong relationships amongst the stakeholders facilitated by mutual trust, allowed for collaboration. Projects that were able to tolerate risk are those that had well-managed stakeholders and transparent, honest interactions. Some comments were silent, but not because the participants had nothing to say; rather, it was because the individuals would not have been actively participating in the project but had seen other projects where stakeholder engagement and all stakeholders, including law enforcement and government, working together is what worked.

Nguyen et al.'s (2023) literature review bolster the conclusion that stakeholder engagement and involvement are vital to bolstering project resilience, especially when addressing unforeseen issues and conflicts arising from outside sources.

6.5 Conclusion – Research Question Two

In conclusion, the findings in research question two make it explicitly clear that extortion is a criminal act and therefore government should intervene as the creator of an enabling environment in any country and is responsible for keeping citizens safe. Even though extortion is seen as a criminal act, the private sector is not sitting and doing nothing as they understand that to have a country that functions well, a private sector that works with

the public sector is required but what the private sector is saying is that this criminal risk is not something the sector can handle on its own.

The management of the disruptive extortion risk, even though it is an illegal criminal act, requires a holistic approach including all the stakeholders both the private and public sector and the local community. The private sector stakeholders all agree that this risk cannot be managed by one particular stakeholder, which in most instances is the construction subcontractor on site. The contractors all agree that they are not trained and equipped to manage criminal gangs and mafias, all that they want to do and know is to build. The public sector participants, including local community representatives who are involved in the infrastructure space with the government, all agree that the government needs to be serious about managing this risk as it affects the country's economy impacting employment and other socioeconomic issues.

6.6 Conclusion

In conclusion of chapter six, the discussion of the results section looked at the findings and contrasted them against the literature review in chapter two to answer the two research questions in chapter three. The findings from research question one on how the construction sector assesses the disruptive extortion risk, clearly show that the sector does not assess this risk as it is seen as a criminal act requiring government intervention through law enforcement. Even though the risk is not assessed, the local community risk is assessed based on societal risk. The sector faces many challenges, including the local community engagements and the procurement regulations that exist in the sector.

The construction procurement regulations limit an effective risk assessment process. Despite these challenges though the stakeholders in the sector continue to find ways to assess the social risk of the local community. Even with the challenges faced when trying to engage in the risk assessment process, stakeholders believe that if some measures can be put in place to help facilitate better stakeholder engagements, some of the issues being experienced in the sector would be reduced especially the extortionists that use the local community as grounds to infiltrate the project causing the criminal disruptive extortion events. The stakeholders all agree that for an effective risk assessment process of the local community risk in efforts to try to mitigate the disruptive extortion risk, stakeholder engagement through SM is necessary.

Research question two reveals that even though the stakeholders are clear about the fact that extortion is a criminal act, the management of the risk still requires all the stakeholders involved to mitigate the risk from happening during the execution of the works or the impact it has on the projects when it has transpired. With all the local community challenges that are experienced during the risk assessment process, the stakeholders reveal that they still believe that the community must be involved in the RM process of the disruptive extortion risk, hence ensuring that finding solutions to having better risk assessment processes would be beneficial to all. The solutions and even the successes that some of the stakeholders have had in managing or mitigating the disruptive extortion risk based on their responses, are evidence that SM and engagement are critical for the management of the disruptive extortion risk that challenges the South African construction sector.

The discussed findings reveal stakeholders, in the sector, who want to react proactively to the disruptive extortion risks by ensuring that the relationship with the local community is strengthened to get buy-in instead of having a reactive approach to the risk, putting the stakeholders in a difficult position when the events do occur. As Nguyen et al. (2023), mention, projects can either respond proactively or reactively to disruptive events. By having a proactive approach, the organisations will be able to have pre-established solutions in place to try to remove uncertainty, while with a reactive approach, the organisations would be on the back foot, forcing the project to modify or refocus strategies toward alternative goals. Proactive SM would allow organisations to foresee challenges that could impact stakeholders and implement preventive measures, whereas reactive SM concentrates on response strategies to handle the extortionists' requests and actions during emergencies (Nguyen et al., 2023).

Chapter Seven presents the conclusion and recommendations of this research study.

CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

The construction sector is one of the most dynamic, unique, and complex sectors, contributing to the country's economy, achievement of the SDGs, advancement of socioeconomic growth and employment opportunities (Ebekozi et al., 2021). Like all other sectors with complex stakeholder structures businesses in construction are faced with numerous micro and macroeconomic risks that impact the achievement of the organisations' strategic objectives (Boateng et al., 2020).

