

A reconfigured Local Economic  
Development Strategy for Local  
Government: The case of JB Marks Local  
Municipality

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## **DECLARATION**

I, Natasha Mumba (Student number 20482701) declare that the thesis entitled “A reconfigured Local Economic Development Strategy at local government: A case of JB Marks Local Municipality” is submitted for the degree Doctor of Philosophy in Public Management and Governance at the North-West University, Potchefstroom Campus, and is my own work and has not been submitted before by me to any other university. All of the sources used in this thesis have been acknowledged by means of complete referencing.

Date: 21 November 2022

## LIST OF ABBREVIATIONS

|          |  |
|----------|--|
| ABSA     | Amalgamated Banks of South Africa                            |
| ASGISA   | Accelerated and Shared Growth Initiative for South Africa    |
| AU       | African union  |
| CBO      | Community-Based Organisation                                 |
| CODESRIA | Council for Development of Social Science Research in Africa |
| CoGTA    | Co-operative Governance and Traditional Affairs              |
| COSATU   | Congress of South African Trade Union                        |
| CSD      | United Nations Commission on Sustainable Development         |
| DD       | Detailed and Documented                                      |
| DI       | Design and Implementation                                    |
| DKKD     | Dr Kenneth Kaunda District                                   |
| EAC      | East African Community                                       |
| ECOLOG   | Local Economy  |
| ECOSOC   | United Nations Economic and Social Council                   |
| ECOWAS   | Economic Community for West African States                   |
| EPWP     | Expanded Public Works Programme                              |
| FA       | Focus Area   |
| GEAR     | Growth, Employment and Redistribution strategy               |
| GTZ      | German Development Cooperation                               |
| LED      | Local Economic Development                                   |
| IDP      | Integrated Development Plan                                  |
| IGAD     | Intergovernmental Authority on Development                   |
| IGADD    | Intergovernmental Authority on Drought and Development       |
| IMF      | International Monetary Fund                                  |
| ISRDS    | Integrated Sustainable Rural Development Strategy            |
| JBMLM    | JB Marks Local Municipality                                  |
| JPOI     | Johannesburg Plan of Implementation                          |
| MC       | Municipal Challenges   |
| MD       | Municipal Departments  |
| MDGs     | Millennium Development Goals                                 |
| M&E      | Monitoring and Evaluation                                    |
| MIG      | Municipal Infrastructure Grant                               |

|             |   |
|-------------|---|
| MTEF        | Medium Term Expenditure Framework                     |
| MTSF        | Medium Term Strategic Framework                       |
| NDP         | National Development Plan                             |
| NEPAD       | New Partnership for Africa's Development              |
| NGOs        | Non-Governmental Organisation                         |
| NGP         | New Growth Path                                       |
| NSDP        | National Spatial Development Perspectives             |
| NSDP        | National Spatial Development Perspectives             |
| NSSD        | National Strategy for Sustainable Development         |
| OAU         | Organisation of African Unity                         |
| PACA        | Participatory Appraisal of Competitive Advantage      |
| PGDs        | Provincial Growth and Development Strategies          |
| PJC         | Promote Job Creation                                  |
| PoLED       | Purpose of LED  |
| PPPs        | Public Private Partnerships                           |
| RateCIC     | Rate Coordination, Integration, and Communication     |
| RDP         | Reconstruction and Development Programme              |
| RDF         | Rural Development Framework                           |
| RIA         | Reconfiguration and an Integrated Approach            |
| SADC        | Southern African Development Community                |
| SADCC       | Southern African Development Co-ordination Conference |
| SAP         | Structural Adjustment Programme                       |
| SACP        | South African Communist Party                         |
| SALGA       | South African Local Government Association            |
| SDGs        | Sustainable Development Goals                         |
| SDF         | Spatial Development Framework                         |
| SEDA        | Small Enterprise Development Agency                   |
| SMMEs       | Small Medium and Micro Enterprises                    |
| SANRAL      | South African National Roads Agency                   |
| Socio-eco C | Socio-Economic Challenges                             |
| SS          | Success Stories                                       |
| STK         | Stakeholders  |
| StatsSA     | Statistics South Africa                               |
| TCC         | Tlokwe City Council                                   |

|        |  |
|--------|--|
| UDHR   | Universal Declaration on Human Rights                    |
| UNCED  | United Nations Conference on Environment and Development |
| UNDP   | United Nations Development Programme                     |
| UNEP   | United Nations Environmental Programme                   |
| UNFCCC | United Nations Framework Convention on Climate Change    |
| WW II  | World War II   |
| WTO    | World Trade Organisation                                 |

## **DEDICATION**

I dedicate this research to my mother. Her support was invaluable, and I am grateful to God for all the moments we shared and her love, which reflected the nature of God. Her presence lives on.

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This journey has been beyond challenging and I am humbled that with perseverance, consistency, courage, hope and faith, I managed to reach the finish line.

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## **ABSTRACT**

The study topic was on a reconfigured LED strategy at local government: a case of JBMLM. JBMLM was used as a case study with focus on describing, analysing and interpreting a particular phenomenon. This was critical because societal challenges such as unemployment, poverty and inequality negatively affect the local context in South Africa. Therefore, the problem this study aimed to address the current LED strategy not being adequately focused on prioritising issues related to livelihoods of people and the economy.

For this study, a qualitative design was followed utilising a case study (the JBMLM) with LED officials as units of analysis. This involved a non-probability sampling technique, which made use of purposive or judgemental sampling. In addition, data collection methods involved interviews, document analysis and literature review. The literature review analysed the theoretical framework on the origins, nature, theories, approaches and models applicable to LED. This analysis revealed that the LED is broad in nature and necessitates that communities are involved in its process through understanding LED procedures within an environment that is competitive and constantly evolving.

The findings revealed that the current LED strategy lacks practicality and as a result does not reflect the current trends. In this regard, the problem statement indicated in Chapter 1 is authentic and reinforces the need for a reconfigured LED strategy with a more integrated and inclusive approach promoting job creation and economic growth. The findings cannot be generalised to all municipalities in South Africa but serves as a benchmark for other Category B municipalities in South Africa by setting the policy and strategy parameters for a redesigned model for LED strategies. This is vital for the South African context because the exploring of the LED strategy requires acknowledging broader socio-political realities in a developing country like South Africa. That consists of statutory and regulatory frameworks, which are universally applicable to all South African municipalities because it provides a legal mandate and obligations to promote local development.

In relation to the above reasons, social change requires a strategic readjustment, can be reflected in a reconfigured LED strategy that clearly accommodate roles and

responsibilities within the three layers of management comprising of strategic, tactical and operational or else societal challenges will persist.

### **Key Words**

Unemployment, development, local government, poverty, inequality, local economic development, job creation, economic growth, JB Marks Local Municipality, strategy, municipality.

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# CHAPTER 1 INTRODUCTION AND BACKGROUND OF THE STUDY

## 1.1 ORIENTATION

Unemployment and large-scale poverty are world-wide realities that impact communities, government policy and strategies, and the economy of a country in general. There is consensus that unemployment and debt are key contributors to the rising levels of poverty in a country (EconomyWatch, 2010:1; World Economic Forum, 2017:2; Kanayo *et al.*, 2021:105). The global scholarly discourse regarding unemployment and poverty suggests that compared to developed countries, developing countries such as South Africa are more severely affected by escalating levels of unemployment, chronic poverty and inequality, which partly originates from past policies (Vazquez-Barquero, 2011:509; World Economic Prospects, 2013:9; Ogujuiba *et al.*, 2021:106). South Africa, for example, experiences rising levels of unemployment, currently estimated at 34% (StatsSA, 2022). It is evident that existing government policies and strategies for job creation and economic growth do not yield the desired results (Beukes *et al.*, 2016:1; National Treasury, 2021:9). It is further evident that the system of Apartheid which separated socio-economic development on racial grounds, contributed to the way in which unemployment is generally entrenched in South African society (Tshishonga & Maphunye, 2015:1231; Lorraine & Molapo, 2014:901; Van der Westhuizen & Swart, 2015:734; De Villiers, 2021:2).

Unemployment comes with a multitude of negative consequences that include lower tax bases for municipalities, bleak social welfare conditions, and the reduction of overall purchasing power of communities. Scholars such as Ababio and Meyer (2012:9), Bateman *et al.* (2011:1) and Zhanje and Tala (2016:278), hold the view that especially developing countries are significantly affected by unemployment, poverty and underdevelopment which, in turn, have devastating effects on the quality of life of individuals and the economy. Additional factors that challenge South Africa and other less developed countries include market failures, inefficiency, low capacity and a general lack of an entrepreneurial culture (Koma, 2014:3). These factors place Government in a position of greater responsibility concerning job creation, poverty alleviation and economic growth. In this regard, Nkwinika and Munzhedzi (2016:77) argue that much still

needs to be done by the South African Government in promoting employment creation as a solution for economic growth and socio-political transformation. It is evident that especially policies and strategies formulated and implemented in a local context should move towards innovation and effectiveness for growth to happen. To address societal challenges such as high unemployment, extreme poverty, and a lack of access to basic amenities, municipalities are increasingly encouraged to play a key role in coordinating and promoting broad-scale local economic development (Nkwinika & Munzhedzi, 2016:77; United Nations, 2018:3).

Edwards (1993:80), Levy and Fukuyama (2010:1) and Wantens (2010:30) argue that development is a multidimensional concept incorporating economic, social and environmental dimensions (Storrank, 2017:59). These dimensions are interdependent in a complex way. For development to occur, for example, it is essential that there are relatively high levels of political stability and economic growth (Mgwebi, 2010:2). As far as the economic dimension is concerned, it typically refers to a sustained positive change in the quality of people's lives including improvement in their living conditions, general well-being (Global Forum for Local Development, 2010:50; Reddy & Wallis, 2012b:74) and social exclusion (Lawrence, 2009:22; Malefane, 2009:219; Enwereji & Uwizeyimana, 2021:267).

Economic growth approaches, mainly emanating from Adam Smith's classical economic theory of capitalism, emphasise the need for society to develop. Other classical theorists generally uncovered four aspects necessary for such development, namely an increase in income, production of goods, services and wealth creation (Dansabo, 2006:73). Furthermore, development scholars such as Kingsbury *et al.* (2004) as well as Todara and Smith (2006) are of the view that modernisation and dependency theory provide the general theoretical foundations for an in-depth analysis of development. Modernisation theory involves the gauging of positive changes affecting individuals, groups and social structures based on the notions of self-help (Coetzee, Hendricks & Wood, 2003:1; Kingsbury *et al.*, 2004:25). In the same vein, Smith (1981:756) and Todora and Smith (2006:12) are of the opinion that dependency theory provides the necessary meta-perspectives pertaining to a country's economic development status. An analysis of socio-economic development is furthermore supported by theories such as stewardship theory,

growth theory, human development theory and theories pertaining to poverty alleviation and sustainable rural and urban development.

Despite having undergone major political transformation from the late 1980's up until 1994, unemployment continues to seriously affect South Africa in social, economic and political dimensions (Marais & Davies, 2015:4). In attempts to address this reality, the South African Government has introduced various policies and programmes aimed at economic growth, job creation and social development, including the Reconstruction and Development Programme (RDP, 1995), the Growth, Employment and Redistribution Strategy (GEAR, 1996) and the Accelerated and Shared Growth Initiative for South Africa (ASGISA, 2005). However, these imperatives had little positive impact on the South African economy and have not significantly resulted in reducing unemployment (Ferreira & Rossouw, 2016:808). Triegaardt (2007:2) indicates that GEAR represented a macro-economic framework that set out to address labour market reforms, privatisation, trade liberalisation and reduced deficits. GEAR, however, failed in achieving all of these objectives (Kingdon & Knight, 2003:408). The general weakness of GEAR was the inability to generate new jobs (Koma, 2013:149). Instead of the intended 126 000 job opportunities being created, job losses in the formal sector increased by 100 000 (Koma, 2013:140). During this period the Organization of Economic Cooperation and Development (OECD) published a paper comprising of a set of international goals, which formed a foundation for the Millennium Development Goals (MDGs) in September 2000. The main purpose of the MDGs was to reflect the Millennium Declaration Vision, even though this was the case it was later replaced by the Sustainable Development Goals (SDGs) because of its inability to achieve set objectives. This was followed by the New Growth Path (NGP), which replaced the GEAR policy in 2010, which focused on the negative economic downturn that affected countries globally (SEIFSA Economics Division, 2011:3-4). The NGP had set out to create five million jobs by 2020, and the achievement of this target would mean that half of all working-age South Africans would have a job (Koma, 2013:156). Even though this was the case it did not reach its objective due to a lack of detail and unclear ideas (Meyer, 2013:20).

The National Development Plan (NDP): Vision 2030 replaced the NGP in 2011. The NDP is the country's strategic framework addressing development goals and growth objectives to achieve a targeted growth trajectory (Go *et al.*, 2013:6). The goals specified in the NDP

include poverty alleviation, improved living standards of the population, education and skills development (National Planning Commission, 2011:29). Strategies such as enhancing collaboration, partnership with different government departments, stakeholders, promoting the importance of training and capacity of departments are important for improving the National Development Plan (Moyo & Mamobolo, 2014:946). Furthermore, the South African Government introduced an initiative for creating job opportunities, known as the Expanded Public Works Programme (EPWP) in 2003. The EPWP is a nation-wide programme aimed at infrastructure development by utilising unemployed workers. Through the EPWP, the unemployed acquire the necessary skills to be absorbed into the labour market (Philips, 2004:4). The EPWP aimed to improve the quality of life of individuals and contribute to the economy. Further initiatives as far as socio-economic development planning is concerned include the (MTSF) Medium Term Strategic Framework and the Medium-Term Expenditure Framework (MTEF). The MTEF is a specific strategic framework designed to facilitate proper expenditure alignment and co-ordination between the national, provincial and local spheres of government (Bekink, 2006:104; National Treasury, 2012:6).

Local government has a significant responsibility concerning the general well-being of communities and must fulfil a leadership role in development (Mathenjwa, 2016:116). The intention of this leadership role is to create social resources to benefit and sustain citizens (Mgwebi, 2010:2; Global Forum for Local Development, 2010:50). This development role, however, is usually a gradual and incremental process (Todaro & Smith, 2006:16; Malefane, 2011:977) and is dependent on political will, institutional capacity, and a national economic growth trajectory.

A significant development in South Africa's developmental policy framework took place when the system of integrated development plans (IDPs) was introduced in 1998. The Local Government: Municipal Systems Act 32 of 2000 and Pillay *et al.* (2006:195) confirm that the IDP is a single inclusive plan of a municipality linking, integrating and coordinating service delivery to form the basis for annual budgets. IDPs are intended to incorporate local government in the national development framework (Koma, 2013:128; Tlokwe Local Municipality, 2015:79). The Integrated Development Plan (IDP) of municipalities serves the purpose of aligning local growth, development priorities and realities with the Provincial Growth and Development Strategies (Levin, 2009:960). Through the IDP,

strategies are integrated, co-ordinated and linked to the use of natural, financial, human and physical resources (Tlokwe Local Municipality, 2015:15). In this respect it is mandatory for municipalities to design Spatial Development Frameworks (SDFs) as a core component of their IDPs. The SDF pinpoints growth areas in municipal areas by identifying strategic portions of land for development and set parameters for an efficient and effective land use management system (Mashamba, 2008:425).

Local economic development (LED) has become a popular development intervention, especially in developing countries. Literature generally highlights that LED is regarded as an integrated strategy to address challenges surrounding high levels of unemployment and poverty by promoting economic development in local areas (The World Bank, 2003:4; Cunningham & Meyer-Stamer, 2005:4; Maxegwana *et al.*, 2015:4; Strydom, 2016:73). Additionally, LED is described as a plan having short, medium and long term aims and an action defining what is to be achieved as far as development is concerned. LED provides “an agenda to promote and develop a local community’s economic, physical, social and environmental strengths by addressing both challenges and opportunities” (Nkwinika & Munzhedzi, 2016:76). This agenda is congruent with the Constitutional mandate for developmental local government in South Africa, as well as other legislative obligations for local, district and metropolitan municipalities in the country (Naude, 2001:7; Malefane, 2005:88; Mogale City, 2011:6). Section 152 of the Constitution of the Republic of South Africa, 1996, (hereinafter referred to as the Constitution) stipulates that developmental local government means that municipalities take up an important role in the economic and social development of a community. Furthermore, Section 153 of the Constitution highlights that municipalities need to promote social and economic development of the community including participating in the national and provincial programmes (South Africa, 1996).

During the period 2005-2014 South Africa designed various local development strategies, plans and guidelines. LED is regarded as a critical contribution to the success of Government in promoting the enhancement of the national economy for the benefit of all individuals (Trousdale, 2005:4). Furthermore, through the alignment of National Spatial Development Perspectives (NSDP), Provincial Growth and Development Strategies (PGDs) and District and Metro Integrated Development Plans (IDPs), Government has adopted an inclusive approach when it comes to developing and supporting municipalities

(Koma, 2014:15-16). Scholars such as Rogerson (1994:180), Pretorius and Blaauw (2008:156-157) and Hofisi (2014:127) maintain that this inclusive approach brought about a local government driven approach for development i.e., a “bottoms-up” approach. This approach is mainly characterised by inclusiveness and active participation from communities and stakeholders in the development process (Tomaney *et al.* 2011:620). This inclusive approach to development, according to Cunningham and Meyer-Stamer (2005:4) and Maxegwana *et al.* (2015:4), is vital in enhancing development, economic growth and job creation in communities.

LED is generally aimed at building the economic capacity of a specific locality to improve its economic future and quality of life for all (Nkwinika & Munzhedzi, 2016:76). It can be regarded as a ‘cross-cutting’, participatory process involving the private and public sector, within a defined local area (Trousedale, 2005:29; Malefane, 2013:234). Furthermore, a LED strategy is perceived as a key municipal ‘driver’ (Blakely, 1994:9) to facilitate growth and to promote social and economic development (Scheepers & Monchusi, 2002:82). Swinburn and Yatta (2006:5) point to generally accepted global principles of LED, namely:

- processes based on strategic planning;
- a territorial approach focused on a specific geographical area;
- locally owned, designed and delivered;
- partnership based;
- integrated government actions;
- creating an enabling local business local environment; and
- integrated interventions across multiple sectors.

The above global principles highlight that a LED strategy should be guided by set parameters in aiding municipalities to comprehend its context and applications in communities. In addition to these principles, it is evident that various success factors should be in place in municipalities to facilitate the design and implementation of LED strategies. These success factors according to Patterson (2008:3), Lawrence (2009:21), and Rogerson (2013:640), include the following:

- a comprehensive and integrated strategy to LED;

- institutional capacity and skills of design and executive LED strategies and initiatives;
- access to local knowledge and resources;
- inclusiveness and productive partnerships with various stakeholders; and
- effective and committed leadership.

Especially the first success factor has significant bearing on the focus of this study, namely, to set parameters for a reconfigured LED strategy in the JB Marks Local Municipality. Patterson (2008:3) and Phago and Tsoabisi (2010:157) make valuable contributions in this regard by emphasising the significance of a comprehensive, holistic and integrated strategy for LED, inclusive of poverty alleviation and job creation strategies. Existing LED strategies that are not characterised by this integratedness should, thus, be reconfigured. Such a reconfigured LED strategy should accommodate various essential directives and core dimensions as revealed by international experience (Lawrence, 2009; Rogerson, 2013:641). LED strategies in essence form part of a “comprehensive” poverty alleviation plan, aiming to address the socio-economic needs of an area (Ababio & Meyer, 2012:6). A comprehensive LED strategy should, thus, enhance the economic capacity of an area, promoting the quality of life of people, and improving their economic outlook (Cox, 2011:275; Wekwete, 2014:9). The interaction of various stakeholders is significant for creating a network of actors, involved in stimulating economic growth and job creation (Lawrence, 2009:23; Choe & Roberts, 2011:8). The LED process should be holistic and integrated in addressing the social and economic challenges faced by communities, to create an enabling environment that benefits the community (Blakely & Bradshaw, 2002:39).

Focusing on the strategic dimensions of an integrated LED initiative, Mintzberg (1987:11-24) states that it should have the following four applications:

- a plan to indicate how to move from a current to a future state;
- a pattern of actions over time aimed at obtaining competitive advantage;
- a particular position regarding product or service delivery in certain conditions; and
- a vision and direction.

Based on these four applications, it is evident that for any institution to achieve developmental objectives, a particular strategic framework is required to achieve optimum results. In this regard, Ethekewini Municipality's LED document (2013:3) highlights that a comprehensive LED strategy is aimed at providing direction to issues experienced within a municipal area. Similarly, Werner (2007:25) states that the role played by political leaders and municipal officials in this regard is significant, since they are responsible for creating an enabling environment and directing the institution towards its vision, mission and strategic objectives. Levy and Fukuyama (2010:1) also suggest that strategic thinking is essential to ensure that LED improves the living conditions of people. Cassidy (2006:1), Mwanza (2009:298) and Pirtea *et al.* (2009:953), in turn, focus on the strategic planning and management dimensions of LED. They stress the importance of environmental scanning, planning and an integrated response from relevant organisations to see positive improvements in society.

A strategic plan generally outlines the high-level or grand strategy and elements that influence planning. This indicates that strategic planning is generally the starting point to identify elements or aspects that will be vital for the reconstruction of a particular LED framework. This applies also to job creation and economic development in the JB Marks Municipality (JBMLM) (Sibanda, 2013:659). Swinburn, Goca and Murphy (2003:8) and Mwanza (2009:298) emphasise that the principles and phases of strategic planning should be followed for the effective implementation of a LED strategy. This includes environmental scanning, planning, execution and performance dimensions. Furthermore, strategic frameworks should incorporate co-operation, coordination and alignment arrangements in institutions as well as a focus on the desired result, such as development outcomes (Saarehainen & Sievers, 2012:3). The LED strategy should form a component of a broader community's strategic plan for development (Cunningham & Meyer-Stamer, 2005:5).

The typical time horizon for a LED strategy is five to ten years with associated short, medium and longer-term deliverables (David, 2011:6). A reconfigured LED strategy for a municipality, in this case the JB Marks Local Municipality (JBMLM), refers to the strategic adjustment and redirection of existing local economic development plans in the municipality with the specific purpose to stimulate job creation within the area of jurisdiction.

## 1.2 PROBLEM STATEMENT

Unemployment is not only a global challenge but continues to affect South African society, especially at the local sphere. Unemployment is problematic because it affects communities, government policies, strategies and the economy of a country in general (see Section 1.1). For this reason, unemployment in developing countries such as South Africa, comes with negative consequences, which include a disregard of social conditions and a reduction in overall purchasing power affecting progress towards global sustainability (see Section 3.2.1.1). The JBMLM was established by the amalgamation of Ventersdorp Local Municipality and Tlokwe City Council Local Municipality on 3 August 2016. During the transition period, the municipality was known as “NW405”. It is located within the Dr Kenneth Kaunda District Municipality, formerly known as the Southern District area. The municipality covers the following areas: Mohadin, Ikageng, Promosa, Potchefstroom Town, Matlwang, Leliepan/Baitshoke, Haaskraal, Turflei, Vyfhoek, Mooibank, Machavie, Miederpark, Kopjeskraal, Wilgeboom, Lindequesdrift, Rooipoortjie, Venterskroon, Buffelshoek, Vredefort Dome and Ventersdorp. The JBMLM is the largest of three municipalities in the district, making up almost half of the geographical area of the district (NW405 Municipality, 2017:46). According to NW405 Municipality (2017:47), the population of Potchefstroom and Ventersdorp is currently 243 527. The JBMLM is a Category B municipality. A Category B municipality is defined as a municipality that shares municipal executive and legislative authority with a Category C (i.e., district) municipality within whose area it falls according to Section 155(1) (South Africa, 1996).

As far as economic activities are concerned, the JBMLM is comprised of a university, a military base, high-altitude sports training facilities, and extensive mining and agricultural activities (Tlokwe City Council Annual Report 2016). These aspects act as potential economic growth stimuli and should be capitalised on for further development opportunities.

According to the Tlokwe City Council Annual Report (2016:47), the following particular social problems plague its area of jurisdiction:

- a high prevalence of HIV/AIDS in the community and teenage pregnancies;
- crime and offences committed by children under the age of 18 years of age; and
- commercial sex that continues to increase due to trucks that pass through and make use of the N12 route.

The above socio-economic problems affect the livelihoods of individuals living within the JBMLM. This is because unemployment is one of the challenges that contribute to the social problems, resulting in a poor quality of living for many and inhibiting economic growth and development. As a result, Mothae and Sindane (2007:146) point out that most societal problems result from an environment that can be classified as dysfunctional.

Brynard (2011:77) argues that ill-designed and broad-based policies may have negative consequences for employment. As a result, systematic problems ensue, which cause a lack of participation amongst relevant stakeholders around policy decisions (Mkhize, 2015:193). Without collaboration amongst stakeholders, the implementation of policies is affected as well as societal challenges such as poverty, inequality and unemployment persist. However, He (Brynard) continues to state that more focused policies should be designed to target specific socio-economic problems. Similarly, Mthethwa (2013:1) concurs that a policy should be drafted to address specific concerns and he accentuates the importance of coordination, implementation and monitoring by relevant individuals involved in key municipal strategies and programmes. The collaboration of stakeholders necessitates that a policy like the LED is crucial when dealing with unemployment. Contrary to a policy dealing with so many socio-economic problems at once. In addition, a policy developed for unemployment, should be more specific and strategic. To avoid the lack of proper management, which has a negative effect on the performance of an institution (Reyneke, 2014:43).

Rodriguez-Pose and Tijnstra (2007:522) also stress the need for prioritisation of socio-economic problems by ensuring alignment and cohesion within municipal departments as critical success factors in the implementation of the LED strategy. Malakwane (2012:6) adds that prioritisation is crucial when dealing with the issue of unemployment, a challenge affecting the local context. Prioritisation of a particular socio-economic problem is needed for a successful LED strategy. Furthermore, municipalities have the responsibility of practicing an inclusive approach that promotes community participation

and strategies aimed at removing barriers, whilst actively encouraging the participation of marginalised groups in the local community (Maxeqwana *et al.*, 2015:79). Nel and Humphrys (1999:27) further confirm that LED initiatives should follow an inclusive, but focused approach to be successful. Marais and Botes (2006:9) in this regard lament the fact that LED projects aimed at alleviating poverty are generally supported by provincial and national government, but that an overarching comprehensive approach within which these projects should be designed and executed is largely absent. Furthermore, current LED projects are rather short-term in focus, in creating jobs through planning projects and business infrastructure development with the aim of finding immediate solutions to socio-economic problems.

Tlokwe City Council (TCC) appointed PWC in 2011 to assist with the planning, preparation and the realisation of the LED. The entire process involved capacity building and empowering municipal staff to ensure stakeholder ownership and commitment in taking the strategy forward. The main goal of the strategy was to guide the municipality in identifying and prioritising strategic projects for investigation and implementation. Moreover, the intended outcome was to enhance economic opportunities that would create jobs and uplift the livelihoods of the community. The stakeholders involved in the LED strategy included national and provincial government, business, educational institutions, civil society and community-based organisations (Tlokwe City Council LED Strategy, 2013:13-21). In relation to the study, there is a need for a more focused policy when dealing with the issue of unemployment, increasing more employment opportunities and development.

According to the Tlokwe Local Municipality (2015:84), the IDP comprises of developmental objectives that can be defined as statements of intent. Equally important, the municipality aims to achieve its objectives in the mid-term through identifying priority issues that contribute towards the realisation of the mission at hand. The municipality's objectives in connection to NDP 2030 objectives are aimed at the elimination of poverty, the reduction of inequality, increasing economic growth and developing the environment through promoting job creation (Tlokwe Local Municipality, 2015:49). The IDP and LED are policies that aim to bring about economic change in the JBMLM, concerning employment opportunities and socio-economic development. In the IDP objectives, no emphasis is directed towards job creation. The study, therefore, argues that if the

environment is properly managed, socio-economic development and employment opportunities will be evident by reconfiguring the LED policy. The LED's primary aim is towards economic growth and development (Tlokwe Local Municipality, 2015:275-276). Despite the main objective of LED, the challenge of unemployment continues within JBMLM. In relation to this research, the problem is poor prioritisation of projects and lack of a practical LED strategy, which specifically addresses socio-economic challenges experienced by individuals in the NW405 Municipality. Other departments and councillors may affect the reduction of unemployment within the JBMLM in using the LED strategy. The lack of prioritisation of unemployment, as a major socio-economic challenge, will result in failure to target LED projects. This will decrease the chances of promoting sustainable employment, in turn resulting in unclear objectives being utilised to guide prioritisation of projects and programmes. Therefore, the reconfiguration of LED within the JBMLM is required if employment opportunities and development are to take place.

Rogerson and Rogerson (2010:484) contend that the general lack of an integrated approach towards the delivery of LED is due to systemic weaknesses in municipalities. These include issues such as ineffective organisational arrangements and systems, poor strategic planning, limited resource allocation to pro-poor strategies, and ineffective management practices. As far as the JBMLM's functional challenges are concerned, Mumba (2016:98-100) highlights the following:

- the failure of most projects, due to mismanagement and failure to collaborate;
- the lack of interaction involving important projects that are directed towards development causing a challenge in modifying such projects;
- the lack of prioritisation of funds for developmental projects;
- the lack of appropriate financial, human and infrastructural resources required for the successful implementation of the LED plan;
- the lack of prioritisation and recognition within the JB Marks Local Municipality regarding the important part that LED plays as a strategic policy that aims to achieve its developmental objectives; and
- the general absence of political stability due to the frequent changes happening within political offices affecting development.

Similarly, Malefane (2009:156) and Koma (2014:41) are of the opinion that regardless of LED being seen as the key mechanism to address socio-economic development challenges in municipal areas, it is not being adequately implemented due to a range of municipal challenges. Luka (2015) adds that limited alignment between the three spheres of government affects inter-departmental relations negatively impacting on the design of prioritised projects for social and economic development. Thus, it is important that development, support and coordination are integrated within the framework and emphasised between departments. The lack of cooperation, coordination, and alignment of LED initiatives between adjacent municipalities are major obstacles to address socio-economic development problems in a region. Municipalities' LED strategies should thus be reconfigured to focus on priority concerns in their area of jurisdiction. An analysis of the existing LED strategy of the JBMLM revealed that a coordinated, longer-term oriented and prioritised approach is generally absent (see Tlokwe Local Municipality, 2015:30, 44).

A further problem is that the JBMLM's LED Strategy is not based on a systematic, scientific and thorough analysis of the community. Reddy and Wallis (2011:25) confirm that the detailed assessment of the demographic and geographic/spatial realities and status of communities is essential for LED to be effective. It is, for example, evident that the existing LED of the JBMLM does not adequately make provision for the disparities between rural and urban settlement within the municipal area. From the literature survey, it is further evident that LED projects should target specific concerns in particular areas. A one-size-fits-all approach is simply not effective. Reconfiguring the LED strategy is thus essential to improve and find a more efficient way in meeting the needs of specific communities in the municipal area. Furthermore, Koma (2013:142) emphasises the need for integration of LED strategies with the integrated development plans (IDPs) of municipalities. However, according to the Tlokwe Local Municipality IDP (2015:82), it is evident that the existing LED is not adequately aligned with the IDP of the municipality.