Research question one and two in chapter three sought to understand how the construction sector assess and manages the disruptive extortion risk. Chapter Six's discussion of the results of the research study contrasting with literature firstly highlight that the disruptive extortion risk is a criminal act that requires government and law enforcement intervention. Extortion risk is not a risk that the construction stakeholders can assess or manage without the intervention of the government. Secondly, stakeholder engagement and involvement are critical in both the assessment and management of local communities to mitigate the disruptive extortion risk.

Thirdly, as much as the local community is seen as an important external stakeholder there are challenges. Fourthly, the impact of the disruptive extortion risk is detrimental to the local community, construction sector businesses and government. Lastly, there are measures and solutions to the management of the disruptive extortion risk that require a holistic stakeholder approach. The findings reveal that for effective RM of the disruptive extortion risk, effective integration of RM and SM is necessary.

7.2 Description of findings and implications

The research study findings demonstrated that both the public and private sector stakeholders do not follow a standardised procedure when doing a risk assessment of the local community as an external stakeholder but acknowledge that it is important even though they have no contractual obligation to the project. As supported firstly in literature by Nguyen et al. (2023) who stated that even external stakeholders like your local communities have no contractual obligation to the project, but they do have the potential to influence the project. Also, the findings demonstrated that extortion is an unknown

criminal act that cannot be assessed as supported by Wideman (1992) who stated that unknown–unknown risks cannot be predicted in terms of their existence or occurrence. Also, SAPS-SA lists extortion as an illegal reportable offence. Also, the research found that the stakeholders all believe there are benefits in involving other stakeholders in each other’s risk assessment processes and management, especially in mitigating the disruptive extortion risk as Akintoye & MacLeod (1997) certain risk threats cannot be managed by risk premium but be addressed through some contractual agreements including all project stakeholders.

The research findings showed that the management of the disruptive extortion risk cannot be the responsibility of one particular stakeholder no matter what type of construction project is being executed. This is supported by Lehtinen & Aaltonen (2020) who stated that the notion of having the client be the only responsible party to deal with the external stakeholders is no longer feasible, particularly in unexpected stakeholder events where all contracted parties are to be involved.

The research revealed local communities that feel isolated even though the stakeholders believe that the local community is an important stakeholder. The local community does not believe or trust that the government or private sector have the best interests of the community in mind. The research revealed a local community that wants to work with the stakeholders in the sector but seems to have no means to do so unless requested. As supported by Cuganesan & Floris local communities tend to be perceived as a risk by project teams limiting the potential for positive engagements.

The research revealed a construction sector that is working towards a solution but is doing so blindly, as the stakeholders do not have proper processes and protocols of engagement especially when it comes to local community risk, that the extortionists use of the local community as grounds to infiltrate the sector. The research revealed a sector that is affected by the politics of the country and is also dealing with risks brought about by the socioeconomic challenges of the country, which are a result of South African history. As Teo & Loosemore (2017) stated that one of the most unpredictable risks that face organisations is the socio–political risk from stakeholders.

The findings also revealed construction sector stakeholders are optimistic amid the challenges and still believe that there are solutions to change as long as the stakeholders all come together to assess and manage the risk. Xia et al. (2018) proposed that

integrating the management of the construction of risk and stakeholder management can benefit project managers.

7.2.1 Implications of Research

From the researchers' view the current study will assist the construction sector stakeholders to better understand some of the challenges that the sector face. As the researcher has attempted to bring the voices of both the private sector and public sector it can be appreciated that the responses shed some light on the views of other stakeholders as stakeholder engagement seems to be a challenge. Construction companies can better understand from the local community perspective that better stakeholder engagement and inclusion of the local community in projects can assist in mitigating some of the disruptive risks.

Government as the driver of an enabling environment will hear from the voices of the different stakeholders that businesses and citizens rely on the protection of government to create a safe environment to grow the economy. If there is no government intervention to fight the disruptive extortion risk, the country stands to collapse and be a lawless state that is run by mafias in all sectors, as these events are starting to infiltrate other supply chain elements. The successful projects mentioned in the findings that have managed the disruptive extortion risk will show the sector and other business sectors that RM integrated with SM can work effectively as long as there are willing stakeholders.

Following the research findings, having had the interviews, listened, to and observed the participants and seen their body language facial expressions and optimism, the researcher hopes that the implications of this study will show a society that has business leaders who understand the history and challenges that face the country but continue to want to do better for the future generations. Business leaders are ready and willing to work at finding solutions as a collective, acknowledging that the organised disruptive crimes by the extortion groups destroy social capital in the South African society like cancer in a body (Forgione and Migliardo's, 2023).

7.2.2 Theory

This research study's objective was to contribute to the body of knowledge of RM and SM theory through the understanding of how the construction sector in SA assesses and manages the disruptive extortion risk.

The findings reveal that for effective risk assessment, stakeholder involvement and engagement are required especially when dealing with external stakeholders such as local communities. Also, for effective RM of the disruptive extortion risk, stakeholder involvement and engagement are required.

Through the findings and discussion results in chapter six, the study has provided context and content into how the construction sector assesses and manages the disruptive extortion risk. The findings have revealed and confirmed that not all construction sector risks can be managed through risk premiums and that some risks require a stakeholder approach.

This research study contributes to RM and SM theory confirming what Xia et al. (2018) stated, that organisations that manage multiple challenging projects can benefit from the integration of risk-stakeholder management, as the findings have shown that the management of the disruptive extortion risk requires the involvement of all stakeholders.

7.2.3 Methodology

The implications of the research study on the methodology used show that the qualitative research methodology was applicable as it provided an opportunity for the participants to provide valuable information. Although restricted in how some of the participants responded due to the sensitivity of the topic, the opportunity to have face-to-face interviews still provided for more engaging discussions, providing the researcher with the opportunity to probe deeper for more context. The use of secondary data, such as newspaper articles used for triangulation, also provided the researcher with an opportunity to prove the validity and quality of the data collected.

Having gone through the process of collecting the data and seeing how the topic was received by the participants, the researcher believes that the study could benefit from the use of a quantitative methodology as another method of collecting data. The researcher has this view because a quantitative methodology provides anonymity which could potentially offer the opportunity for more data, especially when it comes to providing

information that the participants who felt uncomfortable sharing in a qualitative environment, information such as how much has been lost by companies from the disruptive extortion risk and maybe how many skills have been lost based on the number of people who left the country due to this risk.

7.2.4 Policy

As the research study consisted of a sub-question relating to gaining the participants' understanding of the 30% local PPPFA policy in SA. The policy can gain from the findings with regards to considering reviewing how the local content interpretation is used and applied in projects. The challenge with this misunderstanding of local content brings with issues that compound on existing issues. What constitutes “local” for stakeholders in the sector, especially in the construction sector, as this appears to be subjective and used for what benefits certain individuals.

In SA, the government can consider reviewing the policy to clarify the implementation and local definition so that the policy can benefit all. The research outcome is also relevant to the government's policy and planning departments that are attempting to improve infrastructure procurement (Waris et al., 2022)

7.2.5 Business / Managerial

The findings from the research study, from both research questions one and two, illustrate that for effective risk assessment and management effective SM is necessary. The size of the organisation or the type of projects executed does not matter, the findings can be implemented in any environment. Even though businesses have their own processes, the principles from the findings are general and can be used to bolster the organisation's systems and protocols.

The challenges faced by the sector when it comes to stakeholder engagement during the risk assessment process and the RM process are challenges that other organisations in the business sector can learn from. The solutions provided can be used in other business sectors facing similar challenges.

Also, as this is a risk that is stakeholder-related as the extortionists use the local communities as grounds to mobilise, SM in terms of local community involvement and

engagement is generic for other sectors as well. SM is not limited to the construction sector, as long as businesses operate, they have stakeholders, internal or external, and ensuring that all stakeholders are managed is the responsibility and priority for all businesses.

As Nguyen et al. (2019) state, unexpected project events are frequently caused by the complexity and dynamism of stakeholders throughout the project. By properly incorporating stakeholders, managers can maximise opportunities, increase benefits, and finish projects on schedule. RM depends on bringing together the interests of many stakeholders. The management of project stakeholders, who play a key role can help to reduce or mitigate risks for any business (Nguyen et al., 2019).

7.2.6 Governance

As this research study's findings have shown, the construction sector has no formal structures to govern how the disruptive extortion risk is assessed or managed leading to the sector having challenges when the risk transpires. The research study implications could contribute towards guiding the construction sector stakeholders towards thinking about having formal governance structures that can be applied by all stakeholders in how to manage the disruptive extortion risk.