In the view of the above challenges affecting the successful design and implementation of the LED strategy for the JBMLM, it can be noted that more still needs to be done to successfully operationalise LED objectives in the municipality. If the current draft LED strategy within the JBMLM continues to be utilised as a *de facto* strategy, the likelihood of addressing these functional challenges is very low. The problem which this study intends to address is the fact that the current LED strategy of the JB Marks Local

Municipality is not adequately focused and does not prioritise issues aimed at addressing specific socio-economic problems. A reconfigured LED will thus have to accommodate a more appropriate design and implementation model for the operationalisation of LED objectives and incorporate more focused policy, strategic interventions and endeavours.

### **1.3 RESEARCH QUESTIONS**

Based on the research topic and the study's problem statement, the study aims to answer the following research questions.

The primary research question:

- What should be included in a refocused, remodelled and reconfigured LED strategy to optimise the realisation of prioritised development objectives in the JBMLM's area of jurisdiction?

The aforementioned question raise a multiplicity of secondary questions, namely:

- What are the general approaches, theories and models applicable to local economic development?
- What development frameworks are related to socio-economic strategies?
- What are the challenges faced by the JB Marks Local Municipality in formulating and implementing a focused LED strategy?
- Which design and implementation model is more conducive for LED strategy implementation within the JB Marks Local Municipality?
- What policy and strategic interventions can be pointed out to reconfigure the existing LED strategy of the JB Marks Local Municipality?

### **1.4 RESEARCH OBJECTIVES**

The objectives of the study are as follows:

- To analyse the relevant approaches, theories and models applicable to LED.

- To assess development frameworks for LED in optimising economic growth and job creation in municipal areas.
- To identify the challenges faced by the JBMLM in formulating and implementing a LED strategy in improving development and employment creation within the municipal area.
- To investigate an alternative design and implementation model of the LED strategy.
- To make policy and strategic intervention recommendations for the reconfiguration of the existing LED strategy at the JBMLM.

## 1.5 CENTRAL THEORETICAL STATEMENTS

The following preliminary statements serve as the foundational arguments and meta-basis for the study:

Unemployment is a continuous challenge that is a socio-economic issue in South Africa and other developing countries. One of the ways through which countries can address this challenge is through the creation of comprehensive local economic development strategies targeting job creation and stimulating economic activity (Snower & De La Dehesa, 1997:1; Malakwane, 2012:3-4).

LED can be regarded as a process that includes the public, business and non-governmental partners that work together (Blakely, 1994:49; World Bank, 2003:1) in creating better conditions for the improvement of the economy, employment generation and sustainable development (Sibisi, 2009:5; Koma, 2013:128).

Modernisation theory is a process involving change happening in the external environment and affecting individuals, social structure and culture. Modernisation comprises of broader aspects related to values, norms and attitudes of the larger contexts within which people function. Modernisation theory suggests that development is critical because it happens gradually within a society which comprises groups, individuals and communities that are actively involved and accountable for their own livelihoods, welfare and future (Coetzee *et al.*, 2003:1; Kingsbury *et al.*, 2004:25). Modernisation theory is highly relevant to development studies because it aims to improve the conditions of

people within a society. Improvement in a society is not only limited to shifting from a traditional state to a modern state, but also addressing challenges that are a barrier to development through the strategic readjustment of the LED strategy.

Dependency theory reflects an analysis of the rate and direction of resource utilisation and capital growth based on outside influences. Dependency theory can be explained as relating to a country's economic development status in relation to external influences on national development policies which include political, economic and cultural influences (Sunkel, 1969:23; Smith, 1981:756). Dependency theory is applicable to the analysis of the dependency relationship between local communities and local government (Mumba, 2016:40-41) as well as the management of stakeholder in understanding the effective implementation of the LED.

The reconfiguration of LED strategy in the JBMLM Municipality is essential, considering the functional challenges that the JBMLM is currently struggling with and thus leading to the failure to improve the living conditions of individuals within its municipal area. Additionally, the lack of constructive dialogue and inter-action amongst key stakeholders within the LED to close the gap between theory and practice is a challenge in the JBMLM (Tlokwe City Council, 2013:42). The mission statement of the municipality indicates and acknowledges the importance of promoting sustainable services within a healthy, safe and green environment (Tlokwe Local Municipality IDP, 2015:82). Through the reconfiguring of the LED strategy the livelihoods of individuals as well as the economy will be improved for the better.

## **1.6 RESEARCH METHODOLOGY**

Adams *et al.* (2007:25) describe research methodology as the science and philosophy behind all research. Similarly, Neuman (2006:68) states that a methodology points to the techniques that a certain discipline uses to influence data and obtain knowledge. Furthermore, Wisker (2009:89) and Leedy and Ormrod (2013:7) define research methodology as an inclusive method that is followed while conducting research. For this reason, it is essential that the researcher is clear on the research method while considering where and how the data will be analysed (Schurink, 2010:428).

Scholars such as Williams *et al.* (2003) and Flick (2014) confirm that empirical research is a valuable tool in testing central theoretical statements, as outlined in Chapter 1. Chaka (2013) adds that empirical research should be founded on investigation and observation, implying that investigation and observation are critical in solving problems and in gaining insight. David and Sutton (2011:8) define research as “a systematic quest for undiscovered knowledge ... it is systematic in that it is planned, organised and has a specific goal”.

With the above in mind, Neuman (2006:68) and Flick (2018:560-555) assert that a methodology points to the techniques of a certain discipline to influence data and obtain knowledge. Adams *et al.* (2007:25) describe research methodology as the science and philosophy behind all research. Furthermore, Adams and Schvaneveldt (1986:16) and David and Sutton (2011:205) define research methodology as the application of scientific procedures focused on acquiring a wide variety of research questions. In addition, Nealer (2001:2), Brynard and Hanekom (2006:35) and Merriam and Tisdell (2016:293) state that research methodology as a modality firstly involves understanding scientific knowledge and its application. The importance of research methodology cannot be overemphasised because it is the starting point in acquiring scientific knowledge. Thus, research methodology is the use of methods to attain scientific knowledge through integrating research questions and objectives. Thomas (2003:57) and Flick (2018:601) also explain that research methodology is the building block for the success of a particular study. Thus, this research study is qualitative in nature due to its relevance and appropriateness as indicated in Chapter 1.

The study is primarily qualitative in nature and it uses a literature review and semi-structured interviews in addressing the research objectives as stipulated above. A comprehensive literature study was undertaken in relation to the LED strategy as it pertains to a conceptual and contextual orientation. The focus in the literature study was on exploring the relevant ideas, principles and approaches suitable to the LED strategy at answering objective One of Section One. Furthermore, due to the broad nature of development, the study centred on economic development a multidimensional process involving financial capacity and improvements in human well-being by central government. The aim was to address societal challenges that continuously affect the living conditions of individuals. In assessing societal challenges, it was important to

elaborate on paradigmatic perspectives of economic development, linear stages of development and structural change models of economic development. In addition, this research approach involved a case study of the JBMLM. The strengths pertaining to qualitative research are specific and include the opportunity presented for studying behaviour or attitudes and that qualitative research is flexible and inexpensive (Babbie, 2008:345). Sarantakos (2005:50) points out that, “some of the main qualitative methods are lack of strict structure, loosely planned designs geared to capture reality in action, expressive language, collection of thick descriptions, presentation of data in the form of words and pictures, close contact with the participants, and context sensitivity”. In this particular study, the phenomenon that was looked at was development and employment creation as mentioned in the strategic policy of the JBMLM.

A qualitative study was conducted by investigating and collecting information that examines the LED strategy in connection to development and employment creation through examining the reviewing of official documents and policies, assessing communication flows/blocks between different departments (interviews or reports), and assessing reports in relation to past growth and success rates of:

- small and medium enterprises;
- commonage farms; and
- the Expanded Public Works Programme.

### **1.6.1 Research design**

A research design is defined as a particular plan that involves how the researcher intends to conduct the research. It also comprises of the study undertaken and whether the question or phenomenon investigated was thoroughly analysed (Mouton, 2006:180). Furthermore, Singleton and Strait (cited by Webb & Auriacombe, 2006:589) indicate that a research design consists of the following: a clear statement of the research problem, plans for collecting data, and processing and the interpretation of observations or data to provide answers to the research questions within a particular study. This study made use of a case study which is regarded as an approach that is used to examine the phenomenon at hand in the context of using a variety of data sources (Schurink & Auriacombe, 2010:437). In addition, Webb and Auriacombe (2006:599-600) point out that

a case study design is used for the purposes of collecting essential information in connection to the study that was investigated, which used a variety of sources in obtaining information and provided a basis for the use of a particular application of ideas and research methods. The benefit of making use of a case study was that it helps a researcher to obtain insight into a particular matter by gaining in-depth knowledge on the phenomenon studied and providing an alternative view in relation to the phenomenon (Smit *et al.*, 2007:38).

A case study is an approach used to examine a phenomenon with a variety of data sources (Schurink & Auriacombe, 2010:437; Mohajan, 2018:3). Webb and Auriacombe (2006:599-606) and Yin (2014:17) agree that a case study design is used for the purposes of collecting information in a particular setting. This involves the study being investigated, which provides a basis for the application of ideas and research methods. De Vos *et al.* (2011:320) and Maree (2013:83) also point out that case studies consist of what is to be studied rather than a methodological decision. This is because case studies create a platform where an inquiry is conducted in a theoretical manner. It is from this stance that Creswell (2014:14) defines a case study as “an in-depth exploration from multiple perspectives of complexity and uniqueness of a particular project, policy, institution and programme or system in a real-life context”. After the analysis of a case study the methods of investigation follows.

### **1.6.2 Methods of Investigation**

As indicated above, the study followed a qualitative research design and made use of three main methods in operationalising the research objectives as outlined below.

### **1.6.3 Literature review**

A literature review is a base that offers the context for the research problem by finding the origin of the problem and using available literature (Tlhoalele *et al.*, 2007:561). The literature review also considers how the phenomenon has been analysed by other researchers including the existence of sources of data or other research findings (Leedy & Ormrod, 2001; Mouton, 2005:93). The review of literature of this study made use of the following materials: books, journals, internet sources, theses and dissertations, all in

relation to the specific topic dealing with development and employment creation within the JBMLM. The significance of a literature review is that it contributes towards a better understanding of the nature and meaning of the problem that was identified (Fouche & Delport, 2011:133). Also, a literature review highlights the benefits and downside of strategic policies implemented to enhance the standard of living for individuals, in relation to development and employment creation.

The following databases were consulted in obtaining available and relevant material for the study:

- Catalogue of books: Ferdinand Postma Library of the North-West University (Potchefstroom campus) in acquiring information from books and articles relevant to this study.
- Catalogue of theses and dissertations from other South African Universities and internationally, to obtain reading material that applies to this research, and finding out what has been undertaken concerning economic development strategy as well development and employment creation in aiding the researcher to develop an improved reconfigured LED strategy.
- Department of Economic Development: to determine and make use of policies that would be applicable to the study.
- Making use of strategies that are already put in place in other municipalities that would be helpful for this study.
- Sabinet, to find out whether any research has been done on this study.

The above sources were supplemented by additional literature and information generated from interviews and policy related articles. The researcher found no reason for the research not to be conducted. In the next section data collection methods and instruments are explored.

#### **1.6.4 Documents**

Documents are crucial in society and play an important role, specifically in qualitative research, as a researcher has the responsibility of handling them with care and making sure they are not displayed inappropriately due to the importance of privacy (De Vos *et*

*al.*, 2011:376). A document, like an untrustworthy witness, must be cross-examined and its motives assessed. Documents are important in society because they can be read and relate to certain social issues that occur in society. Some documents are used for recording public matters such as official reports, however, there are also documents intended for private and personal records, which include photographs, diaries and letters. In addition, other documents are not merely for written record but for amusement or pride, and such documents are regarded as documents of a society (Gilbert, 2008:286-287). A documentary analysis can therefore be defined as involving the study of existing documents in understanding their substantive content or illuminating deeper meanings through style and coverage (Monette, Sullivan & DeJong, 1994:204; Ritchie & Lewis, 2003:35).

Furthermore, Bailey (1994:204) and Prior (2003:26) point out that the use of documents should be aligned with the nature of the study being done. Examples of other documents that will be analysed include official council documents, relevant legislation, policies, the IDP, audit reports, surveys, portfolio committee minutes, and annual and quarterly performance reports. Furthermore, documentation from the Department of Economic Development of the JBMLM which is pertinent to this study was used. It is the researcher's responsibility to handle these documents with the necessary circumspection and in accordance with the ethical requirements and applicable confidential clauses (De Vos *et al.*, 2011:376).

### **1.6.5 Interviews**

According to Monette *et al.* (2005:178) and Bless *et al.* (2013:21-23), an interview is described as a social relationship with the intention of exchanging information depending on how sharp and creative the interviewer is, with regard to understanding and managing the relationship. Furthermore, DePoy and Gilson (2008:108) and Bless *et al.* (2013:61) point out that interviewing is the collection of information in qualitative research. This is done when a researcher obtains information through direct interchange with an individual or group that is known or expected to possess the knowledge which they seek. In support, Brynard and Hanekom (2006:39), De Vos *et al.* (2011:342) and Maree (2013:89) concur that interviews within qualitative research are predominantly a frequent form of data collection. Interviews are an opportunity for a researcher to ask relevant questions, with

the purpose of understanding participants' experience of reality. Maree (2012:342) agrees that interviews allow the researcher to acquire rich and descriptive information explaining participants' reality. Therefore, developing the right interview schedule is vital. Interviews are one of the methods of collecting data and are critical.

Furthermore, for data gathering, in-depth, semi-structured interviews were conducted with purposively sampled officials within the relevant departments in the JBMLM. The purpose of the interviews was to obtain information pertaining to the design, implementation and challenges of the existing LED strategy of the municipality. Furthermore, input was obtained regarding the participants' perception of the relative successes of the LED in creating job opportunities and addressing poverty in the municipal area. Their input regarding the potential areas of the LED that require a more focused and prioritised approach was obtained. This input was crucial to formulate a more effective design and implementation model for the LED, and to suggest policy and strategic interventions to reconfigure the existing LED. Both closed and open-ended questions were formulated and included in an interview schedule (Denzin & Lincoln, 2000:5). The interview schedule was pre-tested (piloted) to ensure that all questions were well formulated and understood by participants (Minichiello *et al.*, 1990:3).

The researcher utilised the principles of data, method and source triangulation to ensure that thick descriptions and rich data pertaining to the phenomenon under investigation were obtained, verified and validated.

### **1.6.6 Population and sampling**

De Vos *et al.* (2011:23) are of the view that the term population is used in setting boundaries on study units. This comprises of individuals in the universe who possess specific characteristics. A target population consists of individuals, groups and/or organisations and events to which they are exposed. A population comprises of a full set of cases from which a sample is taken (Bless *et al.*, 2013:369; Creswell & Poth, 2018:156-160). Bless and Higson-Smith (2006:99) and David and Sutton (2011:20-21) define a target population as a set of elements that the researcher considers and in which the results are achieved by examining the sample. A sample of the total population can be described as, "a small portion of the total sets of objects, events, or reasons from which

a representative selection is made” (Barker, 2003:380; Babbie, 2013:124). Similarly, Creswell (2014:158) simplifies this by stating that a sample group is much smaller than the total number of people in the total population but is usually intended to be representative of the original group. Thus, the size of the population and sample should correspond and must represent enough for the generalisation of the results. In a situation where the research sample is large, a large sample should therefore justify the conclusions (Welman *et al.*, 2011:52-53). Similarly, Bless and Higson-Smith (2006:99) define a population as a set of elements that the researcher considers and achieves by examining the sample could be generalised. A sample is described as “a small portion of the total set of objects, events, or reasons from which a representative selection is made (Barker, 2003:380).

The type of sampling that was used in this study is a non-probability sampling technique in the form of purposive or judgemental sampling. Judgemental sampling is based on the judgement of the researcher, since a sample is made of elements that include the characteristic, representative or typical attributes of the population that best serve the purpose of the study. Interviews were conducted with the sample in relation to the knowledge which they have concerning the current LED strategy. The sample from the population was interviewed accordingly, due to the knowledge and insight which they have in relation to the drafting of the LED and Integrated Development Plan and their impact on development and employment creation in connection to departmental collaboration and political instability. The sample was organised as follows:

**Table 1-1: Sample size**

| <b>Sampled participants (units of analysis)</b>   | <b>Number</b> |
|---|---------------|
| Representative of the private sector (Senior Manager)   | 1             |
| Representative of small and medium enterprises in the JBMLM area                              | 1             |
| Senior Manager: Department of Economic Development  | 1             |
| Senior officials: Department of Community Services  | 2             |
| Manager and senior official from the Department of Public Safety and Sports, Arts and Culture | 2             |
| Project managers of LED-related project task teams  | 4             |

|   |           |
|---|-----------|
| Ward Councillors (serving on portfolio committees associated with the LED functions)  | 2         |
| Representative of community-based and non-governmental organisations involved in job creation, poverty alleviation and economic development initiatives | 1         |
| <b>Total sample size (n=14)</b>   | <b>14</b> |

Source: Researcher's own construction

### 1.6.7 Data analysis

The process of data analysis allowed the researcher to conduct a preliminary analysis of the data. According to Brynard and Hanekom (2006:60) and Creswell (2013:182), the data analysis process is a phase that allows the researcher to retain relevant data while removing irrelevant data from the research. Furthermore, Bless *et al.* (2006:72) and Henderson (2016:58) explain a unit of analysis as referring to a person, object or event being studied through collecting data and drawing conclusions (Mouton, 2012:60). In addition, Yilmaz (2013:317) believes that data collection and data analysis can be conducted simultaneously. This is referred to as synthesis analysis, which involves the analysis of data by the researcher in connection to the results of the interview that must be processed and analysed. Synthesis analysis involves combining isolated pieces of information that are not yet theoretically connected (Nassayi, 2015:129). Thus, Babbie and Mouton (2005:49) and David and Sutton (2013:102) view this type of qualitative data analysis as being centred on qualitative techniques, regardless of the paradigm used to govern the research. Qualitative data analysis usually comprises of narrative descriptions, explanations and/or predictions of process and behaviour patterns of a specific issue under consideration (Nassayi, 2015:130).

Gibbs (2007:1) points out that the idea of analysis indicates some sort of change. This is because one can start with collecting qualitative data, then processing the data, through using analytical procedures that are clear, understandable, insightful, trustworthy and even original analysis. Qualitative data analysis involves a process of inductive reasoning, thinking and theorising, which is far from being structured, mechanical and technical in making interpretations from the empirical data of social life. When data is an art it does not mean that the data has less empirical validity or reliability. Several

strategies are utilised in understanding the data through sorting, organising and reducing them to more manageable pieces in ways to reassemble them (Schwandt, 2007:7). The true test of a qualitative researcher is seen in the analysis of data, a process that involves analytical craftsmanship and the ability in capturing the data at hand (Henning, 2004:101). For the purposes of this study, thematic analysis with the use of Atlas.ti software (Version 9) aided the researcher to categorise data collected by making use of codes and themes. This was derived from the relevant sources and documents in the Department of Economic Development, as well as using data that was collected from semi-structured interviews with managers, officials, councillors and representatives of small and medium enterprises and non-governmental organisations. The coding of input per thematic domain was done to formulate policy and strategic interventions for the reconfiguration of the existing LED strategy.

## **1.7 SIGNIFICANCE OF THE STUDY**

Development and employment creation are essential for the JBMLM in promoting economic growth and improving the living standards of the community. The collaboration of other departments with relevant stakeholders pertaining to the LED strategy is important, especially in relation to projects that will bring positive change to the community through properly funded projects. This requires a better understanding of development and employment creation, which can aid policy makers to prioritise LED projects that are essential for improving the lives of individuals through development and employment creation. Furthermore, the study contributes to local municipalities by assisting public officials at JBMLM to become aware of their role and responsibility to communities by taking up a leadership role and collaborating with stakeholders to reduce unemployment, inequality and poverty. Thus, there is a need to develop an improved LED strategy to enhance the economic capacity of a society and provide a better life for individuals. This can be done through employing officials with necessary knowledge and skills to tackle societal challenges through a participatory approach. That encourages public officials to acquire more information on the concept's development and employment creation in local context. Also, the study makes a significant contribution to the body of knowledge pertaining to various study domains, namely local economics, development, poverty reduction and strategic management. As such, the integration of multidisciplinary perspectives has led to a more comprehensive and assimilated approach to local

economic development. In addition, the research findings will also benefit all other Category B municipalities in South Africa by setting the policy and strategy parameters for a redesigned model for LED strategies.

### **1.7.1 Limitations and delimitations of the study**

In this study, respondents shared their perspectives, knowledge and understanding related to the LED strategy. The study also anticipated some barriers that would prevent the full participation of respondents such as refusal or reluctance to partake in this study. As a result, respondents were provided a consent form that advocated for their anonymity and indicated that all information obtained was solely for research purposes. In the case of obstacles while undertaking the research, the manager at the Department of Economic Development delegated an assistant who was consulted to intervene for full cooperation of officials. They were delays in the research because of the unavailability of some respondents in other departments. Due to work commitments and the outbreak of the Corona Virus pandemic in 2019 and persisting for the following years. In this regard, interviews were held with some respondents and conducted at the convenience of respondents.

Due to the fact that this research made use of a case study, its findings involved the reconfiguration of the LED strategy. For this reason, the study objectives do not reflect the entire local context. Except in specific incidents whereby the same challenges are encountered in the LED strategy. However, since societal challenges continue to be an ongoing issue in South Africa, this study is of importance and will be beneficial in offering recommendations that can be used as a benchmark for other local municipalities within South Africa. Facing similar issues caused by societal challenges that hinder economic development.

## **1.8 ETHICAL CONSIDERATIONS**

Ethical consideration in social research is important because it involves the study of people. The North-West University (NWU) considers research ethics as important when conducting research. The Research Ethics Committee (BaSSREC) of the NWU issued an Ethical Clearance Certificate (Ref. NWU-00295-18-A7) to conduct the research.

Permission was also obtained from the main gatekeeper, namely the Office of the Municipal Manager. In addition, the following ethical considerations were adhered to:

- explaining to participants the purpose, objectives and procedures of the research;
- clarifying that the confidentiality and anonymity of participants would be maintained;
- confirming that participation in the study would be voluntary;
- explaining that permission to interview participants would be sought with informed consent before commencing with interviews; and
- highlighting the fact that participants would not be harmed, psychologically or physically, during the interview process.

## **1.9 CHAPTERS LAYOUT**

### **Chapter 1: General introduction and background of the study**

In Chapter 1 the topic was introduced and the problem that was investigated outlined. The research questions and research objectives identified from the problem statement were also outlined. Furthermore, the chapter comprised of central theoretical statements, the research methodology, the target population and the contribution of the study.

### **Chapter 2: Local Economic Development: A contextual and conceptual orientation**

Chapter 2 analyses the theoretical framework on the origins, nature, theories, approaches and models applicable to LED. This chapter contains a robust literature review and document analyses. The chapter is also a theoretical foundation for locating local economic development within the study domain of Public Administration/Local Governance.

### **Chapter 3: Development frameworks for LED**

Chapter 3 assesses the various developmental frameworks from a global, continental, regional and national perspective, while narrowing the discourse to the South African local context.

#### **Chapter 4: LED within JB Marks Local Municipality: Existing realities and concerns**

Chapter 4 describes how the JB Marks Local Municipality legislates, regulates and structures LED within its municipal area of jurisdiction. It also analyses the use of LED in improving development and employment creation within the area.

#### **Chapter 5: Towards a reconfigured LED strategy: Empirical research and findings**

Chapter 5 identifies the challenges faced by the JB Marks Local Municipality in formulating and implementing a LED strategy for this area. Challenges are based on perceptions and opinions of sampled participants. Input is also obtained as to what was done to reconfigure the existing LED for a more targeted and prioritised approach to address socio-economic development issues in the municipal area.

#### **Chapter 6: Summary, conclusions and recommendations**

Chapter 6 concludes the study by highlighting the extent to which the research objectives were operationalised and makes use of policy and strategy intervention recommendations to reconfigure the existing LED of the JB Marks Local Municipality. A redesigned model for LED is proposed based on the empirical findings. The reconfigured LED is the main contribution of the study.

### **1.10 CONCLUSION**

In this chapter, a general orientation of the context, the purpose and rationale for the study were outlined. Furthermore, the primary and secondary research questions and research objectives were formulated. The research design and methodology as well as the significance of the study were explicated. Finally, the chapter layout was provided to illustrate the overall study architecture and the ways in which research objectives will be operationalised in each chapter.

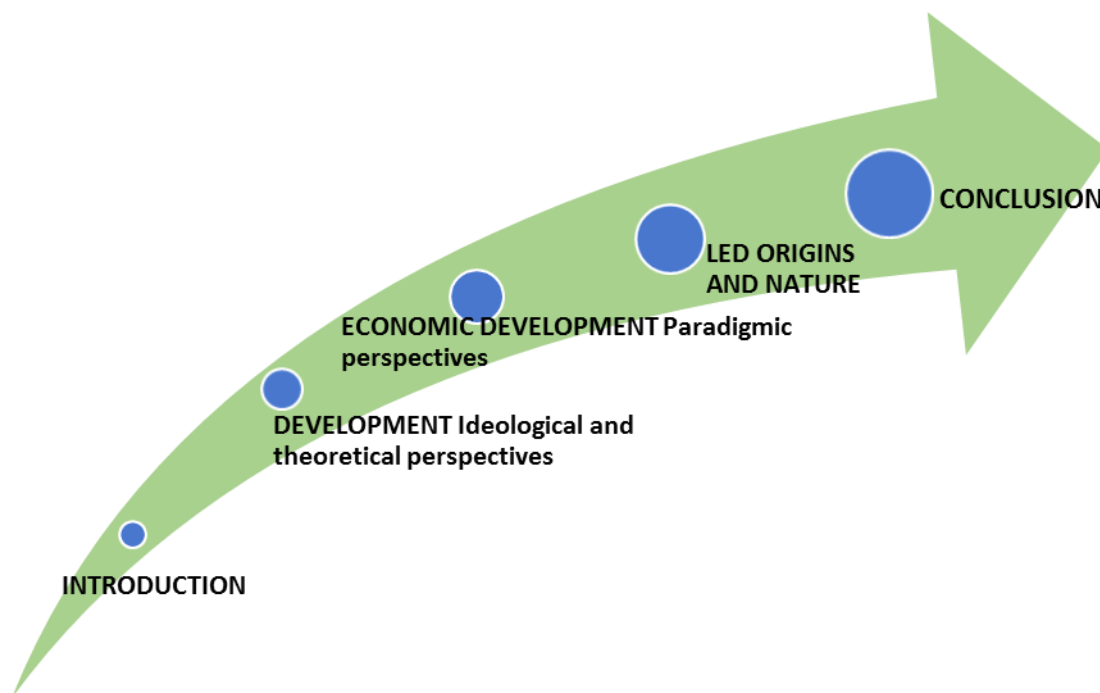
In the next chapter the theoretical framework for the nature, theories, approaches and models applicable to LED are analysed. The chapter also contextualises and

conceptualises the LED and clarifies its significance in local development contexts. Moreover, this chapter brings forth the elements of LED, within foundational pillars and principles for locating local economic development within the study domain of Public Administration in general, and Local Governance in particular.

## **CHAPTER 2    LOCAL ECONOMIC DEVELOPMENT: A CONCEPTUAL AND CONTEXTUAL ORIENTATION**

### **2.1 INTRODUCTION**

The previous chapter introduced the study. The chapter discussed the background and problem statement, central theoretical statements, research objectives and research questions to motivate the need for reconfiguring the LED strategy at the JBMLM. Furthermore, the chapter included the research methodology, the research approach, the contribution to the study and ethical considerations. This chapter answers research Objective One in Section One, which analyses the theoretical framework on the origins, nature, theories, approaches and models applicable to LED. The chapter explores relevant ideas, principles and approaches appropriate to LED to answer the objective. The chapter commences by elaborating on the development concept as it lays the foundation for investigating a reconfigured LED strategy for the local government. Hence ideological perspectives and theories of development are discussed. Since development is a broad concept, the study centres on economic development, a multidimensional process involving financial capacity and improvements in human well-being by central governments, that aims to address challenges related to service delivery, an increase in urban population and unemployment. Thus, the need to elaborate on paradigmatic perspectives of economic development, linear stages of development and the structural change models on economic development. Finally, the chapter explores the context of LED by focusing on its origin and nature. LED is an “integrated approach to development rather than a “one size fits all” solution. Its core purpose is “to mobilise the local economic potential by bringing innovation to all of its growth dimensions. The following Figure (2-1) simplifies the contents of this chapter.



**Figure 2-1 Layout of Chapter**  
 Source: Researcher's own construction

## 2.2 DEVELOPMENT: A CONCEPTUAL AND CONTEXTUAL EXPOSITION

The concept of development dates back to the 19<sup>th</sup> Century and has been used in various fields such as the natural sciences, the social sciences and the physical sciences (Abercrombie *et al.*, 1994:369-370; Galchu, 2017:64). The different fields point to its broad nature and varying degrees of emphasis (Pius, 2014:9; Galchu, 2017:65). For instance, Aristotle explained development in the natural sciences as the progression of nature, a definition shared by Charles Darwin in his theory of the evolution of the species (Cliché, 2005). Abuiyada (2018:115) concurs that development is an evolving and multidimensional process involving social, economic, political and environmental dimensions (Burkey, 1993:38; Mensah, 2019:4).

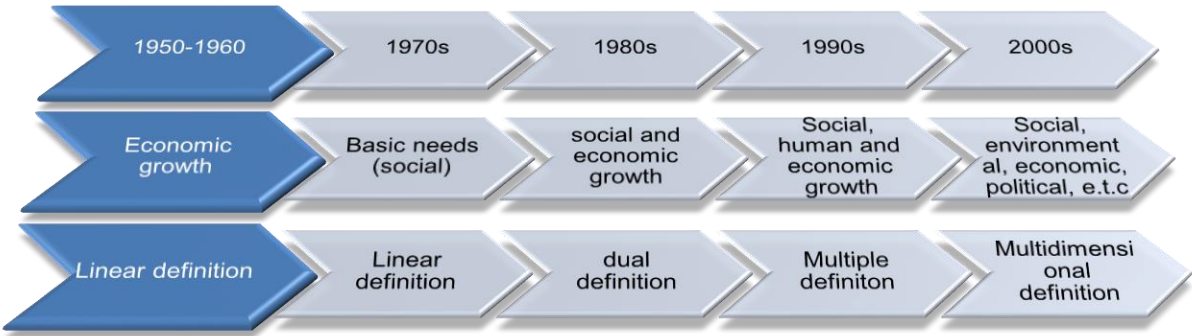
Conversely, scholars in the field of the social sciences suggest that the term development became prominent during the 1950s and 1960s following the end of World War II. In this period (1950-1960), development was commonly associated with economic growth focused on wealth creation, rather than change in society (Abercrombie *et al.*, 1994:369-370). The end of WW II resulted in the field of 'development' having two paths. The first path focused on theoretical understanding essential for scholars to promote change at a national level. The second path involved social change through action (Viterna &

Robertson, 2015:244). The two paths of development are of significance to this study, particularly the first path, which points to the function of the national level in the integration of development within specific policies for the distribution of resources to enable change in the various dimensions that are economic, social, political and environmental.

Subsequently, in the 1970s a new concept of development was introduced claiming that the environmental dimension was being depleted due to a decrease in levels of arable land, water and other natural resources (Klarin, 2018:70). This was followed by a new phenomenon in 1987 known as sustainable development, which was published in the Brundtland Report and regarded important in development studies. The World Bank and other organisations engaged with the concept of development (Barkemeyer, 2014:1; Mohamed, 2016:7; Mondini, 2019:129). The focus of development in the 1990s evolved and was defined as a process that prioritised the needs of people by ensuring that they had access to resources and better living conditions (Cobbinah, 2014:33). However, in the 2000s to date, development was viewed as multidimensional in nature with a focus on economic and human development (Currie-Alder, 2016:6).