7.3 Future Research

As the current sample frame was limited to the participants mostly in the Gauteng region in SA, future research could benefit from being expanded to other regions of the country as this disruptive extortion risk is countrywide, especially in KwaZulu Natal. Future research can also be expanded into understanding how the construction sector can work with extortion groups without having to resort to violence or corruption to get what they want. As seen from the findings various associations exist which can work with the extortion groups to better understand how maybe a framework of working together with the construction sector in a more structured manner can be developed.

Future research could look at designing a framework or structures that can be used to facilitate engagements of the stakeholders within the sector that has procurement processes that are regulated. Furthermore, to the best of the researcher's limited knowledge, there is not much thorough empirical research on the understudied issue in

the body of literature that is now available. Based on qualitative data, additional research can deepen our understanding of effective RM of the disruptive extortion risk through integration of effective SM in infrastructure projects from around the globe.

7.4 Limitations and Proposed Solutions

Despite all the efforts made in this research study, the study is not without limitations (Nguyen et. al, 2023).

Firstly, the nature of the research topic challenged the research process as this is a topical issue facing the construction sector in SA and some of the participants were reluctant to provide detailed responses in certain areas. Some of the participants did not want to have their actual organisations named to protect the views expressed in the interview. Due to the sensitivity of the research topic, the researcher believes that the responses could have been limited and very general, limiting the value-add in some instances. Even though the topic potentially caused some limitations, the researcher tried to provide a safe environment for the participants providing them with assurance of confidentiality that all their information shared in the interview would be stored safely and only be subject to the institution's preview. Also, the confirmation letter to show that the study was being done as part of completing the MBA in GIBS was provided.

Secondly, the nature of how some of the questions had to be asked to provide a sense of comfort to the participants might have impacted how the responses were provided. The researcher tried to ask some of the questions in a format that would provide the best possible response, repeating questions where necessary and at times elaborating to provide context.

Thirdly, while the sample size is sufficient it does not include the broadness of the construction sector stakeholders. The study could have benefited from insights from more participants from the public sector who could have provided additional valuable information. Other private sector stakeholders, suppliers and other industry experts could have provided more insight to the study. The researcher attempted through snowball sampling to get other participants from other stakeholders but was not successful.

7.5 Conclusion

The research study has provided extensive insights into how the construction sector assesses and manages the disruptive extortion risk in SA. Even though extortion is not a new phenomenon in SA it was important to understand how the sector is dealing with the risk, especially with the socioeconomic challenges that the country is dealing with. According to the study, stakeholders see value in maintaining stakeholder management of the external local community stakeholders to help mitigate risk, even though extortion events are viewed as criminal risks that cannot be assessed by the sector. Nguyen et al. (2023) assert that improving project resilience requires stakeholder engagement and involvement, particularly when managing unforeseen problems and conflicts.

Additionally, the study has shed light on the difficulties stakeholders encounter when attempting to interact with the local community as external stakeholders and has identified potential causes or triggers for these difficulties. In an attempt to manage the disruptive extortion risk, the construction sector can and will benefit from having more extensive stakeholder engagement and involvement early on in the projects, even though the procurement regulations or processes seem to hinder the stakeholders in the sector. Project success, according to de Oliveira and Rabechini (2019), is influenced by key stakeholders' early involvement and communication. Throughout the project's life cycle, building essential, productive connections with all stakeholders is essential, especially with those who have the power to either positively or negatively impact the project's ability to fulfil its goals.

The measures and solutions provided by the stakeholders demonstrate a sector with stakeholders that see value in collaboration in managing the risk, particularly in light of the impact that has been seen on the local community, SA economy and the sector at large. This research study findings support Xia et al. (2018) who in their study propose that the time has come for the integration of RM and SM to promote the effectiveness of both for addressing the challenges that organisations face especially for risks that cannot be managed by risk premium.

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APPENDIX 1: CONSENT FORM



Consent Form

I am currently a student at the University of Pretoria's Gordon Institute of Business Science, and I am completing my research in partial fulfilment of an MBA.

I am conducting research entitled, **Investigating disruptive extortion risk in the South African construction sector.**

This interview is expected to last about an hour and will contribute towards understanding how **the disruptive extortion risk is assessed and managed in the South African construction sector.**

Confidentiality of this interview is guaranteed. Your participation is voluntary, and you can withdraw at any time without penalty. All data will be reported without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name:

Research Supervisor Name:

Email: 18361227@mygibs.co.za

Email:

Phone: 082 787 1575

Phone:

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

INTERVIEW GUIDE

Introduction

Thank you for agreeing to afford me the time to meet with you and conduct this interview as part of my studies.

I am conducting a study entitled, ***Investigating disruptive extortion risk in the South African construction sector***. This study intends to investigate how the disruptive extortion risk is assessed and managed in the South African construction sector.

Please can you confirm that you have given your consent for this meeting and interview?
Please can you also confirm that you agree to the interview being recorded? If you do not wish to continue with the interview, please advise the researcher.

If you are happy with the above explanations about the interview process, please, sign the consent form shared with you and send it back to me for record purposes as proof that the meeting took place.

SECTION A: Background of the participant

A.1. What is your profession or job title?

A.2. What is your highest qualification?

A.3. What is your gender?

A.4. What organisation do you represent?

A.5. How long have you been working in the construction industry?

A.6. What type of projects have you been involved in?

SECTION B: How does the construction sector assess extortion risk?

Risk Assessment & Stakeholder Management – Construction Companies, Government Representatives, Special Interest Groups

B.1. Can you briefly outline the process that you use to assess extortion risk?

B.2. When do you perform the extortion risk assessment?

B.3. Whom do you believe should bear the extortion risk? And why?

B.4. When doing the risk assessment which stakeholders do you involve or engage with? And why?

B.5. When do you involve these stakeholders?

B.6. How do you involve these stakeholders?

B.7. What challenges do you face when engaging or involving the stakeholders during the process?

B.8. In your view, what would be the causes and triggers of these challenges?

B9. As a stakeholder, do other parties involve you in the risk assessment process? Yes/No

B.10. If No, what are the key reasons for your non-involvement?

B.11. If yes, when do you get involved?

B.12. As a stakeholder, do you believe that you should be involved in any risk assessment process? Yes/ No?

B.13. What do you believe your involvement would achieve?

B.14. What measures do you think need to be put in place to effectively facilitate or manage the process of assessing extortion risk?

SECTION C: How does the construction sector manage the extortion risks?

Risk Management & Stakeholder Management – Construction Companies, Government Representatives, Special Interest Groups

C.1. Which stakeholders do you believe should be involved in the risk management process?

C.2. When should these stakeholders be involved in the process?

C.3. How should these stakeholders be involved in the process?

C.4. As a stakeholder, are you involved in the risk management process of extortion risk?
Yes/No?

C.5. If yes, when do you get involved in the process?

C.6. If No, what do you believe are the causes for the non-involvement of stakeholders?

C.7. What measures do you think need to be put in place to effectively facilitate or manage the extortion risk?

C.8. How does your organisation ensure that extortion risk management activities are part of project management and delivery?

C.9. What procedures and protocols do your organisation have for managing extortion events? How effective are these?

C.10. How does your organisation train and equip project teams to undertake extortion risk management?

C.11. What is your understanding of the 30% Preferential Procurement Policy (PPPFA)?

C.12. In your view, is the 30% PPPFA achieving what it was intended for? If not, how do you think it can be reviewed and managed?

C.13. How can/does the government intervene when extortion events occur?

C.14. How is the community impacted by disruptive extortion events?

C.15. Can you please describe the impact that disruptive extortion events have on both construction projects and businesses?

C.16. What would you say the impact on the South African economy is?

C.17. Do you believe that there are solutions for how to effectively manage these extortion events for the benefit of ALL construction stakeholders involved? If so, what are some of those key solutions?

C.18. Can you give me an example of where the management of the extortion risks has worked well and why?

Thank you for your participation!

APPENDIX 3: LIST OF THEMES USED

Research Question 1 - How does the construction sector assess the disruptive extortion risk?

Categories	Themes
Risk assessment stages Risk assessment in the construction sector	Understanding the disruptive extortion risk assessment process
Extortionists Criminal Act Construction Mafia	Extortion
Government enabling environment. Risk bearer All stakeholders	Bearer of the disruptive extortion risk
Stakeholder engagement Stakeholder involvement Community engagement	Stakeholder involvement in the risk assessment process
Lack of trust Political agendas Lack of skills within the community Lack of time to engage. Lack of communication structures Unmet expectations Socioeconomic issues Stakeholder Intimidation	Challenges faced when engaging during the risk assessment process
Lack of trust Political agendas Lack of skills within communities Lack of time to engage. Socioeconomic issues Procurement policy issues Stakeholder intimidation	Causes of the challenges faced during the risk assessment process
Stakeholder engagement Community engagement Law and order	Measures to facilitate effective risk assessment process

Definition of local or local community in policy	
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Research Question 2: How does the construction sector manage disruptive extortion risks?