The above authors suggest that development is not a static process but evolves with time depending on the current need at hand. This indicates that change is inevitable and as such, planning is the first building block and must be prioritised. The necessity of planning is that policy makers can scan the environment and have a set target in mind. Hence, the lack of planning affects a society negatively, and as a result perpetuates dysfunction (Mothae & Sindane, 2007:146). Therefore, this study agrees that targeted change is the starting point for developed and developing countries to address societal challenges such as unemployment, poverty and inequality within the social, economic, political and environmental dimensions, which are the foundation of this study with a focus on economic development. In support, Tapscott (2017:69) asserts that South Africa is the newest member of BRICS (Brazil, Russia, India, China, and South Africa), and shares similar features with its partners. The socio-economic diversity and regional influence are distinct in relation to the size of the economy and population, which is smaller compared to other partners. According to Tapscott (2017:70), this is problematic because it has been barely two decades since South Africa gained its independence in 1994. The remnants of colonialism and Apartheid are a struggle and to date have a negative influence on the social and political economy of the country. As a result, there is a need

for the reconfiguration of the state to strive for a redesigned social order in pursuit of the realisation of economic growth and job creation. The two elements are important in the realisation of development. Thus, the following Figure 2.2 below illustrates the trajectory of development from the 1950s till the present in conjunction with the scholarly discourse noted earlier.



**Figure 2-2 Development trajectory from 1950s**  
 Source: Adapted from Cobbinah *et al.* (2011:142)

The above diagram depicts the progression of development over different periods, followed by the components of development, and lastly the definitions associated with the specific period. As illustrated in Figure 2-2, development aims at improving the living conditions of people and reducing poverty levels in society and cannot be achieved if the current draft LED strategy within the JB Marks Local Municipality (JBMLM) continues being utilised as a *de facto* strategy. Thus, development without progression and focus is futile and will affect the social, economic, political and environmental dimensions negatively.

The abovementioned dimensions are crucial in the unfolding of development. Furthermore, scholars define development from different perspectives that is economic, societal, political and environmental as follows:

- Economic perspective - a multidimensional process generating economic, technological, social and institutional change to support economic activities and improve the standard of living,
- Societal perspective involves - “both a physical and a state of mind in which society has secured the means to a better life”.

- Political perspective - involves people participating in the policy making process and the ability to hold their rulers accountable for their political action and environmental perspective.
- Environmental perspective - the protection of the environment and improving society by tackling challenges that affect people, nature and species (Burkey, 1993:3; Todaro & Smith, 2006:22; Coccia, 2019:1).

The above authors suggest that development is a solution for positive change because it improves society and the economy for the benefit of all (Kingsbury *et al.*, 2004:22; Chilosi, 2010:470). Positive change is one of the main goals of a society and one of the priorities that national government implements in development frameworks or strategies. The focus is on the improvement of Gross Domestic Product (GDP) growth, and macro- and micro-distribution mechanisms. For this reason, the terms 'well-being', 'living conditions', 'lifestyle' and 'quality of life' are used to describe the standard of living (Ruggeri *et al.*, 2020:1-2). The well-being element of society reflects the basic needs of the population in the environmental domain, comprising of various areas such as work, consumption, social and political life.

Similarly, in economic literature living conditions are explained as impacting the economy in different sectors, that is employment, income, forms of migration, nature of housing, family welfare and the social welfare system within the social dimension (Muminov *et al.*, 2020:1963). Ruggeri *et al.* (2020:1-2) observe that well-being is an important component in development, because it is a state in society in which individuals experience economic security, respect, personal worth, connection to those around them, access to resources and the ability to participate in matters that concern them. Therefore, well-being as a concept is envisioned to encompass economic, physical, social, emotional, environmental, spiritual and political factors. The multidimensional nature of development is the basis of this study and focuses on economic development as a means to an end in relation to prosperity, general well-being, quality of life and positive change.

The need for improvement in society resulted in the spread of modernisation across continents such as North America, European countries, Asia, Latin America, and parts of Africa (see Section 2.3.1). Modernisation was regarded as a solution for positive change in societies aiming for productivity and structural change. However, productivity and

structural change were not achieved due to uneven development caused by unemployment, poverty and inequality that remain problematic in developing countries (Sapena *et al.*, 2018:90). Nonetheless, the growing prominence of development has been characterised by ideological perspectives that influence society.

### **2.2.1 Ideological perspectives of development**

Ideological perspectives of development are dominant thought patterns, principles, ideas and philosophical assumptions held by most of the population in a country (Palmer & Perkins, 2010:73; Alexander, 2014:2; Moazzam, 2017:6; Nescolarde-Selva *et al.*, 2017:1-2). An ideology is a philosophical way of analysing governments' broad approaches and strategies in their development efforts (Eagleton, 1991:4; Harrison & Boyd, 2003:139; Abraham & Madubuike, 2014:329). Furthermore, Zajda (2014:1) concurs that ideology is a system consisting of dominant ideas and beliefs that influence social interaction and organisations within a political, cultural, economic and environmental domain. The various domains according to scholars suggest that ideological perspectives are complex, interrelated and "intermixed" (Vincent, 1992:88; Moazzam, 2017:8). This is because ideologies serve a function in society. For instance, in the case of political instability and protests, ideologies unite people and promote cohesion due to a shared ideological value. Similarly, dominant ideologies are used by government to justify, control and rule (Zajda, 2014:1). This shows that ideologies have a positive and negative effect in society. Thus, ideologies are critical and represent an important debate when it comes to the pursuit of development within a political and economic standpoint (Abraham & Madubuike, 2014:332).

As noted earlier, an ideological perspective is necessary to understand the multidimensional nature of development in shaping political thought, implementing national priorities and designing policies and strategies. Cohen (2008:1) and Martin (2016:117) confirm that different ideological perspectives shape society. In the next section six broad development ideologies are examined, namely liberalism and neo-liberalism, capitalism, socialism, communism and conservatism.

### **2.2.1.1 Liberalism and Neo-liberalism**

Liberalism and neo-liberalism are political philosophies and economic ideologies (Adino & Nebere, 2016:331) with a focus on the individual and the distribution of power (Ikenberry, 2018:17). Scholars define liberalism as follows: according to Laski (1936:14) and Adino and Nebere (2016:332), liberalism is “the right of the individual to shape his destiny, regardless of any authority, which seeks to limit his impossibilities”. This freedom of expression, choice and personal independence allows individuals to decide what works and does not work for them with limited government interference (Hobhouse, 1911:23; Brown, 2014:82; Hicks, 2015:109). Limited government interference in liberalism mandates that all individuals respect each other’s freedom (Brown, 2014:82; Hicks, 2015:109). Therefore, liberalism places individualism at the forefront of a group or society (Freedon, 1976). In addition, it is critical to note that during the 1990s, liberalism was associated with a variety of policies ranging from liberalisation, deregulation and privatisation of the international economy, the development of the World Trade Organisation (WTO), and the transformation of former communist into capitalist states (Jahn, 2013:15). This is vital for this study because it depicts the importance of ideologies in shaping society.

Similarly neo-liberalism emerged during the Great Depression in the 1930s (Boas & Gans-Morse, 2009:138). Harvey (2005:4) explains that neo-liberalists support the notion that “the role of the state is to create and preserve an institutional framework appropriate for such practices”. For this reason, neo-liberalists are more willing than classical liberalists to give the state control in redistributing resources and power. In that case, the state must guarantee the quality and integrity of money, including the standard of living in a favourable environment (Thorsen & Lie, 2006:5). Although this may be true, Wilshusen (2010:769) argues that minimised state intervention often reduces financial capital, which is solved through the reversal of state protection and the social contract in creating opportunities for people to compete successfully. A social contract according to the OECD (2009:77), is an agreement between the state and citizens on their respective roles and responsibilities. In addition, a social contract is “the entirety of explicit or implicit agreements between all relevant social groups and the sovereignty of government,

including other actors in power who define their rights and obligations towards each other” (Loewe *et al.*, 2020:3). The two definitions of a social contract highlight three vital elements, which are the citizen-state bargain, the social outcomes, and lastly the resilience of the contract. The three elements suggest that government authority was only possible through the consent of the governed in creating a society where justice and order exist. For this reason, the absence of a social contract can affect the decision-making process of public officials and citizens in relation to implementing policies and strategies that influence people’s living conditions. Furthermore, a social contract gave citizens the right to stand against any action from the government, which contradicts the social warrant (Harrison & Boyd, 2003:197). Thus, the government’s leadership role in a developing country such as South Africa must be evident in issues such as poverty, unemployment and inequality, which have a devastating effect on the livelihoods of individuals and the economy. Moreover, Harrison and Boyd (2003:197) explain that government intervention and citizens’ participation is pertinent for the functioning of a “social contract”.

Corson (2010:581) and Prokkola (2013:1322) claim that neo-liberalism must involve state intervention to improve the needs of people. State intervention is essential because it regulates an environment that operates within a framework that guarantees private property rights, a free market and free trade. Conversely, Peck (2004:403) and Prokkola (2013:1322) contend that neo-liberalists have a limited function in reducing economic and social inequalities. The mentioned challenge is caused by unregulated capitalism and the reduction or removal of safety nets typically provided by the government to support those who are socially and economically vulnerable (Laureman, 2013:1285). As a matter of fact, government support is necessary to effect change in society, despite liberalists’ stance of limited state control over public expenditures (Springer, 2011:555-556). Society needs social order and the intervention of government to ensure that resources are equally distributed.

Liberal thinking supports individualism and limited state intervention in socio-economic development concerns. Furthermore, liberalists believe that prosperity, well-being and economic growth are realised through economic freedoms and collective social action. Consequently, this study views development from the stance of general well-being and

economic growth, which benefits community members in a specific context. The next section will briefly examine capitalism.

### **2.2.1.2 Capitalism**

Capitalism represents a broad spectrum of ideological assumptions of society and the economy. Kocka (2010:8) is of the notion that capitalistic thinking originated during the 17th and 18th Centuries, while Scott (2011:29) and Eagleton-Pierce (2016:19) claim that capitalism emerged in the 19th Century. According to Scott (2016:4), capitalism is an “indirect system governing an economy where economic actors compete to serve the consumer according to a set of laws, energy and rules”. In support, Reisman (1998:17) suggests that a capitalist society is profit based and related to resource availability and labour allocation (Bresser-Pereira, 2012:23), implying that capitalism is a social and economic system where means of production and trade are privately owned (Wood, 2002:3). The privatisation of means of production and trade is necessary for the division of labour (Boyer, 2004:4). This happens through private ownership, market allocation and entrepreneurship (Chavance, 2000:1). Piketty (2014:1) argues that capitalism is an opposing ideology with exploitation, alienation and poverty, which causes an unequal society. In this respect, Lo (2011:5) compares capitalism to a “cocaine addiction” meaning that the rich keep wanting to accumulate wealth. In support, Marx, cited by Mozhaev (2013:17), states that capitalism is problematic because means of production are owned by a selected few and the focus is on making a profit at whatever cost, without considering the needs of the majority. For this reason, Shapiro (2000:424) and Jaeggi (2016:47) observe that most people are not in support of capitalism due to the following challenges:

- Functional arguments: capitalism cannot operate in society as a social and economic system due to challenges such as inequality, exploitation, poverty and low wages.
- The moral mode of arguments: the exploitative nature of capitalism regarding confining individuals in an unjust and unfair system that overlooks making human beings a priority.
- Ethical arguments: capitalism is bad for society due to alienating individuals from living a fulfilled and happy life. The focus is on the system of serving and not making independent decisions due to the few that own the means of production.

From the abovementioned it is evident that a capitalist society is incentive-driven and creates issues such as exploitation, inequality and poverty, which affect individuals in the community. Therefore, LED is an essential strategy because it is comprehensive and holistic, meaning that it prioritises people's needs and economic capacity, which is vital for the progression of any society. This study supports the notion of communities being integrative, inclusive and growth-driven, to reduce poverty, unemployment and inequality. Thus, the LED strategy is significant because it is not only result-oriented, but cuts across all dimensions to enhance economic capacity, while improving the living conditions of individuals. The next ideology to be examined is socialism.

### **2.2.1.3 Socialism**

Socialism is a response to socio-economic challenges such as inequality, unemployment and poverty that negatively affect people in society (Weisskoop, 1991:1; Cockshott & Zachariah, 2012:11). This ideology originated in the 19th Century as a direct reaction to capitalism (Chavance, 1991:1), and was supported by revolutionary Marxist socialists, evolutionary socialists, Christian socialists and anarchists (Kotz, 2006:1), implying that socialism is not a unitary ideology but has several variations. The variations include equity, democracy, solidarity and efficiency (Weisskopp, 1991:1), and are essential because they promote coordination and collaboration amongst stakeholders (Stephens, 1979:7). Thus, socialism is defined as "the collective ownership and democratic management of social means of production for the common good" (Ghent, 1916:5; Roemer, 2021:571).

From the definitions of socialism, it is evident that coordination and collaboration are critical components in pursuing change within an environment. Change in socialism is about relocating the means of production from private ownership to an organised state (Kotz, 2006:1; Von Mises, 2009:56). The private ownership of an organised state is not the sole responsibility of the state, but the integration of stakeholders like the private sector, the public sector, and non-governmental actors to improve the quality of life for communities. As a matter of fact, Kotz (2006:3) concurs that socialism has an inclusive approach, because it focuses on improving the economy while limiting the freedom of individuals (Kotz, 2006:4). The lack of liberty resembles Marxism and the religion of 'self-

deification of mankind' (Kolakowski, 1981:530; Hudis, 2020:7-8), meaning that individual freedom is not prioritised (MacIntyre, 1968:143; Alexander, 2014:9). In the next section communism is explained.

#### **2.2.1.4 Communism**

Communism is a political ideology established by Karl Marx against capitalism (Booth, 1989:207; Barry, 1998:133). Communism emerged around the 19th Century as a product of forerunners that had no part in the communist regime of the 20th Century (Brown, 2009:11). The 20th Century was a global phenomenon in Russia and China, including countries like the United States, Britain and France (Brown, 2009:1, 10). The mentioned countries experienced four forms of communism: Marxian communism, Stalin's communism, communism as a philosophical doctrine and communism in actual practice (Roosevelt, 1957:79). In line with the mentioned forms of communism, communism is defined as "a form of the social organisation having a set of ideals, and a movement toward those ideals and the kind of social organisation that would embody them" (Struhl, 2007:78), meaning that communism is systematic in nature. Furthermore, communism happens within a social and political system focused on establishing a classless society for collective possession within means of production (Brown, 2009:26), and is characterised by two properties, namely total control of the society and economy (Kaminski & Karol, 1989:374; Sayers, 1999:360-361).

#### **2.2.1.5 Conservatism**

Conservatism came about due to social, political and economic challenges affecting society as a reaction to the French Revolution, liberal principles, and the rise of the bourgeoisie class around the 18th and mid-19th Centuries (Trigueiro, 2015:128). Conservatism is an ideology that is not easy to define due to 'internal contradictions' (Muller, 2006:360). The internal contradictions are significant in addressing societal ills that affect the functioning of society. On this note, Robin (2011:4) postulates that conservatism is a mediation of moving power in a structured way. On the one hand, Steiner (1989:148) explains that conservatism is a political tradition informed by a 'philosophical pessimistic point of view', detrimental to the way in which societal challenges are addressed due to resistance to radical change (Nash, 1976:9). On the

other hand, Huntington (1957:473) states that “conservatism does not ask ultimate questions and give final answers, but it does remind men of the institutional prerequisites of social order”.

Ideological perspectives are essential for this study because they shape individual’s interactions, actions, beliefs and actions, together with what occurs in society. In relation to the LED strategy, ideologies are related to the social, economic and political functions through which individuals view the world. Even though this is the case, the facilitation of the LED strategy by government must integrate diversity in one single strategy to promote inclusiveness and active participation from citizens. The next section will analyse the theoretical perspectives of development.

## **2.3 THEORETICAL PERSPECTIVES OF DEVELOPMENT**

Theoretical development perspectives are necessary for any research inquiry because they provide answers on the function of government and stakeholders regarding development (Malik, 2005:4). In the previous section, development was explained as a multidimensional process comprising of economic, technological, social, environmental, political and institutional change for the accumulation of wealth in countries (Bixler, 2017:36). In addition, development consists of important elements such as improvement of health, the growth of wealth, creation of new knowledge and technology (Coccia, 2018:1). In line with the aforementioned, the following section briefly examines theories of development, namely modernisation, dependency, world systems, growth, catch-up theory and lastly, globalisation.

### **2.3.1 Modernisation theory**

The modernisation theory emerged in the late 1950s as a North American political scientists’ reaction to the failure of development economists. The theory is linked to the Age of Enlightenment (Shareia, 2015:79), and became prominent following the Bretton Woods Conference in 1944, where development economists approved and accepted the theory by implementing the Marshall Plan in the late 1940s (Evans & Jakupec, 2021:477). Equally important, modernisation theory is regarded as a U.S and Euro-centric model of development and is defined as a systematic process that transforms underdeveloped

countries to a modern state of development. Similarly, other authors define modernisation as a phased process comprising of social, environmental and economic changes (Huntington, 1968:52; Nash, 1984:6; Nisbet, 1996:viii), implying that modernisation theory is focused on improving society within various dimensions such as social, economic, political and environmental (Kingsbury *et al.*, 2004:25).

The improvement of society is an important element of modernisation, with a focus on cultural change, directed at institutional structures in non-industrialised countries. The focus is on addressing inequalities within or between states in relation to different values, systems and ideas that are held by nation states (Shareia, 2015:79). In addition, the progression of the theory of modernisation is connected to developments such as industrialisation, technology and urbanisation (Goorha, 2010:3; Tagarirofa, 2017:2; Evans & Jakupec, 2021:477), which are products of social, economic and political changes that took place during WW II due to a political upheaval in the United States of America (Pelli, 1986:100; Preston, 1996:166). Scholars such as Tipps (1973:199), Eisenstadt (2010:1) and Matunhu (2011:65) suggest that modernisation theory is rooted in capitalism.

Contrary to this view, Shareia (2015:79) suggests that modernisation theory is based on political development with integration in the fields of history, sociology, political sciences, and other areas of studies. Furthermore, Shareia (2015) views the emergence of modernisation as an act to liberate third world countries from being controlled by communism. However, Hodge (2009:489) argues against modernisation theory because it does not address societal challenges that affect developing countries due to its linear approach to development (Haque, 1999:72; Matunhu, 2011:65) through the process of structural differentiation, functional specialisation and adaptive upgrading. The aspects mentioned depict the evolutionary nature of the modernisation theory, transitioning from a traditional to a super industrialised form. A super industrialised society is referred to as a modern society that comprises of technology, and social interdependence (Mbah & Uchechukwu, 2019:17), which are by-products of modernisation. This study suggests that improvement is not only limited to transforming a society from a traditional state to a modern state, but also addressing challenges that are a barrier to development. Hence, a one-size fits all approach is limiting for developing countries because they have a

historical experience of colonisation and unjust wars of defeat (Ajei, 2007:37; Matunhu, 2011:66).

The abovementioned explains modernisation as a theory focusing on improving the economy and people's lives. Through a transformational process that shifts towards modern technology, developing institutions and labour habits are complementary to industrial production. Furthermore, Reyes (2001:2) highlights Rostow's five stages of development, namely traditional society, pre-conditions for take-off, take-off, the road of maturity and the age of mass consumption. The five stages of development as stated by Reyes (2001) are viewed as a phased process and are briefly explained (see Section 2.4.2).

- traditional society- is the first stage and has limited production in an environment that suffers from shortage of technology and advanced tools that produce limited production. The focus was on a specific region (Rostow, 1962:311).
- Preconditions for take-off- in this stage there was a shift from the traditional occurring after the Middle Ages; development of modern science, ideologies and land discoveries that resulted in an increase of trade and competitive struggles to avoid becoming European territories (Rostow, 1962:312).
- The take-off stage- arose from the rise of new industries with the application of new advancements such as new industrial techniques, for example the growth of cotton textiles, timber and the railroad industry (Rostow, 1962:317).
- The road to maturity involves an increase in the use of technology while the age of consumption is when a society has an even greater need regarding welfare and leisure. As a result, this leads to the provision of extensive private consumption such as durable goods and an extension of power internationally (Rostow, 1962:317).

From the abovementioned Rostow believes that a top-down approach is a suitable approach for developed countries due to Western capitalism that has trickled down from developed to developing countries. However, this study supports the notion of a bottom-up approach because local government has a responsibility of practising an inclusive approach, which promotes community participation and strategies while encouraging the participation of marginalised groups in the local community (Maxegwana *et al.*, 2015:79).

### 2.3.2 Dependency theory

Dependency theory came into existence following the end of WWII in 1945 and resulted in a rapid and widespread process of decolonisation by countries such as the United States of America and the Soviet Union who at the time were making use of a capitalist system (Muuka, 1987:670; Romaniuk, 2017:2). The two countries aimed to gain prominence and influence on a global scale in Africa, Asia and Latin America. Even though this was the case, some countries opposed the US-model (Agbebi & Virtanen, 2017:431-432). Despite their standpoint, the U.S continued to dominate the world. As a result, developing countries became dependent on the U.S for foreign aid and trade (Shareia, 2015:81). This is because developing countries experience unemployment and large-scale poverty, which are world-wide realities that impact communities, government policy and strategies.

Scholars suggest that in the 1960s, the dependency theory was under consideration with shared views from a neo-Marxist theory and the adoption of a “revolution of underdeveloped nations model” (Agbebi, 2017:430). From these two perspectives or models, scholars suggest that the dependency theory focused on the cause and effect of the dependent status experienced by the global south in the political and economic dimension (Herath, 2008:820; Matunhu, 2011:68; Agbebi, 2017:430). The two dimensions are essential and make up the totality of society and social system periphery while emphasising the differences between developed and underdeveloped countries (Dos Santos, 1970:231). The differences are explained based on two features, the region, and structural conditions of different nations (Randall & Theobald, 1998:120; Emeh, 2013:18). The dependency theory has varying components in the existing relationship between dominant and underdeveloped nations. For instance, the root of inequality between developing countries that resulted from the era of colonialism. This resulted in a distinction between developed and developing countries. Developed countries are called core countries and developing countries, peripheral countries. Peripheral countries are responsible for supplying raw materials to the more advanced nations (Petras & Veltmeyer, 2013:136). For this reason, dependency theorists use “the international system” or “world system” as a unit of analysis, when focusing on the role of the international capitalist system in the underdevelopment of the periphery (Sekhri,

2009:243; Kay, 2011:533). Tausch (2010) concurs and highlights “poverty and backwardness in the “periphery” and semi-periphery as a result of a peripheral or quasiperipheral position that these nations or regions always had in the international division of labour since the beginnings of the world system in 1492” (Tausch, 2010:468). Thus, dependency theory is an international dependency of third-world countries under the rule of trade and foreign aid by developed countries. From the above definitions of dependency theory, the global context is vital in measuring and understanding the global inequalities as well as local challenges in developing countries.

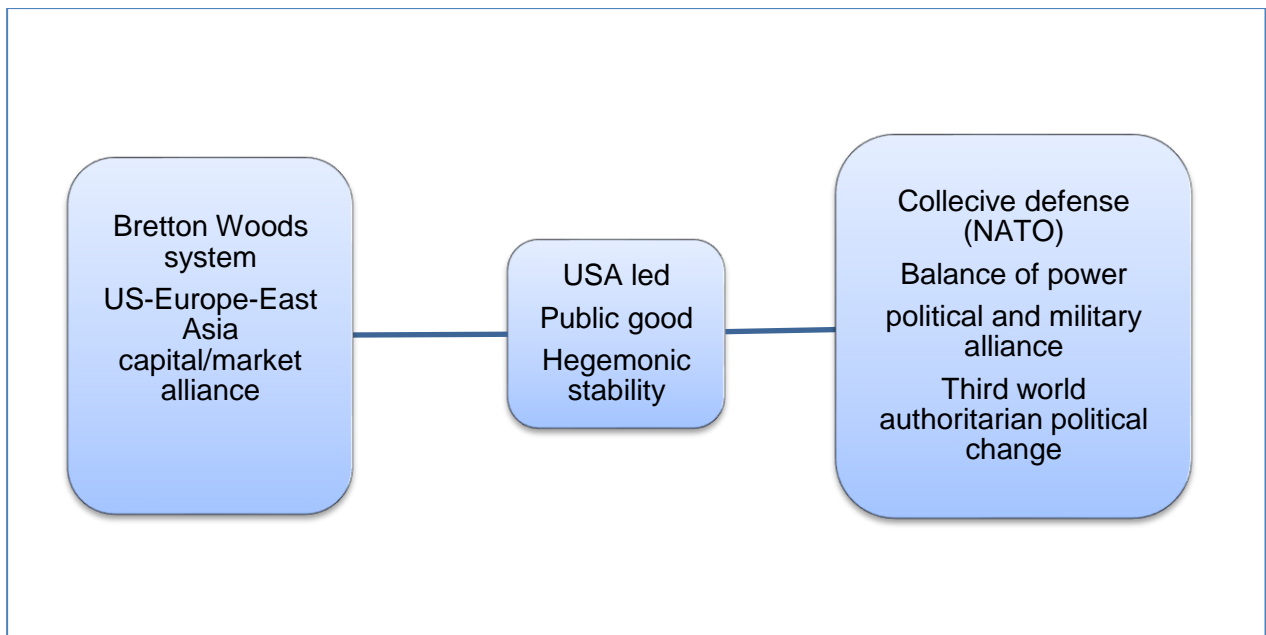
Within the context of this study, the dependency theory is used to analyse the dependency relationship between local communities and local government (Mumba, 2016:40-41), in relation to societal challenges and SMMEs. For example, Sen and Ali (2005:2) state that township SMMEs (Small Medium and Micro Enterprises) are ‘underdeveloped’, indicating the differences in development between SMMEs in town as compared to those in townships. In addition, Real Economy Bulletin (2017:6) states that Apartheid policies positioned a democratic South Africa to rather start with already established small businesses. Similarly, Buthelezi *et al.* (2018:9) observe that the market concentrations in South Africa are caused by large businesses that dominate the market due to past privileges experienced due to state support that SMMEs do not currently enjoy. On the contrary, Phago and Tsoabisi (2010:155) argue that the primary challenge of SMMEs in South Africa is their inability to maintain relevance within the economic system for a longer period. In contrast to this argument, Wolf (2017:1) identifies challenges associated with the South African Government such as corruption, irregularities and personal enrichments, which run deep and are within the three spheres of government. In as much as the dependency theory advocates for development through a country’s economic status, there are external influences on national development policies like political, economic and cultural influences (Sunkel, 1969:23; Smith, 1981:756).

### **2.3.3 World Systems Theory**

In the early 1970s, the world system theory was birthed as a reaction to structuralist theories failing to accept that an unsuitable model of social structure would result in countries becoming poor (Dunn & Lawrence, 2010:471). In addition, Coccia (2018:460)

explains that the world system theory is a social system comprised of boundaries, structures, member groups, rules of legitimation, and coherence (Mele *et al.*, 2010:126; Robinson, 2011). This implies that it is integrated through the market instead of a political centre. In support, Nikos (2019:4) explains that Western Europe in the period of the 15<sup>th</sup> and 16<sup>th</sup> Century was not performing well economically. Thus, Western Europe decided to share and expand the economic domain by using available technology to enlarge the land area and population base for exploitation, which caused high levels of poverty and inequality in underdeveloped countries. For this reason, underdeveloped countries had to adopt practices and systems from developed countries to survive (Onyemelukwe, 2005:16).

The adoption of practices and systems by underdeveloped countries in this period resulted in the modern world system prioritising the international division of labour through expanding the distribution processes of production outside national economies. The distribution process of production resulted in a structured set of relations between three types of capitalist zones that are: core, periphery and semi-periphery countries whose focus was on the degree of profitability of the production processes (Wallerstein, 2004:28; Bixler, 2017:38). As a result, powerful nations expanded their level of control and power across less developed countries for their own gain through extracting raw materials that they produced and sold to these countries (Li & Zhang, 2018:161). Furthermore, Western Europe and North America have a strong central base, extensive bureaucracies and financial institutions that assist them to maintain such privilege. Other characteristics that distinguish core countries from periphery countries include high levels of technology and high-profit industries, giving them economic leverage and domination, whereas periphery countries are at the bottom of the food chain and provide cheap labour and resources to developed countries (Motyl, 1999:124). Figure 2-3 illustrates this power dynamic between developed and developing countries.



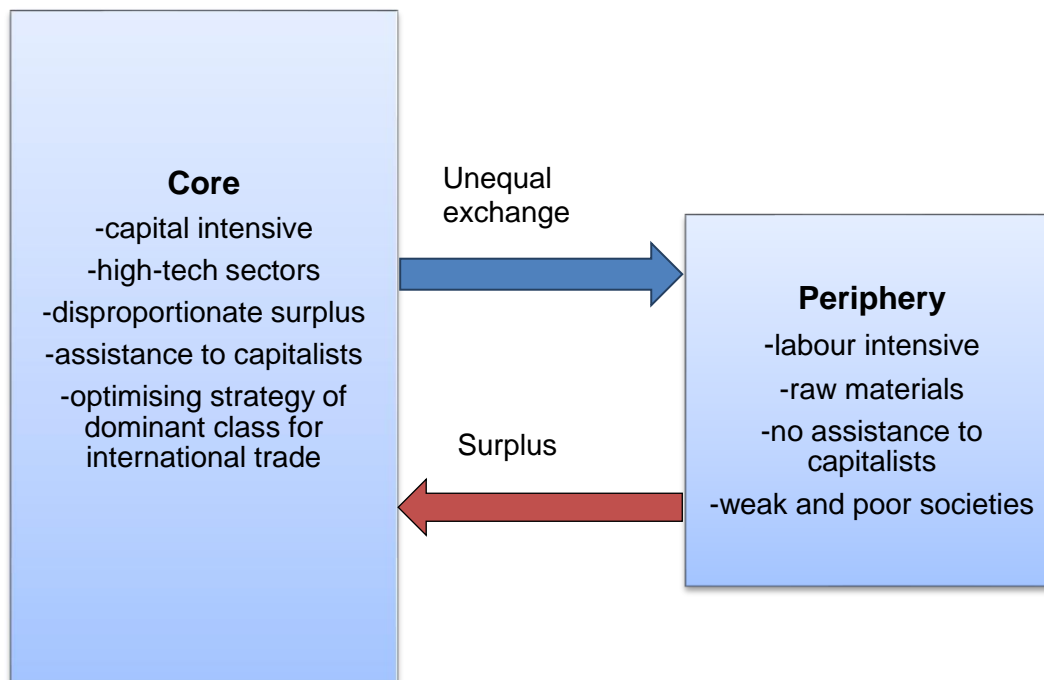
**Figure 2-3: Power dynamics between developed and developing countries**

Source: Adapted from Li and Zhang (2018:161).

The figure depicts the relationship between the USA (United States of America), a developed country and developing countries post WWII. Developing countries were under the control of the USA that functioned as a public good distributor and a hegemonic stabiliser for order, in a capitalist world comprising of the Bretton Woods system. Furthermore, the dominant currency in the global reserve bank was the US dollar operating as an international trade network for developing countries (Li & Zhang, 2018:161), as well as the North Atlantic Treaty Organisation (NATO) with other political, military and security networks and alliances, which are major geopolitical regions like Europe, Asia and the Middle East (Bixler, 2017:38).