Categories	Themes
Government All stakeholders Local community Law enforcement	Understanding stakeholder involvement in the Risk Management process of the disruptive extortion risk
Law enforcement Leadership involvement Industry groups Politics Community engagements Legal agreements	Measures to facilitate effective risk management of the extortion risk.
Legal agreements Third-party consultants Community engagements Lessons learnt. Industry groups Security	Activities for successful risk management of the disruptive extortion risk to ensure proper project management and delivery
Community engagements Security No formal structures and systems	Procedures and protocols for managing disruptive extortion risk
No formal training Time challenge Lack of skills Lessons learnt	Lack of Risk Management training for disruptive extortion risk
Transformation and empowerment Sustainability	Understanding of the Preferential Procurement Policy Framework Act
Law Enforcement Government involvement	Government intervention in the risk management of disruptive risk

<p>Community Impact (unemployment, service delivery, loss of skills)</p> <p>Industry Impact (project delays, cost overruns, supply chain disruptions, loss of skills)</p> <p>Country impact (no investment, projects not executed, cost of projects increased)</p>	<p>Impact of extortion events</p>
<p>Stakeholder engagement</p> <p>Stakeholder management</p> <p>Communication</p> <p>Law enforcement</p> <p>Education</p>	<p>Solutions to effectively manage disruption. extortion events</p>
<p>Stakeholder engagement</p> <p>Stakeholder involvement</p>	<p>Reason for successful management of the disruptive extortion risk</p>

APPENDIX 4: CODES FROM ATLASTI9 USED TO FORM CATEGORIES INTO THEMES		
Codes	Grounded	Code Groups
○ basic services not delivered	1	Community Impact
○ challenge mistrust by the community	13	Trust
○ challenge misalignment in expectation	11	Community Challenges
○ challenge political interference	9	Politics
○ communication barriers	5	Community Challenges
○ community communication	24	Community Engagement
○ community challenges	8	Local Community
○ community engagement challenges	8	Community Engagement
○ Community Impact	12	Community Impact
○ community involvement	27	Local Community
○ The community feels isolated	1	Community Challenges
○ The community is tarnished by the events	2	Community Impact
○ construction mafia	1	Extortion
○ construction sector cartel	1	Stakeholder Involvement in the risk management process
○ contract	15	Legal Agreements
○ costs increase of projects	9	Industry Impact
○ costs increase of projects	9	Country Impact
○ educate people in the industry	8	Skills
○ effective risk assessment process	1	Risk Assessment
○ employment	8	Community Impact
○ empowerment	1	Community Impact
○ extorters criminal act	31	Extortion
○ extortion groups	1	Extortion
○ financial impact	1	Industry Impact
○ financial loss for construction businesses	1	Industry Impact
○ Government	2	Government
○ government incompetency	2	Skills
○ government silo environments	1	Government
○ government - enabling environment	4	Risk Allocation
○ government intervention	13	Government intervention
○ government involvement	13	Government
○ government policies	2	Government
○ government plans delayed	1	Country Impact
○ impact of disruptive events on the community	12	Community Impact
○ impact of disruptive events on the construction sector	12	Industry Impact
○ impact of disruptive events on the South African economy	13	Country Impact
○ industry associations	5	Industry Groups
○ involvement stages in risk management	2	Stakeholder Involvement in the Risk Management Process