Correspondingly, developed countries deal with different forms of capitalism (Reyes, 2001:6) that result in class inequality. The concept “class” in capitalism is linked to Karl Marx and Lenin’s work on imperialism, stating that capitalism has reached its final stage. Nonetheless, Wallerstein (2004) bases his argument on Marx’s and Lenin’s viewpoint of capitalism, which contributes towards a world structure involving an international division of labour between dominating countries known as the core and less developed countries called the periphery (Wallerstein, 2004:28). The relationship between core and peripheral countries is imbalanced and leads to inequality and prevents periphery countries from achieving the same economic status as core countries (Burhanuddin, 2015:1).

Figure 2-4 illustrates the unequal exchange between developed (core countries) and developing (peripheral countries) in the diagram below.



**Figure 2-4: Relationship between core and peripheral countries**

Source: Adapted from Coccia (2018:461)

Figure 2-4 illustrates the power dynamic between core countries and peripheral countries, caused by an unequal exchange of surplus that is allocated methodically from traditional peripheral areas to developed areas in the core region. Thus, the world system theory has a power imbalance between core and periphery countries. This power imbalance results in the accumulation of capital in a global context and extracting raw materials from peripheral countries. For this reason, the world system theory is a world-centric approach, which focuses on the relationship between countries to promote social change. Sorinel (2010:220) highlights that the world systems theory involves political and intellectual activities moving into the fields of historical sociology and economic history, with emphasis on development and unequal opportunities in nations (Shareia, 2015:82). The world systems theory comprises of different divisions and areas within multiple cultural systems that have a labour pool (Wallerstein, 1974:390; Wallerstein, 1979:5) connected to a more extensive social system. In addition, the diversity in the system allows other nations to use certain best practices that benefit the local economies of developing nations. Unfortunately, in a developing country such as South Africa, methods and systems adopted from developed nations bring changes that negatively affect

development. Southall (2009:10) explains that there has been an urge from developed countries to control and gain access to the resources of African countries by convincing developing countries to implement neoliberal policies that benefit Western countries. Thus, it would be more practical for developing countries to apply the best practices to their local economies to advance development and improve the living conditions of citizens.

The world systems theory emphasises the importance of a world-centric approach. This study highlights the need for a people-centred approach in the local context. According to Korten (1990:67), a people-centred approach is explained as “the process by which the members of society increase their personal and institutional capacities to mobilise and manage resources to produce sustainable justly distributed improvements in their quality of life, consistent with their own aspirations”. Furthermore, Fox *et al.* (1991:20) assert the function of the social environment regarding patterns of interaction within society and mention factors that must be considered in a social environment that include, for example, the demographic characteristics, housing and education. The following aspects are critical in understanding the sensitive nature of the social environment and its influence on other environmental variables (Smit *et al.*, 2007:70). Unlike the world systems theory, a people-centred approach promotes human development to increase the level of participation, but also brings purpose and meaning through informed sectoral development frameworks.

#### **2.3.4 Growth and catch-up theory**

The growth and catch-up theory explains the pursuit of economic growth by developing countries to advance to the level of Western and Eastern Europe. The growth and catch-up theory can be divided into the broad internal capital and innovation models. The overall capital model is centred on capital investments and human capital related to the technological changes that require learning through practice, and knowledge spill overs. On the other hand, the internal development innovation model focuses on the technical improvements arising from deliberate and international innovation by producers and other stakeholders involved in the development process. The state plays an essential role in income growth and advancing development in a specific locality (Romer, 1986:1002-1037; Crafts, 1996:745-772; Martin & Sunley, 1998:209).

### 2.3.5 Globalisation theory

Globalisation theory emerged in the 1980's during the expansion of capitalism and the growth of civilisation after the Cold War (Jomo & Shyamala, 2011:xvii). It was around this time that nations such as China, Asia and Europe focused on accelerating transnational business trade to expand their own territories (Dauderstadt & Stetten, 2005:226). According to McMahon *et al.*, (2014:215), this is an indication of the importance of globalisation in the world today and its effect on global interdependence of resources, suppliers, product markets and business competition, which creates an environment that is integrated and competitive in the business sector. For example, emerging developing countries such as South Africa participating in the global economy need to shift from an internal economic practice to an open market economy (Shokane *et al.*, 2004:1-2; Magner, 2008:130) within a wider context involving the social, economic and environmental dimensions (Chipunza & Gwarinda, 2010:3; Geldenhuys & Veldsman, 2011:2; Mokgolo *et al.*, 2012:1).

To put it differently, globalisation is not only a gradual process but functions in a dynamic and complex world. According to Camino and Zeldin (2002:37) and Potrafke (2015:509), globalisation is a theory of economic development providing constructive suggestions about how developing countries can achieve positive outcomes. It is a Euro-centric approach aiming to spread capitalism around the globe (Shareia, 2015:83). In support, Mir *et al.* (2014:607) and Davies and Egbuchu (2019:20) define globalisation as a multidimensional process comprising of economic, social, political, technological and cultural dimensions that encompass an increase in global trade, financial flows, a rise in migration and high inequalities in some countries that have not challenged traditional paradigms (Moghri, 2012:1).

In addition, scholars such as Subasat (2015) and Currie-Adler (2016) suggest that the globalisation theory is a broad social phenomenon involving growth in cultural differentiation and functional integration of the global economy. As a result, there is need for international trade and investment, mass advertisements in advancing information technology (Currie-Adler, 2016:6) this level of broadness suggests that policies are insufficient to handle these transformations today (United Nations, 2018:9). According to

Rzepka and Masurashvili (2014:187), this is mainly because globalisation theory is an evolutionary process that cannot be controlled or predetermined but is rapid and affects the social dimension at a micro and macro level such as trade, transport, finance, employment, means of communication, ways of life, culture and the political system. The changes mentioned need a shift not only in mindset but in leadership. Hence, stakeholders in the private, public and non-governmental organisations (NGOs) should coordinate and collaborate to find a sustainable approach in successfully improving the living conditions of people and enhancing the business environment (Alsaedi & Male, 2013:641-643; Stock & Özbek-Potthoff, 2014:1651; Story *et al.*, 2014:132) in the context of development, job creation and innovation. Most economists are of the view that the benefits of globalisation are more than its disadvantages and attribute the success of some nations to its existence.

Despite the above-mentioned, leadership in developing countries like South Africa requires an understanding of the global challenges and implications of national development and the local economy (McMahon *et al.*, 2014:215), because developing countries have experienced a different historical context compared to developed countries and are faced with lasting effects from Covid-19, which led to an economic downturn. As a matter of fact, researchers agree that leaders are more like a disease due to their timid, simplistic and ineffective approaches when addressing challenges at a global or local context (Pearce & Manz, 2014:215-216). In relation to these views, there is a common consensus amongst authors that more still needs to be done by the 21<sup>st</sup> Century leaders in acquiring necessary skills and competencies to manage global crises and societal challenges experienced in the local context (Cseh *et al.*, 2013:35; Terrell & Rosenbusch, 2013:1058; Ahnlid & Elgström, 2014:80; Sharabi, 2014:184-185).

It is evident that globalisation does not have a single definition but is a process that brings about change in society. Hence, there is a need for a collaboration and alignment amongst leaders to manage societal challenges that are a barrier to development. Surprisingly, some authors claim that globalisation has positive effects in society such as effective allocation of domestic resources, diffusion of technology, improvement in production of goods and the accumulation of capital at a global scale. Contrary to this view authors highlight the negative effects of globalisation in relation to a country's economic status (Samimi & Jenatabadi, 2014:2). Bovaird (1992:345) observes that rapid

urbanisation is an outcome of globalisation, and results in challenges such as pollution and raising waste levels, and increased housing and transportation needs. Therefore, this study agrees that change in globalisation is inevitable, and as a result it is important to readjust policies or strategies to complement the effect of globalisation by improving the economy and living conditions of individuals. Furthermore, globalisation theory is an interdependent event with various systems such as communication, trade and finance (Reyes, 2001:2), which functions within multinational firms of the West to alleviate poverty, along with promoting economic growth, allowing the free flow of technology, human resources, and the spread of information to create a worldwide platform for development (Robertson, 1992:8; Bawa & Ali, 1999:1). For this reason, development in its broader context involves systems such as institutions, people, technology and interaction in developing countries (Lehman, 1976:10; Remenyi, 2004:22). Dudley (1999:25) concurs that globalisation is centred on world domination by the West through the lense of capitalism, which is market focused (Currie, 1998:1). In support, Held *et al.* (1999:14-16) concur that an international system consists of dominant states, international corporations and transnational social movement. In relation to the above views, Meyer (2014:624) states that local development must be prioritised. Similarly, developing countries such as South Africa grapple with societal challenges from the effects of globalisation on developing and developed countries. The following section will explore the concept of economic development.

## **2.4 ECONOMIC DEVELOPMENT AS FOCAL POINT OF BROAD-BASED DEVELOPMENT**

Economic development is a focal point in most developing countries and is integrated within policies to achieve sustainable economic growth and improve the living conditions of people (Ogujiuba *et al.*, 2012:647). Hence, the need of allocating resources to priority areas such as education, health care, housing, transportation and infrastructure. Instead, the new economics highlight that economic development in socio-economic, political and institutional dimensions to improve living conditions, reduce unemployment and poverty, and decrease income inequality and crime in society is crucial (Todaro & Smith 2012:12; Coccia 2017:190). However, such changes do not happen instantly and necessitate collaboration, cohesion, communication and coordination amongst policy makers, stakeholders and government to understand the need for economic growth (Remenyi,

2004:22; Willis, 2005:27; Ajei, 2007:1). Economic growth requires appropriate conditions for broad-based development such as creating an environment, which allows individuals to be effective, creative and skilled for the positive advancement of society (Anyanwu, 2014:468).

In light of the above-mentioned, targeted change is vital for broad-based development (Dunne & Nikolaidou, 2012:540; Ciuiu, 2014:167-168; Batuo *et al.*, 2018:170). Therefore, scholarly authors suggest that economic development is an output, which occurs from labour, capital, technology, land and intellectual skills (Fraser, *et al.*, 1996:99; Crookes & Lyne, 2001:670; Chisadza & Bittencourt, 2019:244). Additionally, Gupta and Ziramba (2009:661-662) postulate that economic development is linked to the performance of a country with a focus on improving living conditions of individuals by transforming a low-status economy to a high-status economy (D'Agostino *et al.*, 2012:190-191; Awolusi *et al.*, 2017:186; Dunne *et al.*, 2018:994). For instance, the economic performance of post-apartheid South Africa was attributed to various aspects such as public investment, low cost of input, export growth, growth in manufacturing and service sectors and good governance (Ogujiuba *et al.*, 2012:647). This signifies that economic conditions must be prioritised in developing countries because they contribute to a nation's growth (Afzal & Gow, 2016:383; Santangelo, 2018:76; Iwegbunam & Robinson, 2019:34-35). It is equally important to incorporate aspects such as innovation, learning prospects and knowledge enhancements as essential for economic growth (Gunter & Massey, 2020:4-5; Kotze *et al.*, 2020:218-219).

Hanival and Maia (2008:71) accentuate certain challenges that are barriers to economic development, namely "the volatility of the currency, poor logistics systems, shortage of skilled manpower, limited investment opportunities, poor regulatory environment and deficiencies in governance" implying that having a set target is critical or else countries will continue operating in a dysfunctional environment. The different perspectives of economic development are vital. Therefore, a sound and quality policy is necessary to effect positive change (Collier & Dollar, 2001). On that note, this study adopted the broad definition of economic development as a process that enhances economic capacity and improves the living conditions of individuals to develop in accordance with their potential and capacities (see Odhiambo, 2009:617-618; Mahadea & Kaseeram, 2018:1-2; Matebesi & Marais, 2018:373-374; Munzhedzi & Makwembere, 2019:660-661; Sithole,

2022:17). For instance, the South African context comprises of policies and legislations that support the need for positive change in the local context. The various policies and legislations include reformulation of development for the poor, the National Strategy for Development and Promotion of Small Businesses in South Africa, the Integrated Sustainable Rural Development Strategy but to name a few (Mashamba, 2008:425; Go *et al.*, 2013:6; Koma, 2013:128; Tlokwe Local Municipality, 2015:79). The policies and frameworks highlight the importance of creating an environment that enhances job creation through providing opportunities for the elevation of individuals to acquire employment opportunities that benefit individuals and businesses through strategic thinking, planning and environmental scanning. However, for most South African municipalities, the unfolding of the LED strategy has experienced both successes and failures (Munzhedzi & Makwembere, 2019:660-661). According to Lawson (2012), the shortcomings of the LED process are caused by inadequate monitoring and evaluation, lack of financial and human resource capacity, corruption, weak leadership, and lack of proper coordination. These LED failures highlight the inconsistencies experienced with the LED strategies and capabilities bringing into question the method and value of LED. Nonetheless, LED remains a vital approach in the continual prioritisation of citizens and SMMEs. Regardless, persistent failures indicate that more still needs to be done for a successful LED strategy. For this reason, local government has a legislative mandate to promote social and economic development to poor and disadvantaged communities, by managing public resources and prioritising the needs of local communities (Ismail *et al.*, 1997:3; Adetoritse, 2011:66; Ahmad, 2012:50; Mathenjwa, 2016:116).

At the local level, the South African Local Government Association (SALGA, 2010:5-6) states that the realisation of growth and development in the LED is determined by an effective local government that will make use of policies, programmes, and projects to create a favourable environment for citizens and businesses to succeed. LED plans are based on a balanced approach to “pro-poor” and “pro-growth” communities (Meyer, 2014: 624). In contrast, the LED strategy has been criticised for not being locally effective in addressing societal ills (Simon, 2018) and enhancing economic capacity (The World Bank, 2003:4; Cunningham & Meyer-Stamer, 2005:4; Maxegwana, Theron & Draai, 2015:4; Strydom, 2016:73). For example, during the 1994 elections, South Africa experienced a transition from an Apartheid system to a democratic state that reflected the LED mandate in the Reconstruction and Development Programme (RDP) of the

African National Congress (ANC). The RDP in Section 4.3.5 states that local government must establish the growth of local economies and foster representative institutions. Their purpose would be to formulate strategies for addressing job creation and community development.

From the abovementioned it is evident that economic development is a crucial component for improving the livelihoods of individuals and enhancing financial capacity through job creation (O'Sullivan & Sheffrin, 2003:471; World Bank, 2003:5). Job creation is not a means to an end, but a process involving local actors to combat unemployment (Swinburn *et al.*, 2006:1). Economic development is fundamental. It must be a priority in developing countries. Herrick and Kindleberger (1977:1), Durning (1990:24) and Kanayo *et al.* (2021:116) agree that economic development is a process involving improving people's living conditions. For this reason, local government needs to take up a leadership role that enhances and develops sustainable economies. For example, countries like South Africa and Nigeria operate in a federal system where decentralisation shares political and economic justifications (Diejomaoh & Eboh, 2010:12-13). The economic approach focuses more on the locality through promoting inclusive and broad-based growth essential for economic development in local and national resources. In contrast, the political system manages state affairs by reducing tension in power sharing between countries and caters for a wide range of needs in society. Therefore, the next section will briefly explore the paradigmatic perspectives of economic development.

#### **2.4.1 Paradigmatic perspectives of economic development**

Paradigmatic perspectives of economic development provide insight into its evolution over the years. Hence, a paradigm is a framework or pattern of how something is structured (Pelli, 1986:100; Rehman & Alharthi, 2016:51). For example, the development process in Europe and North America evolved from the 1950s and 1960s in the social, economic, political and environmental dimensions. In this period, the focus was to maximise growth and address challenges related to poor living standards, gender and communities affected by high poverty (Basu, 2000:64). Seligson and Passe-Smith (2003:126) agree that early economic development theory extends conventional economic theory to development with growth and industrialisation.

Around this time, countries like Latin America, Asia and Africa were categorised as underdeveloped compared to their counterparts in Europe and North America. Underdevelopment is “a continual relationship of exploitation where, at any one level in the chain, an entire economic surplus is not available for reinvestment (Smith, 2013:57). This affects governments from achieving their development goal (Anupam, 2016:4). Similarly, modernisation theorists argue that developing countries have failed due to their inability to introduce innovations to their traditional practices (Isbister, 2006:36), creating a capitalistic society focused on upward mobility.

Modernisation theorists view change within the linear stages of development, which is a “one size fits all” model (Isbister, 2006:33). The following section will briefly examine the linear stages of development.

#### **2.4.2 Linear stages of development**

The linear stages of development were made famous by Alexander Gerschenkron and Walt W. Rostow, who stipulate the significance of a country achieving development. In spite of the importance of development, developing countries cannot truly follow the development path taken by western countries because society has evolved (Seligson & Passe-Smith, 2003:126). According to Todaro (1994:68), the linear stages of development lacked readily available conceptual apparatus to analyse the economic growth process in peasant, agrarian societies characterised by the absence of modern economic structures. For instance, the notion in modernisation is that cultural barriers impede development. However, in a developing country like South Africa, various cultures complement its staff and serve a diverse community where all cultures are inclusive and integrated into the LED strategy. Furthermore, the linear stages of development are based on the correct quantity and mixture of saving, investment and foreign aid, which are necessary for developing countries to proceed on the economic path of developed nations. In the following section, Rostow’s stages of growth and the Harrod-Domar theory are examined.

### **2.4.2.1 Traditional society**

In the traditional society, there are limited production functions. This domain comprises an economy dominated by subsistence farming, where output is about production, not trade. Agriculture is the centre of this society, and production requires intensive labour using limited quantities of capital. Resource allocation occurs through traditional production methods (Ford, 2004, Hunter, 2012). The conventional society is in a static position and includes an increase in output. Thus, there is room for change through product innovations in trade, industry and agriculture (Rostow, 1960:4).

### **2.4.2.2 Preconditions for take-off**

The pre-conditions for take-off support societies moving in the direction of change. According to Rostow (1960:5), transforming humanity from one stage to another takes time to exploit the fruits of modern science and oppose diminishing returns. This model focuses on the importance of economic progress in contributing to national dignity, private profit, the general welfare, or a better life for all in society. In this stage, education is essential to broaden and make changes that suit the needs of a modern society. Investment also increases in sectors such as transport, communications and raw materials, in which other nations may have an economic interest. The pre-condition for take-off proceeds at a limited pace within an economy and a society mainly characterised by traditional low-productivity methods (Rostow, 1960:5). In addition, this stage experiences changes in the economy and social sphere; the political arena plays a significant part. Politically, there was a shift from a traditional society to a more centralised national state based on coalitions touched by a new nationalism. This stage is critical in setting a country or region up for better shape (Ford, 2004).

### **2.4.2.3 Take-off**

The third stage is a take-off, the point where a society overcomes old patterns and challenges that hinder economic progress. Economic progress is central, and a priority for technological advancement in the take-off stage. Generally, the take-off stage focuses on technological advancement in agriculture and industry (Rostow, 1960:5). At this time, a group's political power sees the need for modernisation within society as a political

business. During this stage, investment rise is inevitable and adequate for the country or region's growth (Rostow, 1960:6-8). Industrialisation increases daily with more workers moving from agriculture to manufacturing. The changes result in the evolution of new political and social institutions supporting industrialisation. Growth becomes self-sustaining, and investment generates more opportunities (Ford, 2004).

#### **2.4.2.4 Drive to maturity**

The drive to maturity includes long periods of sustained progress, where modern extending technology becomes the central hub of economic activity. The economy's structure continuously evolves when a technique improves, industries accelerate and older industries level off. On an international scale, the economy improves with previously imported goods produced on home-ground (Ford, 2004). In addition, efficient production and balancing of newer institutions and values against older practices are vital for production's success (Rostow, 1960:7). Thus, the economy expands rapidly in various areas, which allows for more investment opportunities through technological innovation and output within a particular region or country. The drive to maturity has a balanced and self-sustained labour force, primarily urban, and includes skills development, community-driven and more bureaucratic, with the state possessing more control regarding providing economic security (Nafziger, 1997:92; Ford, 2004).

#### **2.4.2.5 Age of high consumption**

The age of high consumption has sectors that are moving towards durable consumer goods and services. In this stage, real income per head increases and a large group of people gain control over consumption. The working force dominates, and there is a rise in the proportion of urban to the total population and the balance of the population working in offices (Rostow, 1960:8-10). The economic changes shift their focus from individuals working in offices to the expansion of modern technology in society. This stage sees western societies allocating more resources to welfare and security. The welfare state is critical because it highlights a community moving beyond technical maturity. This welfare state directs resources to the production of consumer durables and the diffusion of services on a mass basis (Rostow, 1960:8).

Considering the aforementioned five stages of Rostow, capital accumulation through domestic savings and foreign investment is critical for economic growth and development. However, concerning this study, development is viewed as a multidimensional concept comprising various dimensions like social, political, technological, economic, sustainability in pursuit of economic advancement and improvement of the standard of living. Thus, Rostow's economic growth stages do not consider the differences in developing countries, for example, societal challenges that are a barrier to development affecting a country's purchasing power.

The LED strategy is a developmental intervention in the social, economic and environmental dimensions, emphasising a set target. In support, the local economic development theory highlights the importance of decentralisation to local government as this is closest to the people. As a result, there is need for a hybrid approach in the LED strategy that makes use of a top-down and bottom-up approach given the lack of capacity at the grassroot level in relation to Rostow's economy stages, which support the top-down approach. The top-down approach contradicts the function of the LED strategy in South Africa with a strongly participatory approach because the focus is on addressing the needs of individuals. Unlike the linear stage approach, the LED strategy is inclusive and integrates the needs of people through collaboration with relevant stakeholders. The linear approach suggests that developing countries need favourable conditions for development to take place. These conditions, according to Todaro (1994:73), are:

- savings and capital formation are critical if any form of development is to occur.
- mobilise savings to generate investment and sustain an economy in the long term; and
- Stage 3 is critical and, without sufficient savings concerning national output, can affect the realisation of development.

Although the above conditions are essential for developed countries, the same cannot be said of developing countries struggling with societal challenges. Societal challenges in this study are unemployment, poverty and inequality, which are problematic and cause devastating effects on the quality of life for individuals and the economy (Bateman *et al.*, 2011:1; Ababio & Meyer, 2012:9; Zhanje & Tala, 2016:278). Compared to developed countries, developing countries such as South Africa experience high unemployment,

chronic poverty and inequality partly originating from past policies (Horn & Lloyd, 2001b:59; Vazquez-Barquero, 2011:509; World Economic Prospects, 2013:9).

Furthermore, there is no mention of how leading sectors develop in free and controlled markets. However, for developing countries, Rostow's model is limited even though it seeks economic growth and development. Economic progress through development is broad and cannot be limited to a linear system. For this reason, local government needs to facilitate the LED strategy by prioritising development through collective action and integration, which is vital because the contribution from relevant stakeholders is imperative. The last section briefly explains structural change models of economic development.

## **2.5 STRUCTURAL CHANGE MODELS OF ECONOMIC DEVELOPMENT**

Structural change models are necessary for developing countries to transform their economic system from a traditional society with subsistence agriculture to a more modern, urbanised and industrially diverse manufacturing and service economy. Furthermore, the structural change models are concerned with resource allocation theory and modern econometrics in describing how the above transformation occurs (Todaro, 1994:74). The two models explored in the next section are the two-sector model and the patterns of development theory.

### **2.5.1 The two-sector model**

The two-sector model is a theory of development in which surplus labour is transferred from a traditional agriculture sector to a modern industrial sector where growth happens over a period. This results in an increase of industrialisation and sustained development (Hosseini, 2012:134). The conventional agriculture sector involves subsistence wage, which comprises of low productivity, low incomes, low savings and underemployment. The industrial sector is more about technology with high levels of investment operating in an urban environment (Lewis, 1954:132). The current industrial sector offers workers' wages to improve their living standards. The model is also about developing countries' transition from stagnant to dynamic economies through rapid capital accumulation.

Furthermore, the model is criticised by Todaro and Smith (2006:112-113) for making the following assumptions:

- Assuming the transfer of labour and creating employment as capital accumulates in the modern sector. The faster the rates of capital accumulation, the higher the growth rate of the current industry and the quicker the rate of new job creation. Another approach is investing capital profits in more labour-absorbing equipment instead of duplicating the existing as stated in the two-sector model.
- The model has surplus labour in rural areas and employment in urban areas. Generally, research indicates that there is a general surplus of work in rural settings.
- The model comprises of a competitive labour market that guarantees the continued existence of constant real urban wages to a point where the supply of rural surplus labour is exhausted. In addition, institutional factors such as union bargaining power negatively influence the competitive forces in labour markets.
- Lastly, the model is made up of returns that diminish in the modern industrial sector, but there is evidence that increased returns prevail in this sector, causing problems for development policy making.

From the abovementioned, it is evident that developing countries have a dual economy with a traditional, rural and subsistence sector and an industrial, modern and urban sector. However, the Lewis two-sector model states that a capitalist state is a solution for developing countries to experience improvement in living conditions and growth in technology. Although this research agrees that developing countries consist of a dual economy, rapid capital accumulation is not sufficient in addressing societal challenges that not only hinder the economy but affect the standard of living in communities. As a result, economic development cannot be solely based on capital accumulation, but the integration of the leadership role of local government through the strategic readjustment of policies to address societal challenges that are problematic and decrease purchasing power in developing countries.

## **2.5.2 The pattern of development theory**

The pattern of development theory is a model based on the work of Hollis Chenery. This theory involves a sequential process in an underdeveloped economy's economic, industrial and institutional structure. Capital accumulation from a physical and human level is essential to transition from a traditional financial system to a modern one. The structural changes involve a transformation of production, changes in consumer demand, and international trade, including socio-economic factors such as urbanisation and the growth in the distribution of a country's population (Todaro, 1994:79).

There are five features identified by Chenery in the development process of developed countries which include the following (Syrquin *et al.*, 1984; Coccia, 2019:3):

- a shift from agriculture to industrial production;
- a steady accumulation of physical and human capital;
- a change in the composition of consumer demand;
- a growth of cities and urban areas; and
- a decrease in family sizes and overall population growth within communities.

The previously mentioned five features are limiting and rigid in that they are structured for developed countries and are a sequential process. This is problematic in that it is linearly focused and does not take into consideration the differences between developed and developing countries such as economic make-up and historical context. For instance, developing countries are faced with various challenges such as unemployment, poverty and inequality that create stumbling blocks for effective and successful planning, implying that priority areas of developed and developing countries will be different. Therefore, it is essential that developing countries like South Africa maintain a people-centred approach as stated in the Constitution, which is necessary for human development. In the following section the origin and nature of LED is examined.

## **2.6 LED: ORIGIN AND NATURE**

LED practices in the global North are traced back to the 1960s (Nthekeleng, 2014:153). The global North includes developed countries such as the United States of America, the

United Kingdom and Australia (Nel, 2001:1004; Linake, 2016). LED in the global North was based on three fundamental principles: the increase of community-based enterprises, the active role of government in the provision of resources, and extensive training in community-based initiatives (Geddes, 2004). Furthermore, developed and developing countries have various reasons for adopting the LED strategy. According to Nel (2001:1004), the move for developed countries was a response to the “development impasse” (Cobbett, 2013:20; Mbeba, 2014:348), which caused a collapse in economic growth, while for developing countries LED was an alternative to address critical issues such as unemployment, poverty and inequality (Mashamaite & Lethoko, 2018:116). Subsequently governments in developing and developed countries invested significantly in projects that aimed to promote positive change in people’s living conditions and the economy (Mlambo *et al.*, 2019:693-694). For instance, in the 1970s America took an interest in the LED strategy to enhance economic growth (OECD, 2014), whereas African countries experienced a lack of external investment and a declining economy (Nel, 2001:1005), which affected the adoption of the LED strategy in the local context (Parker & Costa, 2021:3). LED is a relatively new concept in developing countries. It gained recognition in the early 1990s (UNCDEF, 2007:2), with LED initiatives ingrained in government funds known as the “Single Regeneration Budget and the City Challenge” (Reddy & Wallis, 2011:25).

The evolution of the LED strategy happened in three phases. The first phase of LED began in the 1960s. It concentrated on the manufacturing of industries, increasing firms and infrastructure projects to attract foreign direct investments and financial incentives, which allowed the participation of new industry branches for physical infrastructural investments (Maliki *et al.*, 2008). The integration of the aforementioned focus areas aimed to address societal problems in disadvantaged areas by implementing policy plans to boost economic development (Nel & Humphrys, 1999:278; Reddy & Wallis, 2011:25–26). In addition, LED initiatives in Africa provided several possible solutions to the challenges experienced in industrial cities such as Johannesburg and Cape Town. The industrial cities were burdened by rapid urbanisation, health concerns and overcrowding due to the LEDs’ ineffective design and execution (Blakely & Bradshaw, 2013).

The second wave transpired between 1980 and the mid-1990s. The local government utilised the LED strategy to support businesses, including small firms (World Bank,

2001:29; Marenga & Kandjeo, 2019:105-106). As a result, developing countries used the LED strategy as a development intervention to reduce poverty and protect small economies against globalisation. During this wave, LED gained prominence around the globe dispersing to the African continent as a decentralisation initiative, focusing on promoting local actors and attracting local investments (Le Heron, 2009:93; Rogerson & Rogerson, 2010:466).

In the third wave, the LED strategy centred on soft infrastructure investment, public-private partnerships (PPPs), and networking (Nuwagaba, 2008:6; Reddy & Wallis 2011:25), making positive changes in the business environment, and addressing inequalities in previously disadvantaged communities (World Bank, 2001:30). In the same fashion, the evolution of the LED strategy continued in the 1990s resulting in the adoption of economic growth-driven strategies to promote the development of LED-driven systems on an international scale. Furthermore, the growth-driven strategies included small-scale businesses and community initiatives directed towards the participation and sustainability of companies to increase economic opportunities. According to Abrahams (2003:189) and Kahika and Karyeija (2017:159), LED initiatives aimed to address specific social and economic challenges in the local context by giving attention to the mobilisation and redistribution of resources, the promotion of local creativity and innovation, investment in human capital, the provision of technical assistance and entrepreneurial training. From the above-mentioned, the three phases of LED depict that development needs to be inclusive, integrated and a participatory process (Nthekeleng, 2014:153; Mashamaite & Lethoko, 2018:115).

Moreover, the evolution of LED has been evident in Latin America and Africa. For example, in Mexico, LED practices are integrated within almost half of the country's municipalities to promote local development (Rogerson, 2013). Similarly, in Uganda, the LED strategy was implemented around the mid-1980s after the approval of the decentralisation system as a pivotal component to eradicate poverty and promote local development that is inclusive, sustainable and integrated (Kahika & Karyeija, 2017). For both countries, the LED strategy functions as a development strategy for local municipalities to address societal challenges that hinder economic growth and job creation (Houghton *et al.*, 2013:14). The South African Government at the local level has also attracted investment through innovation and entrepreneurship (Geddes, 2004;

OECD, 2004). The attraction of investment and entrepreneurship resulted in place marketing, a phenomenon that generally encourages local government structures to be competitive with each other and enhances economic growth (Parker & Costa, 2021:2). As a matter of fact, in places like the United Kingdom and the European Union, the LED strategy gained recognition due to high levels of unemployment caused by economic restructuring and industrial decline in old areas (Geddes, 2004). Therefore, LED is not a new concept, and has evolved over the years.

It is clear that development is a continuous process as explained in the three developmental stages of LED, which are local and international agricultural investments (1960-1980), multi-sectoral investment attraction (1980-1990) and a conducive business environment (1990-to date) (Nthekeleleng, 2014:153), summarised by the following Table 2-1.

**Table 2-1: The three waves of LED**

| Wave                       | Focus   | Tools  |
|----------------------------|---|--|
| First: 1960 to early 1980s | <ul style="list-style-type: none"> <li>• mobile manufacturing investment, attracting outside investment, especially the attraction of foreign direct investment</li> <li>• hard infrastructure investment</li> </ul>  | <ul style="list-style-type: none"> <li>• massive grants</li> <li>• subsidised loans usually aimed at inward investing manufacturers</li> <li>• tax breaks</li> <li>• subsidised hard infrastructure investment</li> </ul>  |
| Second: 1980s to mid-1990s | <ul style="list-style-type: none"> <li>• the retention and growing of existing local businesses</li> <li>• still with an emphasis on inward investment attraction but usually this was becoming more targeted to specific sectors or from certain geographic areas</li> </ul> | <ul style="list-style-type: none"> <li>• direct payments to individual businesses</li> <li>• business incubators or workspace</li> <li>• advice and training for small and medium sized firms</li> <li>• technical support</li> <li>• business start-up support</li> <li>• some hard and soft infrastructure investment</li> </ul> |
| Third: Late 1990s onwards  | <ul style="list-style-type: none"> <li>• soft infrastructure investments</li> <li>• public or private partnerships</li> </ul>   | <ul style="list-style-type: none"> <li>• developing a holistic strategy aimed at growing local firms</li> </ul>  |

|  |  |  |
|--|--|--|
|  | <ul style="list-style-type: none"> <li>• networking and the leveraging of private sector investment for the public good</li> <li>• highly targeted inward investment attraction to add to the competitive advantage of local areas.</li> </ul> | <ul style="list-style-type: none"> <li>• providing a competitive local investment climate</li> <li>• supporting and encouraging networking and collaboration</li> <li>• encouraging the development of business clusters</li> <li>• encouraging workforce development and education</li> <li>• closely targeting inward investment to support cluster growth</li> <li>• supporting quality of life improvements</li> </ul> |
|--|--|--|

Source: Adapted from the World Bank (2004:28-29)

The three waves have commonalities related to the role of local government, the private sector and NGOs (Kanayo *et al.*, 2021:106) that focus on improving the local economy (Giampiccoli & Saayman, 2016), and strengthening individuals' living conditions through job creation (Rodríguez-Pose, 2002:6; International Labour Organisation (ILO) 2006:3) implying that job creation is a critical outcome of LED. In addition, there are significant components of the LED strategy such as participation and social engagement, territorial approach, mobilisation of resources and local competitive advantages (Rodríguez-Pose, 2002:8) guiding local government in its leadership position through a bottom-up approach instead of a top-down approach. Table 2.2 below depicts the differences between top-down approaches and bottom-up approaches.

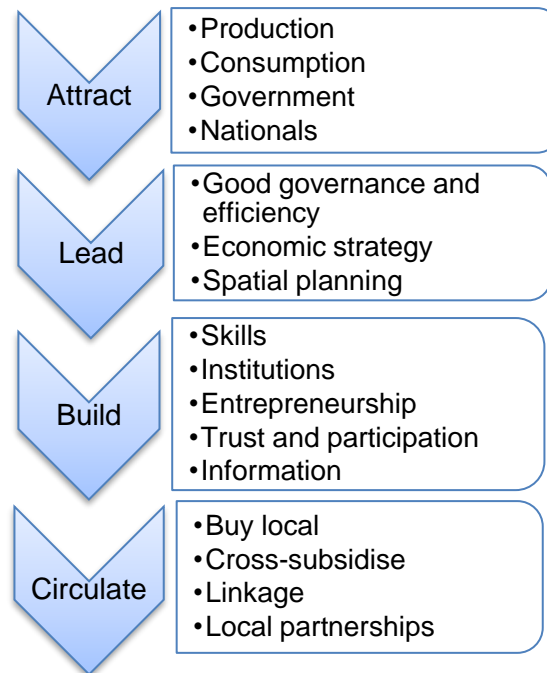
**Table 2-2: Differences between top-down approaches and bottom-up LED approaches**

| <b>Top-down approaches (traditional development planning)</b>                      | <b>Bottom-up approaches</b>   |
|--|---|
| 1. Development planning of an area is done from a distance                         | 1. Development of a local context is influenced by initiatives coming from below  |
| 2. Matters concerning community planned through national or central administration | 2. Horizontal and vertical cooperation is encouraged. Horizontal cooperation takes place between stakeholders: e.g. public sector, private sector, non- |

|   |   |
|---|---|
|   | governmental organisations etc. Vertical cooperation is between the three spheres of government.  |
| 3. Sectoral approach to development   | 3. Territorial based approach to economic growth  |
| 4. Focus is on large industrial projects to stimulate other economic activities                   | 4. Maximising the development potential of each area to stimulate gradual adjustment of the local economic system to the changing environment |
| 5. Financial support, incentives and subsidies as the main factor of attracting economic activity | 5. Provision of critical conditions for the development of local economic activity  |

Source: Adapted from Rodriguez-Pose (2002:10)

Table 2-2 depicts the differences between a top-down and a bottom-up approach. The main difference is that the bottom-up approach is mostly centred on inclusiveness and active participation, while the top-down approach is based on command and control. Therefore, for a strategy such as LED, the best approach is the bottom-up approach because the implementation process happens through the collaboration of key stakeholders, target groups and service deliverers. As a result, local government promotes change through the LED strategy to enhance development, economic growth and job creation in communities (Cunningham & Meyer-Stamer, 2005:4; Maxegwana *et al.*, 2015:4). Similarly, Blakely (1994:9) and Nel (2001:1), Meyer (2013) and Mbeba (2014:347) concur that LED as a practice depends on joint action from local governments and communities to achieve prosperity, general well-being and quality of life. The following key components are essential and must be included in LED, as depicted in Figure 2-5.



**Figure 2-5: Key components of LED**

Source: Adapted from the Department of Constitutional Development (1998:9)

The abovementioned components indicate that local development is a multidimensional concept of change bringing together economic, social, cultural and environmental dimensions (Kisman & Tasar, 2014:1690). The key elements of local development are building capacity of a defined territory, improvement of a municipality or region's economic future and quality of life for individuals. Thus, local development is essential because it contributes to the national economic performance and has gained prominence due to global competition, population mobility, technological advances and the effects of spatial differences and imbalances (Clarke *et al.*, 2010:22). For this reason, local government must prioritise addressing societal challenges that are a barrier to development, by improving people's quality of life, developing local assets, stimulating local markets, encouraging a participatory approach and promoting regional development projects (Kisman & Tasar, 2014:1690). Markusen (1996) and Friedman (2005) accentuate the importance of the LED strategy as a sustainable development intervention instrument in an evolving society (Kahika & Karyeija, 2017:159). This is because globalisation affects transport, technology and communication. Despite the effect of globalisation, local government has a responsibility to promote entrepreneurship and provide technical support for Small and Medium Enterprises (SMMEs) (Friedman, 2005).

Similarly, scholarly authors regard LED as an alternative to most top-down development approaches (Binns & Nels, 1999; Helmsing, 2003; Rodriguez-Pose, 2008; Rodriguez-

Pose & Tijmstra, 2009; Rogerson, 2010). Top-down approaches affect developing countries because there is no participation from key stakeholders in the decision-making process (Nel & Rogerson, 2016). As a result, developing countries such as South Africa have adopted an inclusive approach, which paved the way for a local government-driven system (Rogerson, 1994:180; Pretorius & Blaauw, 2008:156-157; Koma, 2014:15-16; Hofisi, 2014:127). On this basis, the following section briefly examines approaches and main features of LED.

**2.6.1 Approaches to LED**

This section presents the approaches and main features of LED in Table 2.3 below.

**Table 2-3: Approaches and main features of LED**

| <b>Approach</b>                         | <b>Main features</b>  |
|---|---|
| Central Places                          | Theory aimed at widening service provision to certain centres but cutting costs   |
| Integration Strategies                  | Attempts by the state to allow markets to work more effectively by financial analyses to increase information regarding low wage areas and access to markets              |
| Growth Poles and Growth Centres         | Attempts to stimulate broad based growth by identifying certain sectors and targeting usually small and intermediate urban centres  |
| Spatially Oriented Regional Development | Stimulating growth by interlinking farm and non-farm enterprises, usually targeting basic needs and specific groups e.g. women  |
| Locally Integrated Economic Circuits    | Improving conditions for growth in rural areas through market access, resources, technology (green revolution), population structure, raising incomes, access to services |

Source: Davis and Rylance (2005:5)

The abovementioned approaches and features are critical for local government in understanding the function of a specific approach and how that contributes to the

advancement of society with a bottom-up approach instead of a top-down approach. In support, Davis and Rylance (2005:5) argue against the top-down approach, because it does not prioritise the local area and as a result, citizens are dissatisfied (Shafritz *et al.*, 2016:50). Brynard (2011a:77) concurs that ill-designed and broad-based policies may have negative consequences for employment. For this reason, the following approaches, namely business development, human resource development, locality development and community-based economic and employment development, form an integral part of the LED (Blakely, 1994:137-139; Fray, 2010:148) and are briefly explored below.

### **2.6.1.1 Business development approach**

The business development approach is vital in LED because it focuses on attracting, creating and retaining business enterprises to maintain a strong and vibrant local economy. The business approach has several components in LED that encourage development in the business sector and includes start-up financial institutions, one-stop centres, group marketing systems and research development programmes (Blakely, 1994:179; Manuel, 1997:14; CoGTA, 2015:2).

The central part of the business approach focuses on balancing the community and the business environment to accelerate economic growth and job creation and mobilise community resources to generate wealth. The next approach is the human resource development approach.

### **2.6.1.2 Human resource development approach**

The human resource development approach focuses on the business sector and job formation processes. Furthermore, local government has an essential purpose in providing tools and knowledge for communities to create social cohesion. In addition, the human resource development approach has four main elements: vocational education and training, job placement, client-oriented job creation and job maintenance (Swack & Mason, 1987:343; Blakely, 1994:208). The approach uses customised training, target placement and local employment programmes, including apprenticeship schemes, adult training, recreational facilities development and general literacy and community education projects.

### **2.6.1.3 Locality development approach**

Locality development focuses on land and image management. Land and image management are essential in promoting development. Land management has various practices to sustain the ground, while image development focuses on enhancing the image and appearance of a particular area (Oduro-Ofori, 2011:46).

Various aspects are associated with this approach such as land use planning, the development of visual themes that create a sense of identity, and the civic centre's amenity base and attractiveness to improve the local area. This approach uses different tools to better the environment, by making use of land banking, infrastructure provision, incentive zoning, regulation improvement, town planning and the provision of community services (Burgess *et al.*, 2001:1; Lawrence, 2013:523).

### **2.6.1.4 Community-based economic and employment development approach**

The community-based economic and employment development approach focuses on creating employment opportunities and enhancing investments using various activities in the local area (Rodrigues-Pose, 2001:10-11; Munzhedzi & Makwembere, 2019:660). In addition, community-based economic and employment development occurs in the local area where LED functions. The approach involves several components such as development of financial institutions, which supply start-up capital for community projects and provide technical assistance and workspaces for localities to initiate their economic activities (Manuel, 1997:14). According to Gravingholt *et al.* (2006:31-32), the LED approaches offer a variety of services to local businesses, namely regional business growth, new enterprises, inward investments, and investments in soft and hard infrastructure, including business cluster development.

The above approaches have different focus areas that aim to improve and enhance a specific locality. This highlights the complexity of local development and the need for joint effort and coordination amongst key stakeholders to make use of all available resources, expertise and experience (OECD, 2003:39). This gives rise to better environmental

scanning of local economic assets within a specific context (Clarke *et al.*, 2010:22). The following section deliberates different LED models.

## **2.6.2 Models for LED**

Models for LED assist institutions such as local governments in prioritising the needs of communities. The models are slightly different from the approaches and include the World Bank, the International Labour Organisation (ILO), ECOLOC (Economy Locally), UN-Habitat and the German Technical Cooperation (GTZ) models, which are briefly examined below.

### **2.6.2.1 The World Bank Model**

The World Bank Model focuses on implementing a habitat agenda within a global spectrum setting. It seeks to offer sufficient shelter for all and foster sustainable urban development. The UN-Habitat aims to sustain different environmental sections such as institutional reform, capacity-building, technical cooperation and advocacy needed to monitor and improve human settlements. This LED model is new and has four stages (Beyer *et al.*, 2003:19; Hindson, 2007:11). The first phase deals with mobilising, profiling and identifying issues concerning the environment in the local context. The second phase is about collaboration and consensus and setting objectives. The third phase identifies and prioritises action plans into strategic approaches, and the last stage focuses on implementing action plans, monitoring, and evaluation. The World Bank Model targets government, businesses, community-based organisations, and the community. However, local government is the focal point of this model and prioritises integration, coordination, and partnership with the relevant stakeholders (Ajei, 2007:1).

### **2.6.2.2 The International Labour Organisation Model**

The International Labour Organisation Model (ILO) is used as a blueprint in South Africa, Angola, Asia, Eastern Europe and Latin America (Hindson, 2007:6). The six steps of the ILO Model include territorial diagnosis, institutional structures, sensitising, local forum, design of the strategy, coordination or innovation of implementation of LED systems (Salzano, 2002:14; Meyer, 2014:631). The model focuses on creating implementation

structures and setting up specific institutions responsible for LED. The role of the government in this model is pivotal in collaborating with the private sector, regional governments and LED agencies.

### **2.6.2.3 The ECOLOC Model**

The ECOLOC Model is a French abbreviation for the local economy. The Local Economy Model was designed in 1997 in West and Central Africa, targeting areas in the rural regions, urban centres, small towns and agricultural hinterlands (Hindson, 2007:4-6). There are three phases in this model. The three phases have specific target areas that are assessed and examined in an environment—the first phase analyses the local economy, demographics, institutional, spatial and environmental dimensions. The second phase involves distributing information to specific stakeholders for their agreement and action, and the third phase focuses on implementing results and outcomes. The main driver within this model is local government with the support of other stakeholders in the private and business sector. The primary aim of this model is to enhance partnerships through ensuring sustainable outputs and outcomes (Linake, 2016).

### **2.6.2.4 The UN-Habitat Model**

The UN-Habitat Model focuses on implementing a habitat agenda within a global spectrum setting. It seeks to offer sufficient shelter for all and foster sustainable urban development. The UN-Habitat aims to sustain different environmental sections such as institutional reform, capacity-building, technical cooperation and advocacy, needed to monitor and improve human settlements. This LED model is new and has four phases (Beyer *et al.*, 2003:19; Hindson, 2007:11).

The first phase deals with mobilising, profiling and identifying issues concerning the environment in the local context. The second phase is about collaboration, consensus and setting objectives. The third phase identifies and prioritises action plans into strategic approaches. The last phase focuses on implementing action plans, monitoring and evaluation. The UN-Habitat Model targets government, businesses, community-based organisations and the community. However, local government is the focal point of this

model and prioritises integration, coordination and partnership with the relevant stakeholders (Ajei, 2007:1).

#### **2.6.2.5 The German Development Cooperation (GTZ) Model**

The German Development Cooperation (GTZ) Model focuses on the relationship between the national government and the local level. The role of the GTZ Model at a local level is to provide services and to strengthen local governments. The GTZ Model aims to translate economic concepts into analytical tools used and understood by practitioners and politicians. In countries like Ghana, South Africa and Uganda, the GTZ applied the participatory appraisal of the Competitive Advantage (PACA) Model, which has three phases, namely the build-up phase, the PACA exercise and the actions that follow (Beyer *et al.*, 2003:21; Hindson, 2007:8-10). The first phase involves a consultant team trained in the tool to gather information for local champions in preparing local stakeholders for the PACA exercise using various forms of advertising to provide an initial description of the approach. Different activities undertaken by the PACA Model include a combination of diagnosis, participation and action plan in a tightly structured and facilitated process. The PACA Model targets small and medium-scale enterprises (Hindson, 2007:10).

From the above-mentioned, it is evident that these models have both advantages and disadvantages. The models highlight the significance of the local area to effect change. However, in relation to this study the ECOLOC Model is most appropriate for the LED strategy because its focus is on the local context with the aim of assessing the local area, identifying the necessary stakeholders, relationships and roles, designing a plan and implementing and managing the LED strategy occurring within a defined territory. The ECOLOC Model provides structure and direction in assisting role-players to prioritise the needs of people to achieve economic growth and job creation. The subsequent section will explore the importance of government within society regarding local development.

### **2.7 LOCAL ECONOMIC DEVELOPMENT: THE SOUTH AFRICAN CONTEXT**

The LED strategy has impacted developing countries in the African context. African countries have encountered challenges related to unemployment, poverty, inequality, low income and poor service delivery (Horn & Lloyd, 2001:59; Vazquez-Barquero, 2011:509;

World Economic Prospects, 2013:9). Societal challenges are a barrier to development (Meyer & Venter, 2013:92; Meyer, 2014:624). According to Lele (1991:609), Taylor (1992:214) and Gordon (2006:93), targeted change is essential and requires clear developmental goals for improvement in communities. As a result, the South African Constitution serves as a guide for legislation and regulatory frameworks that emphasise the need for economic growth. The Constitution stipulates the importance of development and job creation, which must encompass the improvement of well-being. The shift from central government to the local context is significant because it focuses on communities' needs to promote societal progress (Cox, 2011:275; Wekwete, 2014:9).

The national government was arguably unsuccessful because it implemented a top-down approach to development policy and discounted local needs (Shafritz *et al.*, 2016:50), resulting in no participation from key stakeholders because top management focused on having control over policy-related matters (Gundlach & McDonough, 2011:1), which comprised of poor response to issues experienced by communities, failure to meet policy objectives, incorrect strategy, poor operationalisation and defective instruments (Parson 1995:465; Moya 2002:30). The bottom-up approach prioritised the needs of people, while the top-down approach focused more on control and authority to ensure that officials in the local context are accountable for their actions in executing programmes and projects (Gundlach & McDonough 2011:10). As a result, the implementation of programmes and projects entails accountability, which is the “obligation to answer to someone with authority for the execution of one’s assigned responsibilities or an obligation to demonstrate and take responsibility for one’s performance against agreed performance standards” (Barberton, 2013:12). For this reason, the role of the municipality’s Department of Economic Development is significant in relation to the bottom-up approach. This is because the municipality’s Department of Economic Development determines the success and implementation of the LED strategy at the local level (Tlokwe City Council, 2013:52), which encounters challenges regarding development planning and the concerns of communities (Musavengane, 2018:5) in relation to regional economic potential and competitiveness in global trade and the economy (De Leon & De Leon, 2002:471; Uwizeyimana, 2012:113; Kamara, 2017:98). This suggests that the top-down and bottom-up approaches comprise of strengths and weaknesses (Cloete & Wissink 2000:170; Uwizeyimana 2014:86-87).

The South African local government sphere provides services to communities as mandated by the Constitution. It is a critical hub where economic development and job creation are concerned. The country is currently experiencing difficulties regarding poverty reduction, unemployment and inequality. For this reason, LED as a popular development intervention aims to facilitate economic growth and improve the general well-being of communities (UNCDEF, 2007:2; Reddy & Wallis, 2011:25). According to Rogerson and Rogerson (2010:484), the general lack of an integrated approach causes systemic weaknesses in municipalities. Therefore, the above views emphasise the need for LED to improve the livelihoods of individuals and enhance economic growth in the local context.

## **2.8 LOCAL CONTEXT: ROLE OF GOVERNMENT IN LED**

The local government in South Africa has a developmental mandate guided by the South African Constitution. The South African Constitution stipulates that municipalities are responsible for stimulating economic growth and job creation. In addition, the government has established an extensive statutory framework to promote social and economic development. An example of an element of the regulatory framework is the Municipal Systems Act 32 of 2000, which aims to promote social and economic growth, as well as participation in government programmes (South Africa, 1996). For this reason, municipalities must achieve their mandate through better coordination and alignment of policies, strategies and programmes such as the National Spatial Development Perspectives (NSDP), the Provincial Growth and Development Strategies (PGDs), and the Integrated Development Plans (IDPs).

### **2.8.1 The role of municipalities in LED processes**

Municipalities serve as an administrative division for public officials regarding the LED strategy. The LED strategy focuses on improving people's living conditions (DPLG, 2000:2) by promoting local businesses, especially SMMEs, and creating business opportunities, business infrastructure development, industrial stimulation, industrial training and human resource capacity building (Binza, 2005:8).

The role of municipalities in the LED process can be categorised as direct or indirect, and this is depicted in Table 2-4.

**Table 2-4: Direct and indirect roles of municipalities in LED**

| Direct roles of local municipalities in South Africa                                     | Indirect roles of local municipalities in South Africa                           |
|--|--|
| Exercising a leadership role in policy formulation and meeting the needs of individuals. | Providing an enabling environment including rendering services.                  |
| The need for environmental scanning and interpretation of the economic hub.              | Effectiveness and efficiency in promoting LED.                                   |
| Coordinating of indigenous initiatives and other government LED programmes.              | Exercising a facilitator role to sustainable community projects.                 |
| Promoting economic activities in disadvantaged areas.                                    | Investment and funding for development and economic growth in local areas.       |
| Providing an environment for SMMEs to thrive by facilitating funding and training.       | Dissemination of information on LED in collaboration with relevant stakeholders. |
| Development of incentives for inward investment.   |  |

Source: Adapted from the DPLG (2003:29)

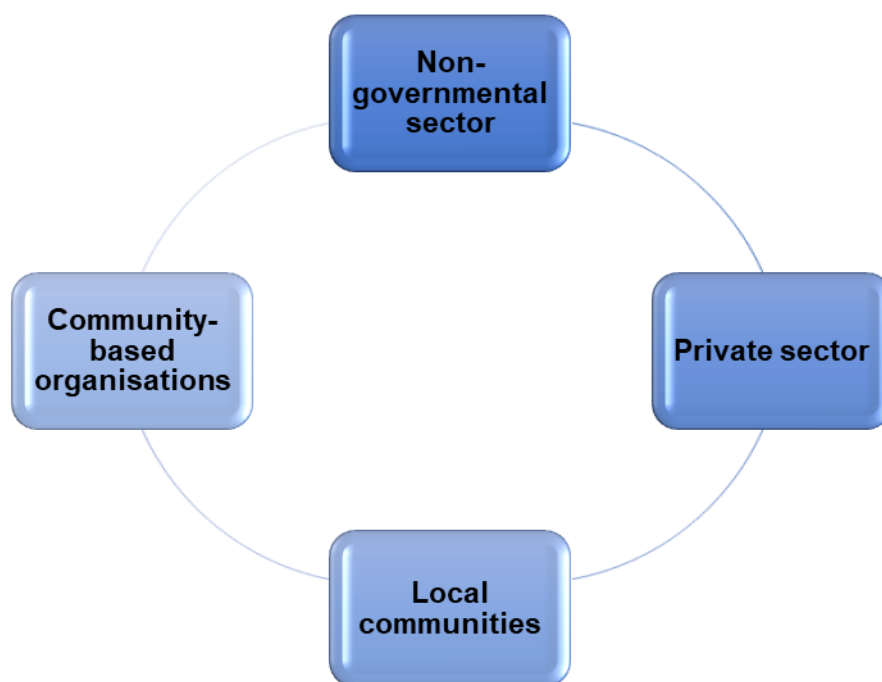
Table 2-4 shows that the direct and indirect roles of municipalities in South Africa influence LED strategies. Furthermore, the roles highlight the significance and need for integration and alignment within the municipalities’ internal and external environments. Kanyane (2008:700) attests that LED is not a recent concept in South Africa. In support, Nel (2001:22) and Koma (2014:3) agree that the post-1994 era saw the rise of the LED as a municipal competency, as its scope broadened to include socio-economic growth and community development, to facilitate the design and implementation of LED strategies as a joint effort with other stakeholders to ensure its success.

**2.8.2 Challenges in the implementation of LED initiatives: key stakeholders**

Challenges in the implementation of LED initiatives are a result of poor leadership and compliance with regulatory frameworks at the municipal level (Malefane, 2009:157). One

of the challenges of local government is bringing development, job creation and democracy to the local context through the participation of key stakeholders (Tshishonga, 2015a:169). Key stakeholders are affected by local government's inability to uphold duties and functions stipulated in the Constitution, as well as other local government legislation that cause poor service delivery in the realisation of development and job creation (Tshishonga, 2021:32). Nonetheless, some other reasons include failure to deliver services due to a weak administrative capacity, poorly trained staff, corruption and mismanagement of funds for personal use instead of development, due to local government's failure to fulfil its mandate and perform its duties effectively (Tapscott, 2008:226). Furthermore, Sikhakhane and Reddy (2011:85) identify major challenges affecting South African municipalities in relation to poor service delivery and a lack of accountability. For this study, service delivery is critical for the functioning of a specific environment. Therefore, basic needs are paramount and include water, electricity and houses. As a matter of fact, the United Nations Development Programme (UNDP), (2003:2) states that "for the public sector organisations to survive and succeed in today's unstable ever-changing environment, they need to address leadership".

In relation to the above, Malefane (2013) and Meyer (2014:628) agree that local municipalities fail to understand the importance of prioritising citizens as well as managing the internal environment in an efficient and effective manner. Malefane (2013:234) also highlights that the LED strategies are not adequately monitored and evaluated due to unrecorded, undocumented and unverified results. This leads to additional challenges such as the lack of political commitment and organisational arrangements, including poor involvement of key stakeholders in local development, which is crucial for the success of the LED strategy. Figure 2-6 illustrates the participatory process in LED: key stakeholders.



**Figure 2-6: Participatory process in LED: key stakeholders**

Source: Researcher's own construction

Figure 2-6 illustrates that the LED strategy without participation cannot be effective and successful. Therefore, local government in LED has a significant role in creating a conducive environment for the realisation of development and job creation. In this regard, Vosloo (1998:9) holds that LED is multidimensional in nature and must involve stakeholders from government departments, the private sector, NGOs and the general community. The role of each stakeholder must be emphasised and explained in the planning, implementation, monitoring and evaluation of LED (Trousdale, 2005:4; Nkwini & Munzhedzi, 2016:76). According to May (2000:218), measuring the impact of LED projects should also make provision for successes in stakeholder engagement. Therefore, municipalities must identify key stakeholders, and establish and maintain healthy partnerships to promote LED. In the case of the private sector, typical stakeholders include SMMEs in the municipal area, companies, private developers and the local chamber of commerce (Thornhill, 2004:474; Turyakira *et al.*, 2012:106). The community as a stakeholder typically includes individuals, professional associations, faith-based and community-based organisations (Phago, 2005:132; Mbeba, 2014:351).

In relation to the above views, local government is a critical sphere in the realisation of development and job creation. This requires leadership and accountability from local

government to deliver quality services and ensure that basic needs of communities are met. For this reason, more still needs to be done to successfully operationalise LED objectives in the municipality with the specific purpose to stimulate job creation.

## **2.9 CONCLUSION**

In relation to the first research question, namely: What are the general approaches, theories and models applicable to local economic development, it can be concluded that LED is a key sustainable development instrument of local government that tackles societal challenges related to poverty, unemployment and inequality. Furthermore, the previously mentioned challenges are a barrier to development and job creation. Thus, the municipal socio-economic profile in the South African context is significant for local government in the facilitation of the LED strategy, which focuses on priority areas in the local context. LED is broad in nature and necessitates that communities are involved in its process through understanding LED procedures within an environment that is competitive and constantly evolving. To put it differently, collaboration is a critical element of LED because it enhances the local economy and assists community members to understand the composition and nature of the local economy.

The following chapter will assess various development frameworks from a global, continental, regional and national perspective, while narrowing the discourse to the South African local context.

## **CHAPTER 3    DEVELOPMENT FRAMEWORKS FOR LOCAL ECONOMIC DEVELOPMENT**

### **3.1 INTRODUCTION**

The world continues to face global challenges due to changes in population, socio-political dynamics, economic instability, and the effects on the climate. Not only are these factors troublesome, but they pose positive and negative impacts on both developed and developing countries. South Africa has three spheres of government authority with associated economic responsibilities, namely national, provincial and local. The local context is not only associated with being at the grass roots or community level, but is also generally regarded as the main catalyst for directing the implementation of socio-economic development initiatives. Kingsbury *et al.* (2004:22), Sharpley (2009:30) and Chilosi (2010:470) confirm that development is a critical driver in framing government plans, policies, programmes and activities.

Development entails a multidimensional view as articulated in Chapter 2 and is imperative in effecting positive changes, as well as monitoring impacts. This chapter aims to assess the various developmental frameworks from a global, continental, regional and national perspective, while narrowing the discourse to the South African local context. In addition, the chapter will identify the way in which the development frameworks influence the scope, nature and strategies of Local Economic Development (LED), while pursuing sustainable socio-economic development. Local government is tasked to operationalise the development framework through the LED policies, plans, strategies and programmes. The significance, effectiveness, opportunities and shortcomings needed when evaluating Local Economic Development in the context of optimising economic growth and job creation will be examined. This chapter is divided into three sections. Section One will examine development frameworks in perspective. Section Two will analyse development frameworks with specific reference to South Africa. Section Three will align development frameworks with Local Economic Development (LED) strategies, followed by some concluding remarks.

## **3.2 DEVELOPMENT FRAMEWORKS IN PERSPECTIVE**

Development frameworks generally serve an important purpose of setting broad parameters to address various socio-economic challenges experienced in African countries. The commonality of such development frameworks is attaining a common goal or vision that focuses on growth and development imperatives. There are various reasons for the emergence of development frameworks in a particular region. A brief history, purpose, content and the bearing of each framework in relation to effecting positive changes will be assessed from an international, continental and regional perspective in relation to unemployment, poverty and inequality and the impact which it has on Local Economic Development (LED). The following development frameworks will be examined, namely the United Nations Economic and Social Council, the United Nations Development Framework, the United Nations Environmental Programme, the United Nations Commission on Sustainable Development, the Sustainable Development Goals, the African Union, the New Partnership for Africa's Development, the Accra Declaration on Africa's development challenges, the Institutional Framework for Sustainable Development, the Intergovernmental Authority on Development, the Economic Community for West African States, the East African Community and the Southern African Development Community protocols and programmes.

### **3.2.1 International development frameworks**

International development frameworks address different needs within a society. For this study the development frameworks that will address socio-economic development, in particular the challenges of unemployment, poverty and inequality affecting the economic status and development of developing countries, such as South Africa, will be analysed.

#### **3.2.1.1 United Nations Economic and Social Council (ECOSOC)**

The Economic and Social Council of the United Nations (hereafter referred to as ECOSOC) is primarily focused on three dimensions of sustainable development, namely economic, social and environmental (see <https://www.un.org/encosoc/about.us>). The ECOSOC was established in 1945 by the United Nations Charter, with attention focused on guiding and coordinating efforts in establishing plans for globally accepted

development objectives. This is done by identifying recent trends and issues and offering advice to countries in addressing them in a sustainable manner. Furthermore, ECOSOC points out a yearly sustainable development key driver, which is of global importance, creating a partnership amongst ECOSOC partner agencies focused on facilitating a common goal with combined efforts.