○ JV partners as extorters	1	Extortion
○ lack of business opportunities	1	community impact
○ lack of communication structures	6	Community Challenges
○ lack of education	4	Community Challenges
○ lack of participation	1	Community Impact
○ lack of skills	2	Skills
○ lack of skills in industry	2	Skills
○ lack of skills in the community	2	Community Challenges
○ lack of time to engage with the community	7	Community Challenges
○ lack of time to engage with the community	7	Time Challenge
○ loss of business opportunities	1	Community Impact
○ loss of employment in the project	2	Community Impact
○ Law & Order	19	Law & Order
○ law enforcement	9	Law & Order
○ Leadership	4	Leadership
○ leadership involvement	4	Leadership
○ Legal Agreements	15	Legal Agreements
○ Lessons learnt	3	Lesson Learnt
○ Local Community	8	Local Community
○ measures of risk assessment	14	Risk Assessment
○ measures of risk assessment	14	Stakeholder Involvement in the risk assessment process
○ measures of risk management	14	Risk Management
○ no investment	4	Country Impact
○ no issues with the community	2	Local Community
○ no training in government	1	Government
○ policing needed	19	Law & Order
○ policy intent	11	PPPFMA policy
○ policy review by government pppfma	3	PPPFMA policy
○ Politics	4	Politics
○ PPPFMA policy	11	PPPFMA policy
○ PPPFMA understanding	21	PPPFMA policy
○ procedures and protocols	1	Community Engagement
○ process follows city guidelines	1	Risk Assessment
○ procurement policy issue	6	Triggers
○ procurement process	3	Government intervention
○ procurement process restrictions	9	Government intervention
○ procurement process restrictions	9	Stakeholder Involvement in the risk assessment process
○ project cancellation	3	Country Impact
○ project cancelled	1	Country Impact
○ projects delayed	9	Country Impact
○ projects intent	11	PPPFMA policy
○ public sector stages of involvement	1	Stakeholder Involvement in the risk management process
○ remove selfish interest	1	Leadership
○ remove political agendas	4	Politics
○ risk allocation	15	Risk Allocation

○ risk bearer	15	Risk Allocation
○ Risk Assessment	2	Risk Assessment
○ risk assessment in construction	2	Risk Assessment
○ risk assessment process in the private sector	10	Risk Assessment
○ risk assessment stages	3	Risk Assessment
○ Risk Management	11	Risk Management
○ risk management activities	11	Risk Management
○ risk management procedures protocols	10	Risk Management
○ risk management process	5	Risk Management
○ risk management skills	7	Skills
○ risk mitigation	12	Risk Management
○ small businesses	4	Community Impact
○ Socioeconomic challenges	17	Socioeconomic challenges
○ socioeconomic issues	17	Socioeconomic challenges
○ solutions communication	3	Community Engagement
○ solutions transparency trust	9	Trust
○ stages of involvement in assessment	31	Risk Assessment
○ stages of involvement in management	14	Stakeholder Involvement in the risk management process
○ stakeholder engaged by the public sector	3	Stakeholder Engagement and management
○ stakeholder interaction	36	Stakeholder Engagement and management
○ stakeholder intimidation	6	Community Challenges
○ stakeholder involvement in risk assessment	84	Stakeholder Involvement in the risk assessment process
○ stakeholder involvement in risk management	65	Stakeholder Involvement in the Risk Management Process
○ successful stakeholder management	2	Stakeholder Engagement and management
○ successful stakeholder management and engagement	3	Stakeholder Engagement and management
○ suppliers extorted	2	Extortion
○ sustainability of pppfma	2	PPPFMA policy
○ systematic socioeconomic issues	2	Socioeconomic challenges
○ third party consultants	2	Industry Groups
○ threats to lives	3	Industry Impact
○ train from past experiences	3	Lesson Learnt
○ trigger	6	Triggers
○ trigger mistrust	1	Trust
○ trigger no transparency in communication	1	Trust
○ trigger political interferences	3	Politics
○ trigger pppfma	1	Triggers
○ Trust	2	Trust
○ types of extorters	2	Extortion
○ understanding of local	5	PPPFMA policy
○ unions	1	Industry Groups
○ violence	1	Community Impact

APPENDIX 5: EXTRACTS FROM REPORTS – Secondary Data

The screenshot shows a web browser displaying a news article on the IOL website. The browser's address bar shows the URL: <https://www.iol.co.za/pretoria-news/news/tshwane-civic-movement-objects-to-r18b-salvokop-precinc...>. The IOL logo is prominent at the top left, and a search bar is located at the top right. Below the navigation menu, there is an advertisement for Google. The article title is "Tshwane Civic Movement objects to R18b Salvokop Precinct Development Project". The author is identified as Rapula Moatshe. A photograph of a makeshift settlement with shacks and trees is shown below the title.

Tshwane Civic Movement objects to R18b Salvokop Precinct Development Project

Written by Rapula Moatshe

Source: www.iol.co.za – Links shared by P002 Ward Councillor showing an article reporting on false claims by a movement saying it represents the Ward that the Councillor represents, meanwhile it was a group of the extortionists and the Councillor had to refute the claims being made.