ECOSOC has a division of “high level segments”, which include a high-level Political Forum and its developmental Cooperation Forum. Other segments and sessions encompass:

- an integration segment, promoting integrated initiatives on economic, social and environmental issues;
- a Humanitarian Affairs segment, focusing on fostering coordination of humanitarian efforts;
- an Operational Activities for Development segment, providing guidance for UN funds and programmes;
- the Youth Forum, facilitating participation of the youth in development policy formulation;
- the Partnership Forum, enhancing collaboration amongst governments, the private sector, non-governmental organisations, academia and politicians; and
- special meetings, focusing on tackling emerging development risks, to raise awareness and serve as a policy platform for uniting all stakeholders working on a specific situation (<https://www.un.org/ecosoc/en/about-us>).

In the above-mentioned, the ECOSOC plays a major role in advocating for sustainable development in countries that identify recent trends and issues by providing sustainable advice to those countries. Sustainability is the main driver of an international programme like ECOSOC that primarily focuses on sustainable development within three focus areas: the economic, social and environmental dimensions. These three dimensions are also key pillars in LED, as stated in Chapter 1. LED is a process-oriented strategy involving the collaboration of various stakeholders that address development challenges in the public and private sectors to enhance the socio-economic situation of a locality (Stohr, 1990:93; World Bank, 2003:1; Rodriguez-Pose & Tijmstra, 2005:3; Swinburn & Yatta, 2006:1). ECOSOC as a global programme aims to advance both developing and

developed countries by means of sustainable development. However, compared to developed countries, developing countries continue to face challenges with unemployment, poverty and inequality. In support, Iqbal and Pierson (2017:16) highlight the importance of sustainable development within governments of developing countries in their efforts to raise their standard of living and economic capacity. These major socio-economic challenges have a negative impact on the economy and particularly people in developing countries, whereas developed countries have a different historical path of development stemming from an industrial revolution (Iqbal & Pierson, 2017:16). Global scholarly discourse regarding unemployment and poverty suggests that developing countries such as South Africa are greatly affected by high levels of unemployment, chronic poverty and inequality originating from past policies (Horn & Lloyd, 2001:59; Vazquez-Barquero, 2011:509; World Economic Prospects, 2013:9).

These societal challenges continue to affect developing countries and need adequate attention compared to developed countries. Unemployment in developing countries comes with negative consequences, which include unclear desolate social conditions and the reduction of overall purchasing power, which is problematic and hinders progress towards global sustainability, which is the main aim of ECOSOC.

In a nutshell, the above posits important elements for governments to incorporate in development, notably dimension, integration, operational and partnership. These are critical elements for development frameworks promoting sustainable development. Sustainable development functions within three pillars, namely social, economic and environmental. The pursuit of development must encompass the improvement of well-being highlighted in Chapter 2 concerning the local context that grapples with socio-economic challenges such as unemployment, inequality and poverty.

### **3.2.1.2 United Nations Development Programme (UNDP)**

The United Nations Development Programme (hereafter referred to as the UNDP) was established in 1965, to tackle issues related to the eradication of poverty, reducing societal inequalities and exclusion. The development programme provides countries with assistance to design appropriate development policies, leadership capabilities, collaborative agreements, institutional capacity and resilience (Kjorven & Inglis,

1965:114; Global Information Society Watch, 2007:56). The UNDP supports other initiatives such as the 2030 Agenda for Sustainable Development and the 17 new Sustainable Development Goals (SDG's) in guiding global sustainable development. The development programme has three main areas of focus (Global Information Society Watch, 2007:57), namely:

- sustainable development;
- democratic governance and peacebuilding; and
- climate and disaster resilience.

In relation to sustainable development, the UNDP helps countries, particularly governments, from a global and continental level (Africa), to promote sustainable development focused on facilitating transformation and improving people's general well-being. The UNDP follows an integrated approach to sustainable development in addressing interconnected and interrelated dimensions, with issues such as environmental sustainability, gender inequality, social exclusion, and poverty alleviation, while promoting knowledge, skills and the production of technologies (Global Information Society Watch, 2007:56). The UNDP also guides countries in building their development capacity and ensuring that they incorporate environmental considerations into national development policies, plans and strategies (see <http://www.undp.org/>). Other useful publications available on their site include:

- Towards Green and Inclusive Prosperity;
- Humanity Divided: Confronting Inequality in Developing Countries;
- Breaking down the Silos: Integrating Environmental Sustainability in the Post-2015 Agenda;
- UNDP supports the implementation of the 2030 Agenda for Sustainable Development;
- The Millennium Development Goals Report 2015; and
- Annual Human Development reports.

Societal issues such as the eradication of poverty, reducing inequalities and exclusion (Meyer & Venter, 2013:92; Meyer, 2014:624) are barriers to development within a society. However, Lele (1991:609), Taylor (1992:214) and Gordon (2006:93) concur that targeted

change with clear developmental goals are essential for the optimum utilisation of resources. Therefore, planning within an environment is essential for development, which has a positive impact on individuals and the economy guiding governments in developing countries to take up a facilitator and leadership role (Sachs, 2000:5; Fritz, 2004:2; Theron, 2008:7,41). The lack of planning and targeted results in an environment are affected by unfavourable climate change and natural disasters that include wars, political and socio-economic instability, which have a negative effect on the environment due to human activity causing harm to the earth and its future inhabitants (Klarin, 2018:67). This is a challenge in society and hinders development in improving the general well-being of individuals.

### **3.2.1.3 United Nations Environmental Programme (UNEP)**

The United Nations Environmental Programme (UNEP) is a global environmental authority that establishes an environmental agenda for the world and promotes sustainable development programmes in countries (see [www.unep.org](http://www.unep.org); Bharat, 2006:137). The UNEP assesses the global environmental trends and events of the environment. The environment programme builds the capacity of institutions involved with environmental programmes. The Environmental Programmes consists of seven themes of specialisation (Bharat, 2006:137,138), namely:

- climate change;
- disasters and conflict;
- ecosystem management;
- environmental governance;
- chemicals and waste;
- resource efficiency; and
- environment under review.

The environmental governance of the UNEP points to all major environmental concerns for example pollution, biodiversity, loss, climate change and so forth, and this crosscuts country borders and requires coordinated effort (Petsonk, 1990:355). The involvement of stakeholders is vital. Stakeholders include governments and non-governmental organisations (NGO's) on an international, regional and national level collaborating at

implementing key developmental programmes to address these concerns. The UNEP helps in conducting scientific research into environmental governance and guides countries to design appropriate policies and adequate responses to these environmental threats (Ivanova, 2005:12). There are three key goals identified in the UNEP concerned with environmental governance (Petsonk, 1990:354), namely:

- science for decision-making;
- international cooperation; and
- national development planning and technical assistance (see [www.unep.org](http://www.unep.org)).

There is a positive effect on the collaboration of stakeholders in key developmental programmes, as opposed to a lack of collaboration, because the United Nations Environmental Programme focuses on assisting countries on their development trajectory (Ivanova, 2005:11). Joint effort is critical when implementing a strategy that concerns the needs of individuals within a society between stakeholders (Remenyi, 2004:22; Willis, 2005:27; Ajei, 2007:1) including other international organisations such as the United Nations, the World bank, the International Monetary Fund (Viterna & Robertson, 2015:244) and the United Nations Framework Convention on Climate Change.

#### **3.2.1.4 United Nations Framework Convention on Climate Change**

In the same steps as the Montreal Protocol (1987), the main objective of the United Nations Framework Convention on Climate Change (hereafter referred to as UNFCCC) is in stabilising greenhouse gas emissions and concentration experienced in the atmosphere (see <http://www.unfccc.int>; Clarke, 2008:1). The UNFCCC came into effect on the 21 March 1994 with 197 countries that have signed its objectives to combat interference in Earth's climate system (Kopp, 2011:1). The UNFCCC is one out of the three Rio Conventions adopted at the Rio Earth Summit in 1992 (Kopp, 2011:2). The other two consist of the UN Convention of Biological Diversity, and the UN Convention to Combat Desertification. These conventions place focus on developed or industrialised countries to act decisively in cutting their emissions. One such first real attempt protocol was the Kyoto Protocol.

The Kyoto Protocol was adopted on 11 December 1997 in Kyoto, Japan (Korhola, 2014:19). There were some delays related to complicated ratification procedures experienced between countries. The Kyoto Protocol only came into effect on the 16th of February 2005 (Wang *et al.*, 2019:1). The Protocol puts forth the general architecture of the United Nations Framework Convention on Climate Change (UNFCCC) (see <http://unfccc.int>; Kim, Tanaka & Matsuoka, 2020:2) by setting targets for the cutting of greenhouse gases in 37 industrialised countries and the European Union (Malakoff, 1997:2048). The architecture comprises of reporting and verifications procedures, market-based mechanisms (i.e., trade of emissions permits) and compliance systems. A second commitment to the Kyoto Protocol by countries from 1 January 2013 was adopted in terms of the Doha Amendment (8 December 2012) to the Protocol (see <http://unfccc.int>).

Considering the above-mentioned, climate change has an influence on the pursuit of development. Though climate change cannot be classified as a social challenge, climate change still hinders the upward movement of development in developing countries such as Africa, Latin America and Asia, which as explained by Todaro (1994:18), is problematic because it affects well-being, security and sustainability.

### **3.2.1.5 United Nations Commission on Sustainable Development (CSD)**

The Commission on Sustainable Development was established on 22 December 1992, with its focus on the assessment of progress made with the execution of programmes associated with Agenda 21 (Chasek, 1997:3; Tomberg, 2001:958). Typical considerations in their sustainable development function include reviewing implementation processes and adherence to targets and standards, including coordination of initiatives between countries (Chasek, 1997:3).

The Commission on Sustainable Development (hereafter referred to as the CSD) has a written comprehensive framework for international environmental governance involving efforts of various international agencies (Tomberg, 2001:958). The recent increase of procedures and international agreements led to the fragmentation of endeavours. Therefore, the CSD acts as an umbrella or coordination mechanism for sustainable development (Sachs, 2010:28). The CSD aims to combine efforts of governments,

business, civil society and industry in development by focusing on the respective programmes with the Sustainable Development Goals. With particular focus on Africa's development, the CSD has an extensive profile of each country on the continent and makes the effort to guide each country's socio-economic development needs and challenges including responses to climate change (Chasek, 1997:4). The concerns of climate change, protection of the environment and the reduction of poverty are all addressed in the Sustainable Development Goals, which are outlined in the following section.

### **3.2.1.6 Millennium Development Goals, 2000**

The MDGs were adopted in September 2000, as a build up from the United Nations Millennium Declaration, finalising the Millennium Summit. The MDG's consisted of eight goals with twenty-one targets (Sachs, 2015). These goals were established by UN member states and development institutions with an expiry date of 2015 (Morton, 2017:82). The eight development goals are:

- “to eradicate extreme poverty and hunger;
- to achieve universal primary education;
- to promote gender equality and empower women;
- to reduce child mortality;
- to improve maternal health;
- to combat HIV/AIDS, malaria and other diseases;
- to ensure environmental sustainability; and
- to develop a global partnership for development” ([www.cafod.org.uk](http://www.cafod.org.uk))

The primary aim of the MDGs was in defining clear targets within the Millennium Declaration, which specified the importance of collective responsibility on upholding the principles such as human dignity, equality and equity at the global level (United Nations, 2000). However, due to their limitation in meeting set development objectives listed above, the Sustainable Development Goals (hereafter referred to as the SDG's) replaced the Millennium Development Goals (hereafter referred to as the MDGs) (Akinloye, 2018:40).

The above limitation resulted in the MDGs expiring. A meeting was held by world leaders through the United Nations with 193 member states on the 25 September 2015 in New York to chart another course towards global development. It was during this meeting that the SDG's replaced the MDG's.

### **3.2.1.7 UN Sustainable Development Goals, 2015**

The SDGs became effective in 2016 and the programme is expected to end by 2030. The SDGs are a set of development objectives within a universal agreement to end poverty, protect everything in the environment that makes the planet liveable, and to ensure that all individuals within society enjoy peace and prosperity in the present and future (Morton, 2017:82). The significance of the goals results from a comprehensive and integrative approach with scientific robust political acceptance and public intuition. In total seventeen goals were identified, namely:

- “No poverty;
- Zero hunger and food security;
- Good health and well-being;
- Quality education;
- Gender equality and women’s empowerment;
- Clean water and sanitation;
- Affordable and clean energy;
- Economic growth and decent work;
- Infrastructure, industrialisation and innovation;
- Reduced inequality;
- Sustainable cities and communities;
- Responsible and sustainable consumption and production;
- Climate change action;
- Oceans (life in water);
- Biodiversity, forests, desertification (life on land);
- Peace, justice and strong institutions; and
- Partnership for the goals”

(<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>)

The above goals are a build up from the MDGs and focus on ending poverty in society. The adoption of these goals require countries to understand and recognise what is needed in designing appropriate strategies when dealing with challenges related to economic growth and addressing social needs such as prosperity, equality, general well-being, education and health, including concerns related to climate change and protection of the environment (see <http://www.un.org/sustainabledevelopment/development-agenda/>). A set course of action is critical when it comes to development. The lack of direction in developed and developing countries results in change not taking place and an increase of socio-economic challenges (Morse, 1970:3). Socio-economic challenges, particularly, in Africa are an indication that the practices being implemented are not sufficient for development through job creation and empowerment (Swanepoel & De Beer, 2006:7; World Economic Prospects, 2013:9; Ferreira & Rossouw, 2016:810). However, job creation and empowerment cannot be achieved if Africa continues to experience high levels of poverty and low education (Stats SA, 2009:X) despite government intervention. The next section will examine continental development frameworks in Africa.

### **3.2.2 Continental development frameworks in Africa**

Continental development frameworks in Africa play a pivotal role in assisting nations to operate within set parameters that guide African countries in realising the importance of promoting growth and sustainable development, to combat issues of unemployment, poverty and inequality that negatively impact the forward movement of the African economy.

#### **3.2.2.1 African Union's Agenda 2063**

The Organisation of African Unity (hereafter referred to as the OAU) was launched on the 25th of May in 1963 in Addis Ababa due to a desire for unity. The primary goal was to enable African states to collectively address similar issues such as political liberation, economic development and security (Slomanson, 1995; Zurmeyer, 2005; Wapmuk, 2009:646). The African Union (hereafter referred to as the AU) replaced the Organisation of African Unity in July 2002 in Durban, under the Chairperson of former South African President Thabo Mbheki (Edo & Olanrewaju, 2012). The AU was one of the biggest steps

towards African unity taken by African leaders. The aim of the AU is acting as a driving force for the consolidation of Africa (Wachira, 2007:3). Both the OAU and the AU represent a theoretical commitment and dedication of African leaders to unite the African continent (Adogamhe, 2008:2).

The AU, a build up from the OAU, focuses on promoting unity, political and socio-economic integration, peace, democracy, sustainable development and human rights in Africa (Matlosa *et al.*, 2009:14; Cheeseman, 2014:1). Further objectives of the AU include developing a common defence policy, a single currency, market synergies and uniform legislation. The birth of the AU aims to address many of the problems affecting the African continent over the years (Murithi, 2008). Africa experiences problems related to diseases, illiteracy, poor housing and large inequalities concerning gender, race and regions (Arndt, 1989:92-113; Basu, 2000:64). Economic development as highlighted above is one of the focus areas of the AU and can be regarded as a solution to societal challenges and development. This promotes an increase in economic growth and improves the general well-being of individuals (Blakely & Bradshaw, 2002:374). Therefore, the AU is an initiative for African countries to address societal challenges such as poverty, inequality and unemployment that continually affect developing countries (Tshishonga, 2016:62-63).

In 2015 the AU launched its Agenda 2063 Framework as an inclusive economic growth strategy with a strong sustainable development focus. This framework outlines broad goals for the continent that should be realised during the next fifty years. In general, it aims to unite African countries around a common developmental vision of a peaceful, integrated and prosperous continent.

Economic development within an initiative such as the AU requires a collective effort and a shift from traditional approaches such as the top-down approach which did not understand the needs of communities. Furthermore, a lack of flexibility within countries continues to create an environment that struggles with inequality, poverty, unemployment and high migration. The AU then launched the New Partnership for Africa's Development Programme to combat globalisation, poverty and inequality.

### 3.2.2.2 New Partnership for Africa's Development (NEPAD)

The New Partnership for Africa's Development (hereafter referred to as NEPAD) is a programme or plan of action established by African leaders in 2001 due to the deliberations from the Millennium Africa Recovery Plan, the Omega Plan for Africa and the New Initiative (<http://www.nepad.org>; Mbazira, 2004:2). The Millennium Africa Recovery Plan and the Omega Plan for Africa (Smith, 2006:59) were merged into what was called the "Compact for Africa's recovery" in May 2001. The compact was accepted in July 2001 and was known as the New African Initiative, focused on Africa's development and growth. These plans birthed NEPAD. The above plans have one common goal that is to develop African states in a comprehensive and integrated manner at both a continental and national level. In support, Patterson (2008:3) and Phago and Tsoabisi (2010:157) highlight the importance of a comprehensive, holistic and integrated strategy for NEPAD including other strategies that are inclusive of combating poverty and enhancing economic growth.

NEPAD was established due to the lack of socio-economic development from global marginalisation, bad governance and insecurity (Mbazira, 2004:2). Furthermore, NEPAD as an integrated organ of the AU developed fourteen objectives aimed at addressing economic growth and eradicating poverty (Akume & Abdullahi, 2012). There are also key principles that NEPAD is founded upon, which include (NEPAD, 2001:2):

- "Good governance for peace, security and sustainable political and socio-economic development;
- African ownership, leadership and broad participation of society;
- Anchoring the development of Africa on its resources and resourcefulness of its people;
- Partnership between and amongst African people;
- Acceleration of regional and continental integration;
- Building the competitiveness of African countries and the continent;
- Forging a new international partnership that changes the unequal relationship between Africa and the developed world;
- Ensuring that all partnerships with NEPAD are linked to the Millennium Development Goals; and

- Other agreed development goals and targets” (NEPAD, 2001:2).

From the above-mentioned the key principles of NEPAD focus on growth and development within the African society through helping African countries to strive for growth while prioritising a sustainable path. NEPAD is a pledge by African leaders highlighting the importance of eliminating poverty in promoting Africa’s economic success. In a country like South Africa, which has challenges related to poverty, inequality and unemployment, there is a need to incorporate the key principles of NEPAD within policies or strategies that aim to improve the economy and the quality of life of people. An initiative like NEPAD aims to remind and reinforce the primary responsibility of African countries to improve economic and social conditions on the continent affecting the livelihood of people. In support, Ake (1996:140) suggests that the focus of development is people, who are both agents and means of that development. These principles fall into the core mandate of the International Monetary Fund (Funke & Nsouli, 2003:3).

Unfortunately, development on the African continent continues to be problematic due to issues concerning leadership, corruption and inequality (Ake, 1996; Van de Walle, 2001), meaning that requirements indicated in the key principles of NEPAD are normally neglected. The previously mentioned concerns are acknowledged by African leaders due to the damage that weak states continue to face and the ramifications of economies brought about from colonial rule (NEPAD, 2001:5), including the misuse of resources and wealth by leaders in power, which results in political instability and underdevelopment causing poverty. In as much as this is true, African leaders must have more control in managing policies and strategies affecting communities and resources; an initial approach to indigenous development plans (Ake, 1996:140; Adedeji, 2002:4). This brought forth another initiative known as the Millennium Africa Recovery Plan.

From the above concerns one can conclude that African countries continue to wrestle against the same issues that relate to corruption, inefficiency, nepotism, inequality and poverty. The challenges reflected in the above sections necessitate collective action and comprehensive integration by African countries in supporting economic growth, poverty reduction and re-building institutions. Therefore, an initiative like NEPAD is of importance because it highlights the above concerns and challenges with the hope that all African countries unite in pursuing development. However, African states are unable to achieve

this individually and collectively due to the social upheavals experienced within the continent. NEPAD like LED has primary goals that are enhancing the economic capacity of a society and improving the living conditions of a country emphasising the need for development. Although LED is focused on the local context within a specific country such as South Africa, a strategy like LED needs to move towards development with collective action and integration as a necessity, because contribution from all sectors is vital and is the catalyst to deal with political and social dynamics.

### **3.2.2.3 Accra Declaration on Africa's development challenges**

The Accra Declaration on Africa's development challenges emerged in 2002 and it was adopted during a conference, jointly hosted by the Council for Development of Social Science Research in Africa (CODESRIA) and the Third World Network (TWN) held in Accra from 23 to 26 April (see [https://www.africa.upenn.edu/urgent action/apic-050202.html](https://www.africa.upenn.edu/urgent%20action/apic-050202.html)). In the declaration that was issued, the primary challenges were initiatives aimed at addressing development challenges in Africa, such as the Lagos Plan of Action, NEPAD, and the Alternative Framework for Structural Adjustment to name but a few. They were counteracted by foreign policy frameworks resulting in challenges persisting within the continent (Bunwaree, 2007:538). The main challenge highlighted is that these policy frameworks had roots in a neo-liberal agenda promoted through Bretton Woods Institutions and the World Trade Organisation.

Furthermore, the Accra Declaration points out challenges experienced in the pursuit of sustainable development within the continent emanating from two interrelated sources. The first source is the problem of not having free flowing international economic and political order, in which the African continent finds itself. The second source stems from unstable social and political structures, giving off domestic weaknesses and policy frameworks readjusted within a neo-liberal agenda ([http://www.africa.upenn.edu/urgent action/apic-050202.html](http://www.africa.upenn.edu/urgent%20action/apic-050202.html)).

The reason that most African countries adopted the Structural Adjustment Programme (SAP) is due to the debt crisis which took place in the 1970's. The SAP was established by the International Monetary Fund (IMF) and the World Bank (Mabasa & Mqolomba, 2016:70), with the primary intention of enhancing economic growth and opening

economics to the global market. The Accra Declaration counters NEPAD for the following two reasons: firstly, NEPAD's neo-liberal orientation to the continent due to the SAPs of the World Bank, the IMF and the WTO (Bunwaree, 2007:539; Mabasa & Mqolomba, 2016:70). Secondly, concerning NEPAD's donors that are externally focused and include countries that are part of the G8. The Accra Declaration was issued in trying to address the above-mentioned challenges by enabling and aiding African countries to look at the continent and make use of its own resources, to enhance the economy and pursue development in local areas. In addition, the Accra Declaration invokes international programmes to cancel Africa's debt.

The above-mentioned postulates that the Accra Declaration is focused on seeing African economies operate independently from international control such as the IMF and the World Bank, which have great influence on the decisions carried out on the continent. In relation to the LED strategy, which is more specific to the local context of countries like South Africa, social needs and alleviating poverty are important (Ababio & Meyer, 2012:6). The Accra Declaration is of the notion that developmental challenges are problematic for all African countries. The LED approach although centred on improving the lives of individuals, must be focused on integrating the economy in a holistic manner and creating an enabling environment for the benefit of all (Blakely & Bradshaw, 2002:39). Another initiative called the Action Plan of the Environment came about around this time and was interested in Africa's growth.

#### **3.2.2.4 Institutional Framework for Sustainable Development**

The Institutional Framework for Sustainable Development cannot be explained without starting with the United Nations Conference on Environment and Development (hereafter referred to as UNCED) (Mensah & Casadevall, 2019:7), normally referred to as the "Earth Summit" or the "Rio Conference", with the sole purpose to bring about public awareness in aligning socio-economic development including preserving the environment (Gechev, 2008:55). The UNCED brought forth various protocols as well as conventions, namely the Rio Declaration and Agenda 21. The establishment of the Commission on Sustainable Development emanated from this conference, analysing development from various levels that are global, regional and national ([www.uncsd2012.org/isfd.html#sthash.zEINjioh.dpuf](http://www.uncsd2012.org/isfd.html#sthash.zEINjioh.dpuf)).

The Institutional Framework for Sustainable Development was formed around 2002 at the Johannesburg Plan of Implementation (JPOI) including agreements implemented from UNCED. The main aim of the Institutional Framework is in improving the pillars of sustainable development in all programmes of the United Nations and International Financial Institutions (<http://www.uncsd2012.org.isfd.html#sthash.zEINjioh.dpuf>).

The above framework especially in relation to South Africa highlighted that the three pillars of sustainable development cannot be overlooked and should be the driving force at local level, particularly within institutions. Institutions play a critical role in steering a strategy towards a certain direction. This then requires LED to function within a particular framework in monitoring progress and ensuring that the main goal is achieved.

### **3.2.3 Regional development frameworks**

Regional development frameworks particularly in Africa are critical. Africa has been faced with a few challenges such as political instability, widespread displacements, millions of deaths, and the abuse of human rights. These challenges point out inconsistencies in ideas, beliefs, roles and behaviour within an institution or country (Yang *et al.*, 2013). One cannot mention regional development frameworks without including the 70% United Nations peacekeeping operations in Sub-Saharan countries like South Africa, Sudan, the Democratic Republic of Congo, Liberia and Cote d'Ivoire. The significance of the UN peacekeeping goal is to prevent conflict, and achieve mitigation and resolution (Angerbrandt, 2017:4,5). The same is evident in regional development frameworks emanating from various countries which include the Intergovernmental Authority on Development (IGAD), the Economic Community for West African States (ECOWAS), the East Africa Community (EAC) and the Southern African Development Community (SADC) and which play the role of managing African economies and pursuing development while preventing conflict in Sub-Saharan countries (Landua, 2011). In 1990 peacekeeping and management of conflict missions moved from the UN peacekeeping operations to regional bodies (Wulf, 2009). The above programmes will be examined within the context of Sub-Saharan programmes and SADC protocols in relation to sustainable development.

### **3.2.3.1 Sub-Saharan programmes**

Sub-Saharan programmes have a common goal for the African continent which is to promote development and economic growth. These various programmes are region specific and all veer in one direction, reducing societal challenges that have a negative impact on the African economy. The section below outlines the different sub-Saharan programmes in no particular order.

#### *3.2.3.2 The Intergovernmental Authority on Development*

The Intergovernmental Authority on Drought and Development (hereafter referred to as IGADD) was established in 1986, with six member states: Ethiopia, Djibouti, Sudan, Somalia, Kenya and Uganda (Saleem, 1992; Berhe, 2014; Clapham, 2017). This took place at the Nairobi Summit on March 21, 1996, during the IGADD Summit where IGADD was transformed into the Intergovernmental Authority on Development (IGAD) (Murithi, 2009:139). The change from the IGADD to IGAD came with additional mandates. These additional mandates prioritised promoting peace and security within regions (Mesfin, 2012; Berhe, 2014), including accelerating development in the horn of Africa (Thobejane & Yitay, 2018:1042).

The IGAD like LED has its objectives set on addressing socio-economic challenges related to development such as poverty and political unrest in the horn of Africa, including Southern African countries like South Africa. The IGAD is significant because it emphasises the importance of LED in tackling socio-economic challenges that continue to hinder sustainable development, such as poverty, under-development, drought and so forth (Thobejane & Yitay, 2018:1042). This supports the need for restructuring LED due to its importance as a practical comprehensive strategy that aims to promote sustainable development through enhancing the economic capacity. Economic capacity of any country must be improved to stimulate job creation and economic growth. The Economic Community for West African States is a Sub-Saharan programme regarding development as essential in enhancing living conditions amongst individuals, general well-being and prosperity.

### *3.1.1.1.1 Community for West African States*

The Economic Community for West African States (ECOWAS) was established in 1975 under the Treaty of Lagos (Banik & Yoonus, 2012:315; Ekpo, 2015:3; Oloruntoba, 2016:295). The purpose of the framework was in achieving regional integration within West Africa through promoting coordination, economic cooperation and development (Adebayo, 2004:1; Oloruntoba, 2016:295,297-298), amongst 15 member countries. These 15 member countries include: Benin, Burkina Faso, Cape Verde, The Gambia, Ghana, Guinea Bissau, Ivory Coast, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo (Ekpo, 2015:3). Furthermore, ECOWAS as an organisation played a pivotal role in enhancing regional peacekeeping in Africa. ECOWAS is regarded as one of the first organisations to collaborate with the United Nations in addressing complex emergencies and establishing a crisis management framework (Olonisakin, 2011:2). A crisis management framework was needed due to the security challenges which regional organisations faced such as military coups, drug-trafficking and terrorism causing a problem for stability in the West African states, as well as the regional security integration project of ECOWAS (Maiangwa, 2017:103). This is vital for a strategy like LED because it highlights that those strategies will undergo various challenges. However, in the local context government within its leadership role is required to be responsible for the needs of citizens. Therefore, reconfiguring LED could be one of the ways in which to help local government in contributing to the livelihoods of individuals.

### *3.1.1.1.2 East African Community*

The East African Community (EAC) was initially formed in 1967. In 1977 the EAC collapsed resulting in countries taking different directions, but later arriving at the same place due to regional integration (Kibua & Tostensen, 2005:2). Regional integration in East Africa dates as far back as the 20th Century (United Nations Economic Commission for Africa, 1999:53; Kouassi, 2007:1). The EAC is viewed as a regional intergovernmental organisation that has headquarters in Arusha, Tanzania with other member states that include the Republic of Burundi, Kenya, Rwanda, Uganda, and the Democratic Republic of Congo. On the 30<sup>th</sup> of November 1999 the Treaty of Establishment of the EAC was signed by the following three partner states: Kenya, Uganda and Tanzania. On the 7<sup>th</sup> of July 2000 these countries entered into action and ratifications were put in place (East

African Community, 2009:1). The main aim of the EAC is to promote regional integration within the East African region. At the height of its performance the EAC was identified as a benchmark for the world in relation to regional integration (Kategya, 2000:12). In as much as the East African Community experienced its peak, there were areas of concern that resulted in its fall in 1977 as pointed out by scholars on regional integration in East Africa (Kibua & Tostensen, 2005; Mugenyi & Zeija, 2006), which include the following:

- The inequitable distribution of cost and benefits between states such as Kenya, Tanzania and Uganda brought about the dominance of trade by one country as compared to the other two that were not benefitting from this integration and trailing behind Kenya at a high cost with nothing to show for it (Mugenyi & Zeija, 2006:4).
- The differences in ideological perspectives between partner states brought about conflict in affecting how best to approach development, which is crucial for regional integration. These differences included Kenya moving towards a capitalist stance when it came to development, whereas Tanzania adopted a socialist perspective and Uganda a mixed combination of both socialist and capitalist. This led to countries incorporating their own policies and legislation to support their independent ideological views going against the main aim (Kibua & Tostensen, 2005:2).
- The clashes in personality amongst head of states after Idi Amin's 1971 military coup in Uganda. From this experience President Nyerere refused to see President Amin as the President of Uganda, which resulted in a lack of solidarity and tension (Kibua & Tostensen, 2005:2).

The main reason for the collapse of this programme in 1977 was inequality, which is a similar challenge in South Africa. The South African Government continues to experience challenges related to inequality, poverty and unemployment (Economy Watch, 2010:1). Lipton (2016:16) makes note of the journey which South Africa has made to attain freedom and recognises the negative effects which Apartheid brought about regarding economic problems from social exclusion. According to Lipton (2016:16), this is a problem because generating a source of growth and dynamism for the coming generation will not be easy. Samuelson and Nordhaus (1992:546) agree that "economic growth is the single most important factor in the economic success of a nation in the long run". Economic success within developing countries cannot happen when challenges such as poverty

and social exclusion continue to resurface. Duffy (1995:8) cited by Muddiman (1999:2) elaborates this by linking poverty to social exclusion, and points out the barriers which it imposes on the marginalised. These barriers include the lack of effective participation in economic, social, political and cultural life resulting in alienation and being distant from taking part in society. In the same light, LED cannot be effective when it is faced with challenges such as unemployment, poverty, underemployment and social exclusion, affecting government's leadership role to improve the social, economic and environmental dimensions, especially with the history of Apartheid where social exclusion and inequality dominated society.

Considering the above, it can be agreed that regional integration is significant because it emphasises cohesion and collaboration of states within a particular region with a common purpose in mind. This common purpose is vital for LED within the local context specifically regarding development intervention at the local context. Adopting such a stance of regional integration paves the way for municipalities in the local context to address challenges such as unemployment, poverty and inequality affecting mostly developing countries compared to developed countries. Therefore, it is for this reason that Southern African Development Community protocols and programmes must be examined.

#### *3.1.1.1.3 SADC Protocols and Programmes*

The Southern African Development Community (hereafter referred to as SADC) is a regional organisation that consists of 15 member states in the southern region and South Africa is one of the members. Initially SADC was known as the SADCC (Kamau, 2010:150). In 1980 the SADCC focused on pulling away from the then Apartheid South Africa (Hatzernberg, 2011:5; Takirambudde, 1999:97). There was no selection process for its members. Membership was based on a common goal regardless of economic development, policies and regulatory practices and in 1992 SADCC changed to SADC (Flint, 2001:81; Malecek & Kabat, 2009:168; Hatzernberg, 2011:5). The focus of SADC was on overall economic development amongst states in agriculture, industry, transport, commerce, communication and other sectors (Malecek & Kabat, 2009:168). Furthermore, SADC's main objective includes supporting the less fortunate through coming together as regional states (Mashayekhi *et al.*, 2012:389). SADC also prioritises integration within the organisation and regards integration as an important element for the advancement of

the African continent. SADC enhanced integration in Africa through free trade, which led to customs unions and customs markets that brought about the establishment of a Continental African Market and Economic Community (Mashayekhi *et al.*, 2012:389).

In the same light, as stated in Chapter 2, the South African Government is determined to create an enabling environment. However, Lawrence (2009:21) and Rogerson (2013:640) highlight the importance of success factors in municipalities that is a comprehensive and integrated strategy for LED. Integration within SADC is important because it promotes cohesion, collaboration and commitment in equipping all states with guidance for using raw resources to increase economic development. In support, Cassidy (2006:1), Pirtea *et al.* (2009:953) and Mwana (2009:298) all agree that attaining positive results in any society requires some form of assessment, especially in the case of readjusting. This form of assessment includes environmental scanning, planning and an integrated response from all of the organisations involved, for instance SADC comprises of regional member states. Therefore, by looking at the local context for instance other municipalities at a local level helps to emphasise the need for cooperation, co-ordination, and alignment at a larger scale within a local context setup (Saarehainen & Sievers, 2012:3). According to Cunningham and Meyer-Stamer (2005:5), without a broader component for a community's strategic plan for development, job creation and economic growth cannot be stimulated.

Job creation and economic growth are critical at the local level due to societal challenges such as unemployment, inequality and poverty, as stipulated in Chapter 2. Therefore, by looking at protocols and programmes within SADC, one can form a foundation on why these protocols and programmes are essential for economic integration within the LED strategy. Local integration within municipalities is critical due to unexpected events that affect the functioning of a strategy in a particular environment. The need for incorporating economic integration is vital because it encourages the facilitation of economic, social, environmental and political development in a comprehensive way of addressing unemployment, poverty and inequality. Economic integrated government actions, particularly in the local context as a generally accepted global principle of LED (Swinburn & Yatta, 2006:5) points in the direction of positive change. However, as stated above SADC is controlled by protocols and programmes which ensure that regional integration

is enhanced in promoting economic integration, poverty alleviation, peace and security and the evolution of political values and institutions (Nathan, 2004:35).

#### *3.1.1.1.4 The SADC Protocol on Gender and Development*

The signing of this protocol took place on the 17 August 2008, with its focus of achieving gender equity. This protocol is founded on the rights-based approach to development and supports the importance of human rights in the development process. Gender inequality is a serious challenge within the African continent and as a result the rights-based approach intends to address this issue (Munalula, 2011:189).

#### *3.1.1.1.5 The SADC Protocol on Education and Training*

The SADC Protocol on Education and Training was signed by heads of state and government in 1997, in Blantyre, Malawi. Education and training are regarded as vital engines for sustainable socio-economic and political development. Through education it is expected that people will become empowered and will be able to sustain themselves within the region (Kamwendo, 2009:4; Mwanawina, 2016:4).

#### *3.1.1.1.6 The SADC Protocol on Health*

The SADC Protocol on Health was signed on 18 August 1999. The main objective was to promote health care to member states of SADC in accessing health services in the region and enhancing cooperation in regional health care (Penfold, 2015:2).

#### *3.1.1.1.7 SADC Regional Poverty Reduction Framework*

This framework was established due to the high levels of poverty and inequality on the African continent, particularly amongst SADC member states (Penfold, 2015:2). At first the Regional Indicative Strategic Development Plan was designed around 2003 or 2004, consisting of twelve priority areas of policy action, namely poverty eradication, combating HIV and AIDS; gender equality, science and technology, environment and sustainable development, private sector, statistics, trade liberalisation, infrastructure, food security and social or human development (Brynard *et al.*, 2011b:157). This was then followed by

the adoption of the Regional Indicative Poverty Reduction Framework in 2008 to combat the challenge of poverty.

From the aforementioned, three protocols were briefly summarised in relation to the purpose of this study, which is to enhance economic growth and development. SADC has 26 protocols and programmes, however, there is a need for more protocols to be centred on job creation, community-based development and support for small businesses, which is imperative for a regional body like SADC in directing developing countries to adopt and engrain these priority areas into their governments. This is especially because socio-economic development is fundamental for the advancement of any society, and this is emphasised at a global, continental, regional and national level in prioritising and embedding collaboration, integration and sustainable development as important aspects needed by government at the national level to emphasise in the provincial and the local context. The increasing levels of unemployment, poverty and inequality in developing countries such as South Africa necessitate governments to actively seek solutions to address these challenges, and to find solutions for both developing and developed countries within international partnerships, for example, the Millennium Development Goals known as the Sustainable Development Goals. Unfortunately, many African countries continue to face this challenge, which demands more government involvement, transparency, commitment and accountability. For instance, a developing country like South Africa that has three spheres of government (national, provincial and local) must ensure that development and economic growth is the bedrock of the local context.

### **3.3 DEVELOPMENT FRAMEWORKS WITH SPECIFIC REFERENCE TO SOUTH AFRICA**

Generally, development frameworks serve a particular purpose worldwide and are normally country specific. Development frameworks may include relevant strategies, policies and programmes that must complement each other in addressing societal challenges. In the context of Africa, South Africa as a developing country will be referenced.

### **3.3.1 The Reconstruction and Development Programme (RDP), 1994**

The Reconstruction and Development Programme was initiated in 1994 (Reddy & Naidu, 2012a:93) as a development framework focused on integrating growth, development and redistribution. Integrating these three elements was important in rebuilding a new South African economy by prioritising the needs of the people (ANC, 1994:5). In addition, in 1994 the RDP was formally issued as the government White Paper when the African National Congress assumed power (Mhone, 2003:20). In this time the people were facing challenges related to unemployment and poverty. These two challenges were problematic and according to Mpengu (2010:16), had to be addressed by integrating active participation and empowerment within the three spheres. However, the South African Government had a few goals in place to address the following challenges (Smith & Vawda, 2003:28):

- “Prioritising job creation, productivity and creating opportunities to enhance production and household income.
- improving living conditions and providing better basic services such as health care, education, and sanitation.
- providing a social security system and safety precautions to protect the marginalised in society”.

In the abovementioned goals, the RDP was a people-centred approach with the aim of promoting growth and development in a divided South African society caused by the Apartheid system. Two years later, the RDP was dissolved, and a new macro-economic policy known as the Growth, Employment and Redistribution Programme was introduced.

### **3.3.2 The Growth, Employment and Redistribution Programme (GEAR), 1996**

The Growth, Employment and Redistribution Programme (GEAR) was established in 1996 (Bhorat & Oosthuizen, 2006:1). The GEAR was an initiative that represented the shift in Government’s policy approach and this policy proposed the following: labour market reforms, privatisation, trade liberalisation and reduced deficit, of which the previous two objectives were attained (Triegaardt, 2007:2). The main aim of GEAR was calming financial markets and preventing a financial crisis like the one experienced in

Mexico, during 1995 (Steyn, 2005:189). There was also an ideological shift towards a neo-liberal view (Koma, 2013:147).

The GEAR came to an end due to the high levels of unemployment in South Africa, which were criticised by some authors. One of these authors was Rodrik (2006:2), highlighting the challenge of unemployment in South Africa since 1994. Furthermore, the GEAR failed to reduce the legacies of inequality and poverty inherited by a democratically elected government. Inequality and poverty came from the Apartheid system that promoted socio-economic division on racial grounds. This also contributed to the way in which unemployment is rooted in the South African society (Tshishonga & Maphunye, 2015b:1231). Development theory and economic history depicted that heavy reliance on sound macro-economic policy, liberalisation, efficiency reforms and private investment were unlikely to produce high growth and development in South Africa (Streak, 1997:313-315). The GEAR also received strong criticism from labour movements such as the Congress of South African Trade Union (COSATU). COSATU was against government pursuing neo-liberal strategies, which opposed the principles of the RDP (Weeks, 1999:809-810; McKinley, 2003:1). These criticisms led to a clash between the African National Congress (ANC) and its alliances, COSATU and the South African Communist Party (SACP), which led to the formation of the Accelerated and Shared Growth Initiative for South Africa in 2005.

### **3.3.3 The Accelerated and Shared Growth Initiative for South Africa (ASGISA), 2005**

The Accelerated and Shared Growth Initiative for South Africa (hereafter referred to as ASGISA) came about in 2005. ASGISA was a national shared initiative rather than a government programme and an extension of the GEAR policy (Koma, 2013:154). ASGISA emphasised seven goals, and one of the goals focused on halving unemployment and attaining a 6% growth rate by 2014 (Koma, 2013:154). According to Gelb (2010:52), this was to be done by boosting employment through prioritising tourism and business process outsourcing in sectors. Other specific growth-enhancing projects included the delivery of physical infrastructure and a detailed programme for the provision of skills (Bhorat, 2007:35). Although there was a need for specific growth enhancing projects, ASGISA had six binding constraints, which limited achieving desired growth

rates and included: relative volatility currency; the cost; efficiency and capacity of logistics systems; shortages of suitably skilled labour costs; barriers to entry; limits to competition and limited new investment opportunities; the regulatory environment and the burden on small and medium enterprises and deficiencies in state organisations; capacity and leadership (ASGISA Annual Report, 2006:3). These constraints hindered the improvement of macro-economic performance and the supply of entrepreneurs, which are critical for economic growth in African economies (Economic Report on Africa, 2002; Gelb, 2010:53). Similar to LED, there was a need for strategies and policies to evolve with the current times in addressing constraints through the Medium-Term Strategic Framework.

### **3.3.4 The Medium-Term Strategic Framework (MTSF)**

The Medium-Term Strategic Framework is a document utilised for both guiding and planning the distribution of resources across the three levels of government (MTSF, 2014:4). This is government's five-year strategic intent in line with development and economic growth. The national and provincial departments have a responsibility when it comes to developing a five-year plan (MTSF, 2014:4). Municipalities are also expected to adjust their Integrated Development Plans (IDP) to align with the national medium-term priorities.

The MTSF has the following ten priority areas (MTSF, 2014:4):

- Strategic Priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
- Strategic Priority 2: Massive programme to build economic and social infrastructure
- Strategic Priority 3: Comprehensive rural development strategy linked to land and agrarian reform and food security
- Strategic Priority 4: Strengthen the skills and human resource base
- Strategic Priority 5: Improve the health profile of all South Africans
- Strategic Priority 6: Intensify the fight against crime and corruption
- Strategic Priority 7: Build cohesive, caring and sustainable communities

- Strategic Priority 8: Pursue African advancement and enhanced international cooperation
- Strategic Priority 9: Sustainable resource management and use
- Strategic Priority 10: Building a developmental state, including improvement of public services and strengthening democratic institutions.

The key purpose of the MTSF is that it creates alignment between the country's national development strategies and the Sustainable Development Goals.

### **3.3.5 National Strategy for Sustainable Development (NSSD) 2008**

The National Strategy for Sustainable Development was formulated in 2008 by Cabinet and it aimed to promote effective stewardship of resources at the natural, social and economic level. The framework comprises of vital sustainable principles for the South African economy. There are five strategic priorities that the framework is founded upon, namely:

- designing appropriate systems for integrated planning and execution;
- sustaining the ecosystems and effective natural resource management;
- making progress towards a Green Economy;
- building sustainable communities; and
- responding effectively to climate change.

### **3.3.6 The New Growth Path (NGP), 2011**

The New Growth Path (NGP) was established by Government in 2011. The New Growth Path and the National Development Plan (NDP) followed in close succession. However, these two frameworks have opposing views. The NGP and NDP have different visions, perspectives and approaches in advancing the nation's economy.

The core challenges facing South Africa as stipulated in the NGP are joblessness, inequality and poverty (Morris, 2013). The tackling of these challenges was crucial to enhance the economic growth in the country (Morris, 2013). The NGP aimed to create five million jobs and reduce unemployment by 10% through an infrastructure public

programme (Kingdon & Knight, 2003:408; Gumede, 2012) including decreasing the level of inequality experienced in the South African economy. The NGP was later replaced by the National Development Plan.

### **3.3.7 The National Development Plan (NDP): Vision 2030**

The National Development Plan: Vision 2030 is the country's policy document launched by the ANC Government in February 2013, providing a long-term development vision (Go *et al.*, 2013:6; Ndeke 2013:16). This long-term development vision emphasises the need for economic growth by addressing challenges such as unemployment, inequality, poverty and redistribution (NDP, 2012:1; Department of International Relations and Cooperation, 2013:16). There are other priority areas that the NDP also addresses such as a clean environment, creating jobs, providing recreational and leisure activities and adequate nutrition for the population (Milman & Short, 2008:758). Furthermore, the NDP outlines nine challenges that affect the South African society (NDP, 2012:25). These challenges are:

- “under-unemployment;
- poor quality school education for black pupils;
- a lack of well-positioned, adequate and well-maintained infrastructure;
- a lack of inclusive development due to ‘spatial divides’;
- a ‘resource intensive’ economy;
- a poor quality healthcare system;
- ‘uneven and poor quality’ public services;
- corruption; and
- division in society” (NDP, 2012:25).

The above issues hinder development and economic growth within the South African society. In addressing the above challenges six areas of action were prioritised in the NDP and include (NDP, 2012:26):

- uniting all citizens to achieve prosperity and equity in the country;
- encouraging citizens to actively participate in development by promoting democratic processes, transparency and accountability;

- fast-tracking economic growth;
- improving the capabilities of citizens and the state;
- building a capable and developmental state; and
- encouraging strong leadership throughout society to work together to solve problems.

### **3.3.8 The Integrated Rural Development Strategy (ISRDS)**

The Integrated Rural Development Strategy (hereafter referred to as the ISRDS) was designed by the South African Government, to increase development opportunities and enhance the living conditions of individuals living on the outskirts of the city (Public Service Commission, 2000:19). In an area filled with many challenges, the ISRDS aims to "attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development" (RSA, 2000:iv; Public Service Commission, 2000:19). Furthermore, the ISRDS was implemented to cater for the needs of rural South African people in realising their potential and making a contribution to the South African economy. There are key elements of implementation that the ISRDS is guided by, namely (ISRDS, 2000):

- institutional arrangements;
- establishment of an information and knowledge base;
- development of planning and monitoring systems;
- establishing mechanisms of coordination; and
- stakeholder mobilisation.

### **3.3.9 Provincial Growth and Development Strategy (PGDS)**

The Provincial Growth and Development Strategy (hereafter referred to as the PGDS) is a vital instrument to guide the allocation and coordination of resources at the national, provincial and local spheres in attaining sustainable development (Koma, 2012:130). Municipalities have a responsibility to ensure that the Integrated Development Plans are aligned with the PGDS. In addition, the PGDS is developed within the framework of the National Spatial Development Perspective (hereafter referred to as the NSDP) (Koma,

2012:130). However, implementing and coordinating the PGDS at the municipal level is still problematic and slows down economic growth and development. Two reasons hindering economic growth and development include firstly, the lack of cooperation between the provincial department and municipalities caused by political and conflict issues (Fourie & Valeta, 2008:139). The second reason is that the meeting between the three spheres of government creates the potential for confusion such as policy incoherence, gaps and omissions, duplication of effort, confused accountability and uncertainty on the part of business and other stakeholders (Turok, 2010:503).

Considering the aforementioned, the PGDS needs to have the following characteristics (Turok, 2010:503):

- coordinating with principles of the National Spatial Development Perspective (NSDP) (which was designed in 2006);
- direct province-wide development programmes and projects;
- framing public and private sector investment by focusing on opportunities and development priorities;
- addressing implementation obstacles; and
- enabling intergovernmental coordination.

From the above-mentioned, it is important to note that harmony and alignment are a prerequisite for the NSDP, PGDS and IDP in relation to pursuing development by the three spheres of government. On the contrary, Malan (2008:83) mentions the systemic weakness experienced when it comes to alignment between the three spheres of government in strategic planning. A mishap occurs when it comes to translating national priorities into provincial and municipal strategic plans, and in matching development opportunities with municipal Integrated Development Plans of national and provincial governments. Alignment and coordination are critical for the implementation of any policy, especially because the main aim of the PGDS is to promote collaboration and cohesion amongst stakeholders and create programmes that reflect the priorities of the three spheres of government. The characteristics stated above are critical and must be considered by each province in relation to their circumstances.

### **3.3.10 Integrated Development Planning and Community-based Development (IDP & CBD)**

The Integrated Development Planning (hereafter referred to as the IDP) and Community-based Development within municipalities is an essential framework for communities due to its proximity to society at the local level (Tlokwe Local Municipality, 2015:4). Municipalities are valuable instruments because they operate at grass root level (Van der Waldt, 2015:20) to address socio-economic challenges and development needs of a particular society (Horn & Lloyd 2001:59; Tshabalala & Lombard, 2009:397). Bekink (2006:499) and Tlokwe City Council (2011:2) define the IDP as an instrument involving strategic development plans that assists municipalities in decision-making, budgeting and attaining development. These aspects help municipalities in preparing for their five-year strategic plan, which is reviewed yearly through consulting communities and relevant stakeholders. Therefore, municipalities have a responsibility to ensure that proper alignment and coordination are carried out in as far as the IDP and LED planning processes are conducted (Koma, 2012:132). In support, Steytler and De Visser (2007:28) highlight the important role that a municipality plays at the forefront of development by aligning programmes and priorities with that of the three spheres of government.

The IDPs as a service delivery instrument within the 278 local, district and metropolitan municipalities in South Africa are mandated to include the following: to continuously interact with communities, to design an IDP annually, to utilise budget for service delivery in communities, to regularly submit reports to its Council and ensure that the administration is able to administer decisions of Council (Koma, 2012:132).

### **3.4 SECTORAL DEVELOPMENT FRAMEWORKS IN SOUTH AFRICA**

Sectoral development frameworks play a critical role in the South African Government because they inform municipal LED priority areas and contribute to economic growth and development. Unemployment, poverty and inequality continue to affect the economy of South Africa in all spheres of government (national, provincial and local), which are distinct, interdependent and interrelated (Malefane, 2013:678). These challenges are a combination of financial pressures, public service reform, demographic shifts and increasing citizen expectations that influence public sector delivery at local government

level (Kroukamp, 2017:33). Local government is closest to the people (Van der Walldt, 2006:142; Thornhill, 2008:492) and continues to face challenges concerning service delivery that does not match expectations of community members. Nevertheless, local government through LED, a core municipal strategy, is legislatively obligated to promote social and economic development for poor and disadvantaged communities (Munzhedzi & Makwembere, 2019:660). The 2014-2019 National Framework for LED is the most recent in the South African context. Figure 3.1 below depicts the LED policy pillars (CoGTA, 2014). For this study, the first pillar is of significance because it prioritises building a diverse economic base within a sectoral development framework.

**Table 3-1: LED Policy Pillars for 2014-2019 National Framework of LED**

| LED policy pillars  |  |  |   |
|---|--|--|---|
| Pillar 1  | Pillar 2   | Pillar 3   | Pillar 4  |
| <ul style="list-style-type: none"> <li>Building a diverse economic base</li> </ul>  | <ul style="list-style-type: none"> <li>Developing learning and skillful local economies</li> </ul>   | <ul style="list-style-type: none"> <li>Developing inclusive economics</li> </ul>   | <ul style="list-style-type: none"> <li>Economic Governance</li> </ul>   |
| <ul style="list-style-type: none"> <li>Sectoral development (manufacturing, agriculture, tourism, green economy, etc)</li> <li>Metropolitan Economic Development</li> <li>Regional Economic Development</li> <li>Regional Industrial Development Programme</li> </ul> | <ul style="list-style-type: none"> <li>Tackling basic skills gap</li> <li>Developing workforce skills</li> <li>Developing an enterprise and entrepreneurship culture</li> <li>Developing leadership and management skills</li> </ul> | <ul style="list-style-type: none"> <li>Informal economy support</li> <li>Township economic development</li> <li>Inclusive rural economy</li> <li>Broad based economic empowerment support</li> </ul> | <ul style="list-style-type: none"> <li>Improving leadership and management capacity</li> <li>Administrative economic development capacity</li> <li>Access to development funding or finance</li> <li>Developing local economies as district brands</li> </ul> |

Source: Adapted from CoGTA (2014)

The above figure outlines sectoral development as an important mechanism in the local context to enhance the economic capacity and development in a geographical area. Economic development is viewed as vital by the South African Government in meeting the needs of citizens through reducing unemployment. Therefore, it is for this reason that institutional resources need to be assessed within the following elements such as social development, Small Medium and Micro Enterprises, poverty reduction, job creation and health and safety to enable economic development and sustainability within LED.

### 3.4.1 Social development

Social development at an international scale is important and in this context refers to human development. The Universal Declaration on Human Rights (UDHR), adopted in 1948 by the United Nations, emphasises the will of people stated under Article 21 as the main foundation of government. In the South African context government involves the national, provincial and local sphere. The local sphere is in direct contact with the people giving the principle in the United Nations more validity, because implementation of policies at grass root level stems from the need for socio-economic development (Van der Waldt *et al.*, 2007:24-25).

In the above-mentioned there is a connection between local government and the rights of people. This mandatory obligation stems from the national sphere and is stipulated in Section 152 of the Constitution of the Republic of South Africa, 1996 in that local government is responsible for social and economic development of communities. This and other policies, such as the White Paper on Social Welfare 1997, the White Paper on Local Government 1998, and the Local Government Municipal Systems Act 32 of 2000 are examples of statutory frameworks in South Africa supporting the need for social and community development (Dixon, 2006:183). Nonetheless, such a translation from policy into practice is a challenging task, therefore there is a need for public participation in decisions taken by local government (Dixon, 2006:183). Furthermore, this need for participation is expressed openly within the Local Government Municipal Services Act 32 of 2000, instructing municipalities to establish appropriate mechanisms, processes and procedures to enable local community to participate in the affairs of the municipality (South Africa, 2000).

Brynard (2011:77) cited by Bekker (2004:44,45) outlines specific objectives for participation, requiring participants to:

- readily provide information to communities;
- obtain information about the community;
- improve public decisions, programmes, projects and services;
- supplement public agency work;

- alter political power patterns and resource allocation;
- protect individual and minority group rights and interests; and
- delay or avoid complicating difficult public decisions.

Public participation in the South African context enforces the need for accountability (Hilliard & Kemp, 1999:42) within local government in meeting the needs of its citizens and creating a platform of transparency. Participation in the public domain is not only essential for each community member, but a democratic right for citizens to partake in the decision-making process (Gildenhuys & Knipe, 2000:126). Therefore, public participation serves as a driver to promote democracy and good governance and must be widespread in local government, such as between municipal functionaries, councillors and ward committees that are answerable to communities in preventing public officials from implementing policies that will damage the general welfare of society (Nzimakwe, 2008).

For this reason, municipal LED necessitates public officials to facilitate LED activities to enhance human development. Korten (1990:67) defines a people-centred approach as, “the process by which the members of society increase their personal and institutional capacities to mobilise and manage resources to produce sustainable justly distributed improvements in their quality of life, consistent with their own aspirations”. Furthermore, Fox *et al.* (1991:20) point out the significance of the social environment regarding patterns of interaction within society and mention factors that must be considered in a social environment that include, for example, the demographic characteristics, housing and education. Smit *et al.* (2007:70) accentuate the sensitive nature of the social environment and the influence from other environmental variables.

A people-centred approach is necessary for human development to increase the level of participation, but also to bring purpose and meaning through informed sectoral development frameworks. The White Paper on Local Government, 1998, also emphasises the need for municipalities not to overlook opportunities for citizens concerning employment creation in a particular jurisdiction including a municipality’s responsibility regarding economic growth and social development in a locality (South Africa, 1998: Section A; South Africa, 1998:46). Nevertheless, municipalities have a constitutional obligation in facilitating the role of LED in communities by integrating and

developing robust local economies with a high level of intergovernmental co-ordination between national, provincial and local spheres (Kroukamp, 2006:29). The above-mentioned highlights the importance of enhancing the capacity of people and institutions to promote the use of local resources to reduce poverty and inequality. Therefore, municipalities have a responsibility when dealing with a community to promote growth and economic improvement as stated in the Constitution and globally.

### **3.4.2 Small, Medium and Micro Enterprises**

Small, Medium and Micro Enterprises (hereafter referred to as SMMEs) in South Africa have been supported since 1995 (Phago & Tsoabisi, 2010:156) and are defined as anything from a street vendor to enterprises employing less than 200 people (Tustin, 2015:79), in meeting national economic growth objectives that were in place due to a system of Apartheid that separated socio-economic development on racial grounds (Tshishingo & Maphunye, 2011:1231). Political support for SMME's is evident in various pieces of legislation within the South African Government, for SMMEs to operate within a favourable environment. This legislation includes the Constitution of the Republic of South Africa; the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995); the National Business Act (102 of 1996b); the Joint Initiative on Priority Skills Acquisition (JIPSA), an initiative drawn out of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) in focusing on SMME priority areas that will benefit citizens; and the Local Government Municipal Systems Act of 2000, focused on integrating developmental initiatives to reduce spatial inequalities (Geyer, 2006:2), noticeable between towns and townships including the much disapproved of strategy, the Growth, Employment and Redistribution (GEAR) of 1996 (Rogerson, 1998:189; Williams, 2000:178).

In support of SMMEs, the National Small Business Act 102 of 1996 was enacted giving recognition to the impact and value of SMMEs in South Africa. The Act terms SMMEs as, "a separate distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more individuals including its branches or subsidiaries, if any, which is predominantly carried out in any sector or sub-sector of the economy". This was followed by other initiatives that the South African Government introduced. The Small Enterprise Development Agency (SEDA) was

launched in 2004 by the National Department of Trade and Industry (Mahambehlala, 2019:31). Considering that political support of SMMEs is recognised as a key driver for economic development (Turyakira *et al.*, 2012:106), these are viewed as having little value in the economic space (SEDA, 2018). It can be pointed out that SMMEs are supported by the South African Government as an effort by the country to promote economic growth and poverty alleviation (Sibanda, 2013:656). This effort by government is translated through policy and strategy in ensuring that SMMEs' development achieves local government's constitutional mandate to promote economic development (Malefane, 2013:671). In this regard, SMMEs are significant and a priority area in the South African context, which experiences spatial inequalities causing a problem for local government (Kanbur & Venables, 2005:2; Sibanda, 2013:657). According to the Centre for Public Service (2005:3) this is due to the disparities experienced within the dual economy of South Africa, the first economy being well-developed and urban, and the second economy less developed and outside of urban areas, exacerbating a society that is divided into four key lines of inequality, namely class, gender, race and space. According to Binns and Nel (2002:8), South Africa's Apartheid era contributed immensely to the slow economic downturn, which is evident in many South African communities. SMMEs are categorised into five areas, namely survivalist enterprises, micro enterprises, very small enterprises, small enterprises and medium enterprises (Malefane, 2013:673; Mokoena, 2017:467), all of which contribute to the socio-economic development at a small or large scale. However, for the purpose of this study focus will be on small and medium enterprises that must be integrated within LED as a valuable instrument for local government to promote development and economic growth.

SMMEs are an important government intervention for addressing economic difficulties that prevent local government from meeting citizens' needs within economic activities of the country (Phago & Tsoabisi, 2010:153). However, unemployment, poverty and inequality continue to be a challenge in the South African society with implementation of LED. LED is a supported national programme that municipalities (Phago & Tsoabisi, 2010:154) are instructed to adopt and utilise for enhancing the economic capacity of each locality to create jobs and make better use of locally available resources (Trah, 2004:1). In turn, this reinforces local government's leadership role (Helmsing, 2001:69) of tackling economic development challenges within a regulated and supported legislative framework of SMMEs, which are entrenched in LED (Phago & Tsoabisi, 2010:154).

Even though SMMEs are recognised as valuable tools for job creation and growth in advancing development of the economy, and taking a large space of the labour force, SMMEs continue to face challenges due to their inability to push through internal and external shocks that serve as a stumbling block within the economy, which affects meeting the needs of individuals. Moreover, this lacks feasibility considering the challenge of spatial inequality between towns and townships, where most SMMEs are concentrated in towns rather than townships, resulting in a level of dominance by towns, and this perpetuates the historical division emanating from the Apartheid system. Similarly, Sen and Ali (2005:2) refer to township SMMEs as 'underdeveloped', highlighting the differences in development between SMMEs in towns, as compared to those in townships. Real Economy Bulletin (2017:6) ascertains that Apartheid policies positioned a democratic South Africa to rather start with already established small business. According to Buthelezi *et al.* (2018:9) the market concentrations in South Africa favoured large businesses to dominate the market, due to the past privilege from state support that SMMEs do not enjoy. On the contrary, Phago and Tsoabisi (2010:155) are of the view that the primary challenge of SMMEs in South Africa is an inability to maintain relevance within the economic system for a longer period.

In as much as this is the case for SMMEs, government has not been of much help, because according to Wolf (2017:1), allegations have been associated with government related to corruption, irregularities and personal enrichments, which run deep and occur within all three spheres of government. The same goes with the private sector in connection to the Steinehoff saga, with a reputable global retail giant involved in corporate fraud (Naude *et al.*, 2018:9-10) and the Marikana massacre (Marinovich, 2012) and the pretence in corporate firms of black stakeholders, who did not have much of a say, which was a type of resistance to transformation. Researchers within the economic sphere concur that strengthening the abilities and skills of SMME owners and managers is one of the key drivers of high competitiveness and the sustainability of SMMEs including enhancing the national economy (Lange *et al.*, 2000:5; Rogerson, 2001:117; Tustin, 2003:43; Volkman, 2004:1; Lowe & Mariot, 2006:105). Social development and economic growth through a mandatory obligation by government is a vital feature.

Lange *et al.* (2000:5), Tustin (2003:43), Lowe and Mariot (2006:105) and Rogerson (2001:117) all confirm that challenges on both an international and local level accentuate the reason that poverty and unemployment persists in South Africa, also attributed to the Apartheid system that caused racial divisions affecting the socio-economic development of the country. However, even though national development frameworks state the important role of SMMEs in society, there is a need for alignment between the three spheres and the addressing of negative actions such as corruption, irregularities and unemployment, which is a problem for local municipalities and affects the promotion of LED, particularly due to the issue of poverty in South Africa.