The screenshot shows a web browser displaying a news article on the Opera News website. The browser's address bar shows the URL: https://www.operanewsapp.com/za/en/share/detail?news_id=1409525d8b5cff480866ead065a9533e&news_entry_i.... The Opera News logo is at the top left, and there are buttons for Google Play and the App Store. The article title is "Construction mafia battle breaks out in Vaal River project". The author is Moneyweb, and the date is 08/3/2023. A photograph showing silhouettes of people against a blue sky is displayed below the title. Social media sharing icons for WhatsApp, Facebook, and Twitter are visible on the right side.

Construction mafia battle breaks out in Vaal River project

Moneyweb 08/3/2023

Source: www.operanewapp.com – An article from the Opera News house on some of the construction mafia challenges still occurring at the time data was being collected by the researcher.



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MEDIA STATEMENT

PREFERENTIAL PROCUREMENT REGULATIONS, 2022

The purpose of this statement is to provide clarity in light of some of the news reports that have, incorrectly, attributed the new regulations to a change in procurement as it relates to State Owned Entities, and as a wholesale scrapping of Black Economic Empowerment and local content development.

This is not the case.

Procurement is a complex and highly contested arena in South Africa. Much of it is steeped in legalese and technical language. It is no accident that the Zondo Commission published a dedicated report on public procurement and made significant findings.

The Minister of Finance, as well as the National Treasury and the Government, remain wholly committed to transformation and empowerment as envisioned in the Constitution. In fact, organs of state must comply with the BBBEE Act when developing their procurement policies.

On 4 November 2022, when the Minister of Finance gazetted new Preferential Procurement Regulations (2022 Regulations) under the Preferential Procurement Policy Framework Act, 2000 (PPPFA), this was aimed at aligning the regulations to the February 2022 Constitutional Court judgement.

That judgement ruled that the Minister exceeded his powers in prescribing the 2017 Regulations.

The purpose then of the 2022 Regulations is to:

- comply with Section 217 of the Constitution on procurement of goods and services by organs of state.
- comply with the PPPFA of 2000.
- comply with the Constitutional Court judgement of February 2022, on the 2017 Regulations.

Wavumbe na Tika • Gwama la Mafheko • Madonshele Tsoetsotse • Ufapha lo Bontshaba lo Mafoloko • uMnyango woxoximall • Ukhosi lo Tintshali kakhaxikha
Tindia ya Mafoloko a Bontshaba • Tshabalala ya Madonshele a Ntsha • UMnyango woxoximall • kabaxi khixoximall woxoximall

National Treasury | @TreasurySA

Source: www.nationaltreasury.gov.za – PPPFA change clarified by National Treasury confirming the comment made by P001 that this change was perhaps confusing and misunderstood by the market.

MEDIA STATEMENT

While we are finalizing the Public Procurement Bill, which will empower the Minister of Finance to set preferential procurement, the 2022 Regulations repeal the 2017 Regulations and take effect on 16 January 2023.

In essence the 2022 Regulations, are a placeholder while we finalise the Bill.

Among other things, in terms of the 2022 Regulations, an organ of state must, in the tender documents, stipulate:

- the applicable preference point system as envisaged in the regulations;
- the specific goals in the invitation to submit the tender for which points may be awarded.

In this instance, the specific goals are as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 18085 dated 23 November 1994.

The above, and other parts of the 2022 Regulations, are in line with the Constitutional Court judgement. Organs of state, must determine their own preferential procurement policies in accordance with section 2 of the PPPFA and the thresholds and formula prescribed in the 2022 Regulations.

Organs of state are currently applying the 2017 Regulations as per clarification of the Constitutional Court until the 2022 Regulations take effect on 16 January 2023. It should be noted that these Regulations deal with preferential procurement in terms of the PPPFA.

The new 2022 Regulations require organs of state in the development of their procurement policies to also consider specific the programmes stipulated in the Reconstruction and Development Programme as published in Government Gazette No. 18085 dated 23 November 1994 and provides for points to be awarded for specific goals.

MEDIA STATEMENT

In addition to maximising value-for-money objectives, a further objective is to regulate preferential procurement anew in the draft Public Procurement Bill (among others repealing the PPPFA) and, as announced during the MTBPS, is to be introduced in Parliament by March 2023.

**Issued by National Treasury
08 November 2022**