### **3.4.3 Poverty reduction**

Poverty is viewed as multidimensional in nature (World Bank, 2015) and continues to be a challenge in South Africa. Thus, it can be defined as the inability to attain a minimum standard of living (May, 1998:3; Sen, 1985:669; World Bank, 2001:1) and results from low-income, human under-development, social exclusion, vulnerability and lack of basic needs (Kuhl, 2003:4; Rural Development Strategy, 1995:13). Poverty alleviation in terms of LED must be a priority because poor communities exist in localities and need support due to their vulnerable nature. It is for this reason that poverty reduction must be emphasised to improve the quality of life of all individuals including the poor with a focus on creating a favourable and sustainable environment in advancing local economies (Trousdale, 2005:2). In support, Bartik (2003:2) posits that LED initiatives must create wealth for all of its citizens, by empowering the vulnerable and catering for the needs of the marginalised and those in poor areas to generate a sufficient income that will meet their needs and aspirations (Koma, 2012:128).

Nonetheless, the concept of LED is usually confused with poverty alleviation. Poverty alleviation within LED strategies must prioritise socio-economic needs of a specific area within a locality (Ababio & Meyer, 2012:7). The challenge of poverty and unemployment persists within the South Africa domain, posing an interruption for government to reduce poverty in communities (McIlwraith, 2004:74). LED as a key tool for poverty alleviation must contain aspects related to prioritising the needs of citizens that is enhancing sustainable economic development, job creation opportunities, developing human resource skills, and safety and security including creating a favourable environment for

promoting economic growth and job creation (Mokate, 2005:16). All of these aspects are the responsibility of local municipalities that need to play a critical role in fulfilling social and economic development as stipulated in the Constitution. However, the challenge of most local municipalities is the high prevalence of poverty in communities. These communities need mechanisms that will help in the reduction of poverty in promoting economic growth and development such as community-based economic development, which are focused on bringing together employment, training, mentoring and enterprise development to enhance job creation that promotes a level of independence in poor areas (Reddy *et al.*, 2003:182). This is imperative for a positive impact in communities by assimilating relevant strategies to create market opportunities for projects that could be of use in sustaining their livelihoods (Reddy *et al.*, 2003:182). From the aforementioned there is a great need for job creation within the South African economy, especially at the local level in contributing to the general well-being and prosperity of society.

#### **3.4.4 Job creation**

Job creation is significant and enhances the well-being of individuals; this achievement is hampered by unemployment, level of skills and the structure of the economy (Gumede, 2008:15). Local government as a result has a paramount role to play in creating a suitable environment for job creation. The Expanded Public Works Programme (EPWP) is a temporal programme introduced in 2002, creating job opportunities for citizens including some level of experience (Lieuw-Kie-Song, 2009:6). It is a national programme integrated within all three spheres of government and state-owned enterprises, to provide temporary employment by capitalising on socially useful activities (Nkoane, 2006:53; Kobokana, 2007:18). The EPWP is guided by the following laws and regulations; the Constitution of the Republic of South Africa, the Labour Relations Act 66 of 1995, the Occupational Safety Act 85 of 1993, the Municipal Finance Act, the Skills Development Act of 1998, the Construction Regulations 2014, the EPWP Infrastructure Manual: Department of Public Works (2005) and (2008). The Expanded Public Works Programme though supported by policy frameworks still faces problems in creating temporary employment for communities, which affects its contribution to development.

Over the years the expanded programme has made great strides, and according to the Department of Public Works Strategic Plan (2011:37), includes the provision of one

million jobs. The total number of jobs created between 2011 and 2012 amounted to 626 959 and 59% of the wage incentive was accessed and included participation of disadvantaged groups, namely the vulnerable, the youth and those with physical impairments (Department of Public Works Strategic Plan, 2011:37). Although this past record is commendable, local government still has room to do more. This is supported by the National Treasury (2010:9) emphasising this notion by pointing out local government's commitment and mandate to create more labour-intensive approaches for the delivery of services due to local government's commitment to public employment in the EPWP (Department of Public Works Strategic Plan, 2011:1; the Presidency, 2011:355). In as much as job creation is a major priority in LED, it can be argued that the challenges of poverty, unemployment and inequality are crippling to social and economic development. Therefore, the implementation of EPWP programmes is imperative and requires monitoring, which can be done by adjusting EPWP programmes within LED to benefit communities and beneficiaries in a sustainable way, especially in an evolving society that continues to be challenged by unemployment, poverty and inequality.

### **3.4.5 Health and Safety**

The historical journey of South Africa from an Apartheid system to a democratic one has had a lasting effect on the health system (Coovadia *et al.*, 2009:817), which continues to suffer from a previous health care system that was highly fragmented and divided on racial grounds between four races, that is black, indian, mixed race and white (Baker, 2010:79). This form of segregation damaged the health care system preventing excluded races from receiving quality health services (Baker, 2010:80; Chassin & Loeb, 2013:462). As a result, access to quality health care by community members remains a key problem for South Africa's policy makers (Surender, 2014:1). Nonetheless, quality health care is the responsibility of local government and a constitutional obligation ensuring that all South Africans receive equal services (Stuckler *et al.*, 2011:165). The introduction of developments and programmes was a step that government took to enhance and improve health care, efficiency, safety and the delivery of quality services by making major shifts within the health policy and legislation to promote quality health care (Moyakhe, 2014:80). Despite local government's effort in pursuing set goals regarding improved service delivery in the health care domain, the media and local communities aired views in 2009 postulating that public health care institutions were still experiencing challenges in

meeting the basic needs of people including patient expectations (Visser *et al.*, 2012:4). This negative turn of events in the health care system has exacerbated a loss of confidence from the public, which regards it as ruined (Zubane, 2011:1; Koelble & Siddle, 2014:1118).

Local government, the sphere closest to the people, has made great attempts to improve the health care system since 1994. However, the public remain dissatisfied by services rendered by the health care system. Amongst the many, the health care system continues to experience a downward spiral due to the following issues: “prolonged waiting time due to a shortage of human resources, adverse events, poor hygiene and poor infection control measures, increased litigation as a result of avoidable errors, a shortage of resources in medicine and equipment and poor record-keeping” (Maphumulo & Bhengu, 2019:2). In as much as the aforementioned issues are important, the purpose of this study is in prioritising the significance of health through the LED to accentuate the need for quality service provision in the health care system in contributing to economic growth and development. This follows reports by health entities in South Africa, indicating that there is more work that needs to be done in the health system, which is failing to meet the basic needs of citizens and is worse than lower income countries (Centre for Development and Enterprise, 1995:45; Pillay-van Wyk *et al.*, 2016:642). This negative outcome is caused by poor leadership and inadequate management, lack of clear philosophy and poor goal setting (Carney, 2009:34; Pillay-van Wyk *et al.*, 2016:642). Leadership is an ongoing challenge not only in the health care system, but also in the LED strategy, which is the basis of this study. It is also important to note that the issues around leadership became evident after South Africa became a democratic country in 1994 and began implementing policies that were focused on improving the living conditions of people (Franks, 2014:7).

In Government’s efforts to instil change in an unequal society that suffers from historical roots of exclusion based on race and gender, the situation was worsened by employing inexperienced managers in senior positions which greatly affected the health care system (Coovadia *et al.*, 2009:830; Adejumo & Archibong, 2013:2). This is a common practice in South Africa, where managers are promoted to senior positions due to experience and not skill. These positions normally have many applications due to the high remuneration (Pillay, 2010:33). These practices are exacerbated as a result of lack of accountability, corruption and misconduct amongst Department of Health officials (Siddle, 2011:6). It is

for this reason that LED needs a strategic adjustment in promoting social and economic development within a particular locality. Various policy and legislation are significant for the health care system and promote the notion of quality services. This includes the Constitution of the Republic of South Africa 1996, which states the right and duties of citizens and the functions of government. The Patient's Right Charter emerged from the Constitution setting a common standard in achieving these rights (Nevhuthalu, 2016:79). Another policy supporting quality services is the National Department of Health Regulations, which is responsible for health policy and coordination as directed from the Constitution and the Health Act 61 of 2003, and other priority programmes and policies introduced by the democratic government including free-health policies and the district-based primary health care system (Van Rensburg, 2014:6).

Despite policies and programmes emanating from a progressive Constitution that is a protector of human rights and the rights of all citizens to access quality health care delivery (South Africa, 1996a:13), challenges exist within the health care system affecting most citizens. In support, Managa (2012:4) asserts that local government's key challenges are associated with institutional capacity, high levels of corruption, financial management and a lack of public participation, where there are critical aspects needed for development through LED.

### **3.5 ALIGNING DEVELOPMENT FRAMEWORKS WITH LOCAL ECONOMIC DEVELOPMENT STRATEGIES**

The above development frameworks ranging from global, continental and regional are designed as a blueprint to guide LED planning and implementation at the national and provincial spheres, enforcing a mandate on local government to take on two roles, namely, facilitation and coordination, especially when dealing with LED strategies concerning communities and the economy. Thus, local government must be accessible to communities including engaging with stakeholders in promoting the significance of participation and transparency necessary for development. LED is essential for the prioritisation of projects and programmes in enabling sustainable development for localities in South Africa.

**3.5.1 LED a sustainable development instrument**

LED has a vital role to play within a locality in meeting the needs of communities and enhancing the economic capacity of a specific jurisdiction. Furthermore, LED serves as a sustainable development instrument to boost local economies through tackling issues related to poverty, unemployment and inequality. LED as a local government initiative mandated by the national sphere, has gained great popularity over the years due to its grass-root based approach, particularly in developing countries (Kahika & Karyeija, 2017:159). Similarly, Houghton, Dlamini and Mthembu (2013:14) concur that LED is viewed as beneficial, necessary and the responsibility of local municipalities. On a global scale, Mexico has integrated LED within half of the country’s municipalities as an initiative needed to promote local development (Rogerson, 2013). On a regional level, Uganda implemented LED around the mid-1980’s within a decentralised system with a focus on improving the country’s economy and the livelihood of its citizens by alleviating poverty, and promoting development, and sustainable and equal economic growth through local government intervention (Kahika & Karyeija, 2017:160). LED cannot function without the following key elements: objectives, strategies and projects as outlined in Table 3.2 (Trousdale, 2005:5) below.

**Table 3-2: Building Blocks of LED**

| <b>Objectives</b>                                | <b>Strategies</b>   | <b>Projects</b>   |
|--|---|---|
| Reduction of poverty                             | Provide the basic needs of the poor                                     | Provide the basic essential services and allow access to community facilities |
| Promote job creation                             | Provide skills training   | Set up job and skills centre  |
| Support the retention and attraction of business | Ensure focused marketing, research, and analysis of economic conditions | Set up business support and advice centre                                     |
| Promote economic stability                       | Encourage economic diversity  | Support key economic sectors as identified in research                        |

Source: Adapted from Trousdale (2005:5)

Building blocks are needed for the advancement of LED strategies in achieving set objectives and projects in a specific locality. The success of LED is determined by both macro and micro issues being centralised and dealt with (Sachs, 2005:45; Blakely 2002:165). The prioritisation of action plans in local economies is essential in meeting their visions and objectives (Swinburn & Murphy, 2007:4). However, despite LED strategies being imperative to a locality, LED does not have a single definition, and various definitions are provided by literature. The World Bank (2003:1) and Ruecker and Trah (2007:15) define LED as a mechanism involving various stakeholders such as the public, business and non-governmental entities working together to improve living conditions within a locality. Blakely (1994:49) views LED as a process involving local government and local corporate firms by acquiring resources through joint effort in creating jobs and enhancing economic activities within a specific locality.

In a similar vein, Mashamaite and Lethoko, (2018:117) describe LED as an approach requiring joint effort from local people and other stakeholders with a common goal of achieving sustainable local economies and improving the quality of life of all citizens. Oduro-Ofori (2016:16) is of the opinion that LED has a primary focus of building the economic capacity in a particular locality to improve the quality of life for all, by developing local employment opportunities through making use of resources that exist on a human, natural and institutional level and are also available in the local domain (Varol, 2010:98; Oduro-Ofori, 2016:16;). According to Blakely (2002:159), LED's broad goals can be defined as the creation of jobs, economic stability through diversification, and a process driven by local people and local knowledge systems. From the aforementioned there is no clear definition of LED in relation to this study; LED will be viewed as a strategy that aims to promote economic growth and development in a locality. Furthermore, the above definitions accentuate that LED operates at grass-root level and must transform a locality on an economic and human level. Local government acts as a facilitator, enabler and coordinator, and with the help of other stakeholders it creates a favourable and sustainable environment for all. In support, the National Resources Institute (2006:16) highlights the significance of LED initiatives regarding cohesion and integration including the promotion of local ownership, building strong partnerships and the creation of an enabling environment focused on enhancing new opportunities for economic development.

LED is a key mechanism to societal challenges including the development of a local area. This responsibility rests on local government, all sectors and the community, shifting power from national government, and promoting a bottoms-up approach due to local government's close interaction with the people and within a locality (Maleka, 2002:14). This role by local government concerning the rebuilding of local communities and the environment is a constitutional mandate and forms the basis for a democratic, integrated, prosperous and non-racial society (South African Local Government Association, 2015:11). The aspects of local government serve as a reminder of the transformation which local government has undergone in South Africa from operating within an Apartheid system that mostly favoured white urban areas at the expense of black urban areas, and peri-urban areas that have been affected greatly in terms of socio-development (Visser, 2009:9). Despite this transformation, unemployment, poverty and inequality persist in South Africa.

Additional factors continue to challenge South African municipalities and include: limited provision of basic services, urbanisation, globalisation, technological advancements resulting from an environment that is highly competitive comprising of a new external framework within which municipalities globally must address their economic challenges (Koma, 2013:129), including poor performance that emanates from a shortage of resources, lack of capacity and limited experience by local government to promote LED (Rogerson, 2010; Kamara, 2017). Furthermore, Kamara (2017:102) and Khambule (2018:2) pinpoint more challenges that contribute to local government not being able to meet the needs of citizens and promoting a well capacitated LED such as lack of funding for LED, lack of capacity, insufficient skilled LED practitioners, lack of understanding of local economies, lack of integration between local authorities, communities and the business community, to mention but a few.

Local government continues to face various challenges that become stumbling blocks to the effective and successful planning of an integrated and comprehensive LED. It is for this reason that these challenges need to be addressed so that LED initiatives prioritise poverty reduction and job creation for the growth of the economy and the improvement in people's standard of living. Furthermore, local government still needs to adhere to its developmental duties' growth within a locality. Section 152 of the Constitution of the Republic of South Africa of 1996 states that local governments in South Africa are

obligated to promote social and economic development. The White Paper of 1998 has established these developmental duties for South African municipalities. The encouragement given to municipalities by the Constitution and the White Paper in creating jobs and reducing poverty is not sufficient because municipalities continue to grapple with mammoth challenges. From the above-mentioned it is evident that more still needs to be done in promoting social and economic development considering the above challenges. Koma (2012:125) agrees that these challenges such as unemployment, poverty, shortage of skills, lack of administrative capacity and inappropriate policies experienced by local government affect the implementation of LED, in optimising local resources and local knowledge (Rogerson, 2009:35).

In view of the above challenges, the importance of LED as a key driver used by local government to play a leading role in attaining growth in the economy is evident. Local development is a prerequisite for local communities, and local government needs to ensure that it meets the needs of communities as stated by the Constitution.

### **3.6 CONCLUSION**

In conclusion, development frameworks act as a directive for local government's planning and promotion of LED in the forefront of its developmental duties from national government. Local government has a vital role in local municipalities that must contribute to the socio-economic development of a particular locality. This is possible through the forming of partnerships with other stakeholders such as local communities, the private sector and community-based organisations amongst others. In the South African context LED is a mandatory requirement for local government because it is ingrained within policy frameworks such as the Constitution and the White Paper, as well as other legislations.

In this chapter, key challenges were also identified that affect the functioning, effectiveness and success of LED, notably lack of funding for LED, lack of skills and capacity, shortage of resources, poor partnership coordination and so forth. The aforementioned challenges hinder the planning and coordination of LED preventing the creation of new opportunities. It is for this reason that more still needs to be done on LED implementation, and working collectively with relevant stakeholders will contribute greatly to local development in reference to job creation and economic growth. However, Africa

continues to be faced with challenges related to unemployment, poverty and inequality due to political instability emanating from frequent changes of governments that affect attaining set goals within the premise of economic development. The next chapter will identify challenges faced by the JB Marks Local Municipality in formulating and implementing a LED strategy in improving development and employment creation within the municipal area.

## **CHAPTER 4    LED WITHIN JB MARKS LOCAL MUNICIPALITY: EXISTING REALITIES AND CONCERNS**

### **4.1 INTRODUCTION**

The South African Government continues to battle with issues such as poverty, unemployment, inequality and hunger (Statistics South Africa, 2013:22). It is evident that existing government policies and strategies for job creation and economic growth do not yield the desired results (National Treasury, 2011:9; Beukes *et al.*, 2016:1). The major issue is the high unemployment rate in South Africa, which has been problematic since 1994 (Burger & Von Fintel, 2009:1). South Africa's transition to a democratic state in 1994 came with high expectations regarding economic prosperity and general social well-being, inclusive of reduced levels of inequality and chronic poverty (Aron *et al.*, 2008:1). Although these expectations are legitimate in a democratic dispensation, it is evident that especially the local government sphere struggles to fulfil its developmental mandate and statutory and moral obligations. This often results in poor local governance and service delivery failures, limited capacity and a general lack of an entrepreneurial culture (Koma, 2014:3). Against this background, local government adopted a local economic development approach that should be directed by a comprehensive Local Economic Development (LED) Strategy in each municipality.

LED in South Africa emerged in the post-1994 era and involves collaboration with various economic development stakeholders to address socio-economic challenges (Human Science Research Council, 2003; Patterson, 2008). To adhere to the developmental mandate and community participation obligations of municipalities, it is essential that LED is driven by the local government sphere. The municipal circumstances, conditions and demographic profile of the community should be factored into a tailor-made LED strategy. Hence, an effective LED strategy requires participation and consensus amongst key stakeholders and a coordinated and collective effort of all stakeholders (Swinburn, 2006:1; Rodrigues-Pose & Tijmstra, 2009:36).

The objective of this chapter is twofold. Firstly, to conduct a situational analysis of the case study of this research, the JBMLM, in relation to its social-demographic and economic profile and the establishment of the LED function at the municipality. Secondly,

to conduct a gap analysis to compare the existing LED strategy of the municipality with socio-economic development theories, approaches and models, as well as accepted development frameworks analysed in Chapters 2 and 3. The results of this gap analysis will then be empirically verified in the next chapter by means of semi-structured interviews with key participants responsible for the LED function at the municipality.

## **4.2 JB MARKS LOCAL MUNICIPALITY: A SITUATIONAL ANALYSIS**

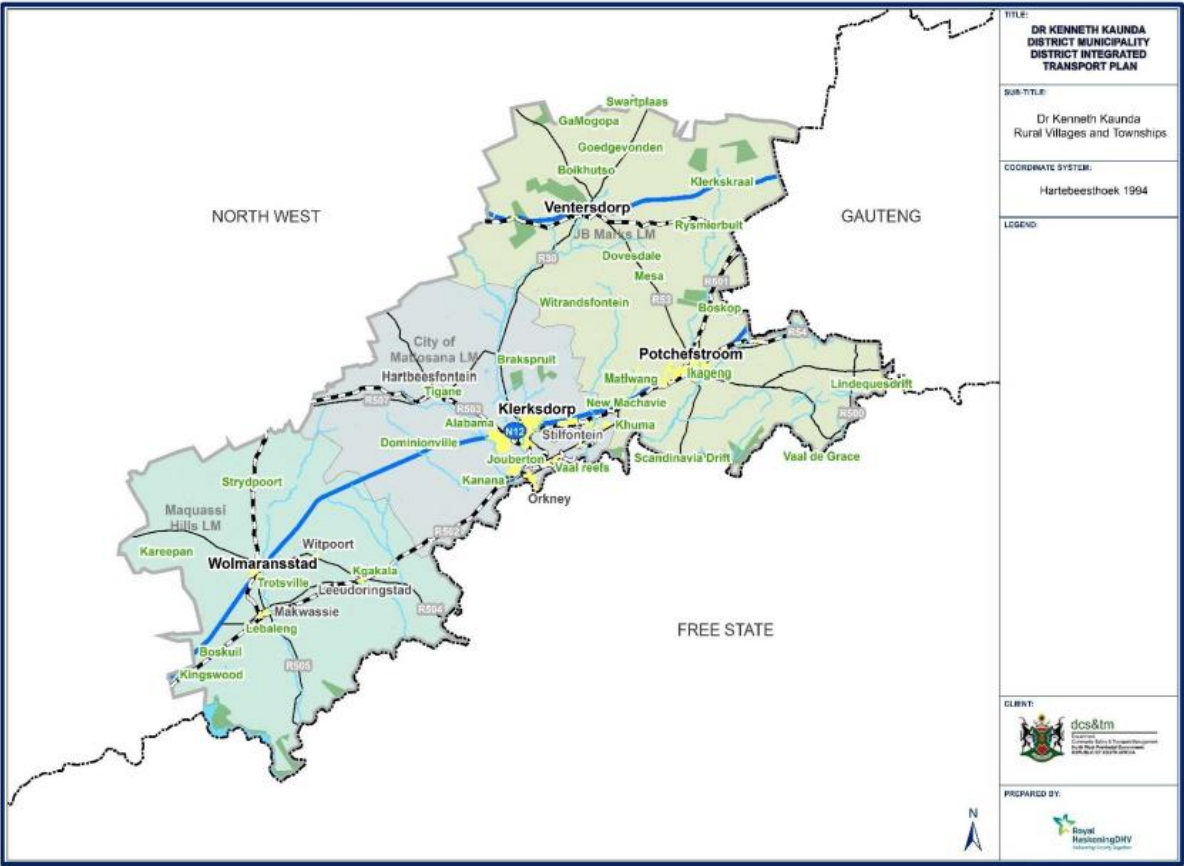
This section aims to conduct a situational analysis of the case study of this research, namely the JBMLM. For this purpose, the composition and demographic profile of the municipal area will be explored. This analysis is essential to gain a more comprehensive perspective of the socio-economic challenges experienced by the JBMLM, as well as to gain insight into the nature of dimensions that should be accommodated in its LED strategy.

### **4.2.1 Composition of the Municipality**

The JBMLM was established by the amalgamation of the Ventersdorp Local Municipality and the Tlokwe City Council Local Municipality on 3 August 2016. During the transition period, the municipality was simply known as “NW405”. It is located within the Dr Kenneth Kaunda District (Dr KKD) in the North West Province. The municipality covers the following areas from the Tlokwe Region: Mohadin, Ikageng, Promosa, Potchefstroom Town, Matlwang, Leliepan/Baitshoke, Haaskraal, Turflei, Vyfhoek, Moibank, Machavie, Miederpark, Kopjeskraal, Wilgeboom, Lindequesdrift, Rooipoortjie, Venterskroon, Buffleshoek, Vredefort Dome and Ventersdorp. The Ventersdorp Region consists of a vast rural or commercial farming area, as well as the urban area of Ventersdorp, Tshing and Toevlug, with six villages, namely Goedgevonden, Welgevonden, Tsetse, Ga-Magopa, Boikhutso and Boikhutsong. The JBMLM is the largest of the three municipalities in the district, making up almost half of the geographical area of the district (NW405 Municipality, 2017:46). The NW405 Municipality (2017:47) states that the population of Potchefstroom and Ventersdorp is currently 243 527.

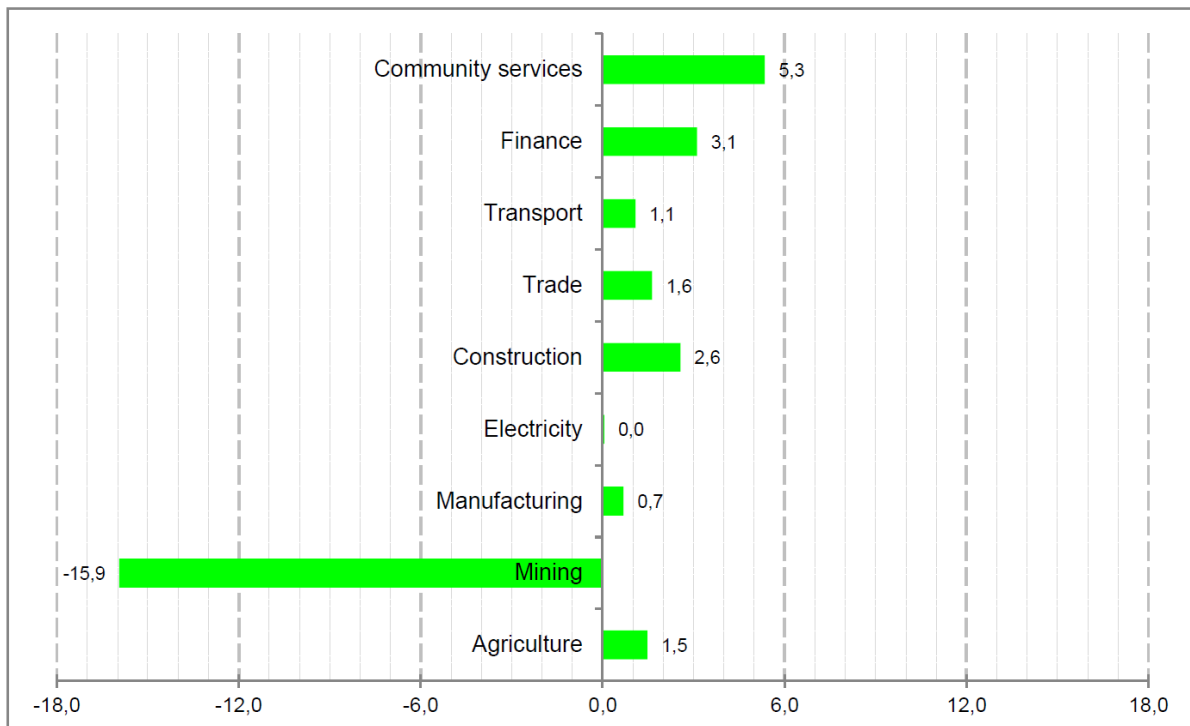
The JBMLM is a Category B municipality. A Category B municipality is defined as a municipality that shares municipal executive and legislative authority with a Category C

(i.e., district) municipality within whose area it falls according to Section 155(1) (South Africa, 1996a). The map below in Figure 4-1 (Dr KKD, 2017:3) depicts where the JBMLM and Ventersdorp are located.



**Figure 4-1 Map of Dr KKD**  
 Source: Dr KKD (2017:4)

Regarding economic activities, the main economic hubs comprise of a university, a military base, high-altitude sports training facilities, and extensive mining and agriculture activities (JBMLM, 2018:42). These economic hubs are vital because they act as growth stimuli for job creation and other opportunities. The respective contributions of the economic sectors at the JBMLM are illustrated in Figure 4-2.



**Figure 4-2: Economic sector contributions at JBMLM**

Source: Dr KKDM (2017:27)

From the above figures it is evident that community services and trade contribute the most. All sectors are significant because they provide an economic structure for the JBMLM. Additional sectors as depicted in the above figures which include finance, transport, construction, electricity, manufacturing, mining and agriculture. These sectors play an important part in the reduction of unemployment, inequality and poverty.

The N12 route connects Johannesburg and Cape Town via the city of Kimberley, which runs through the municipality. The main railway route from Gauteng to the Northern and Western Cape also runs through one of the municipality's main cities, Potchefstroom. The city is 145km south-east of OR Tambo International Airport and has its own airfield. The airfield was formerly a military air base, accommodating bigger aircraft. Furthermore, gold mining is a dominant economic activity in the district, with Ventersdorp and Potchefstroom being the only exceptions. Venterdorp to the north-west of Potchefstroom focuses on agricultural activity. In addition, the industrial zone of Potchefstroom has many companies, namely industries of steel, food and chemicals, with entities such as King Korn, Kynoch, Naschem and the Soya Protein Process (SPP) Company within the city centre. The infrastructure of Potchefstroom supports approximately 600 local businesses.

Ventersdorp's main economic sectors are agriculture, community services, manufacturing, trade, finance, transport and mining.

According to the Tlokwe City Council Annual Report (2017:47), the following particular social problems plague its area of jurisdiction:

- high prevalence of HIV/AIDS in the community and teenage pregnancies;
- crime and offences committed by children under the age of 18 years of age; and
- commercial sex that continues to increase due to trucks passing through, making use of the N12.

The above socio-economic problems affect the livelihoods of individuals living within the JBMLM. Unemployment is one of the most significant problems that contributes to the social problems, resulting in a poor quality of living and preventing economic growth and development. The demographic profile of the population is analysed in the next section.

#### 4.2.2 Demographic profile

In this section, the profile of the population by age and race, level of education and main dwellings will be elaborated upon. The section commences with an exploration of the population by age and race.

**Table 4-1: Population by age**

| Population by age | Male  | Female | Total |
|-------------------|-------|--------|-------|
| 00-04             | 11859 | 11546  | 23405 |
| 05-09             | 12547 | 11596  | 24143 |
| 10-14             | 10251 | 10925  | 21176 |
| 15-19             | 10791 | 11310  | 22100 |
| 20-24             | 13340 | 12800  | 26141 |
| 25-29             | 10716 | 10471  | 21186 |
| 30-34             | 8923  | 9006   | 17929 |
| 35-39             | 8109  | 8360   | 16469 |
| 40-44             | 7770  | 7323   | 15093 |
| 45-49             | 7771  | 6337   | 15093 |

|              |               |               |               |
|--------------|---------------|---------------|---------------|
| 50-54        | 6124          | 5666          | 11790         |
| 55-59        | 5666          | 4878          | 10544         |
| 60-64        | 3532          | 4033          | 7566          |
| 65-69        | 1855          | 2388          | 4243          |
| 70-74        | 1625          | 1823          | 3448          |
| 75-79        | 943           | 1211          | 2154          |
| 80-84        | 501           | 591           | 1092          |
| 85+          | 344           | 596           | 940           |
| <b>Total</b> | <b>122666</b> | <b>120861</b> | <b>243527</b> |

Source: JBMLM (2018:44)

**Table 4-2: Population by race**

| <b>Population by race</b> | <b>Male</b>  | <b>Female</b> | <b>Total</b>  |
|---------------------------|--------------|---------------|---------------|
| Black African             | 96091        | 91565         | 187656        |
| Coloured                  | 6168         | 30585         | 12987         |
| Indian/Asian              | 949          | 671           | 1620          |
| White                     | 19458        | 21806         | 41264         |
| <b>Total</b>              | <b>12266</b> | <b>120861</b> | <b>243527</b> |

Source: JBMLM (2018:44)

The population by age and race are essential components in influencing socio-economic development and job creation. This is mainly because people's needs determine the direction of a municipal strategy such as LED. From the two tables it is evident that there are more males than females, and a high number of youths per age, which will be referred to as the active population compared to the older generation (inactive population). This population functions in a municipality that comprises of both a formal and informal sector. These sectors have both positive and negative effects on development. As it stands, South Africa continues to battle against unemployment, poverty and inequality (Schlueter & Scheepers, 2010:166; Statistics South Africa, 2013:22). Consequently, LED is regarded as a broad-based local socio-economic development agenda that promotes and develops a local community's social, economic and environmental prospects.

The population by age shows a high number of youths residing in the JBMLM, an area affected by severe social challenges. The age and race dimensions of the population are

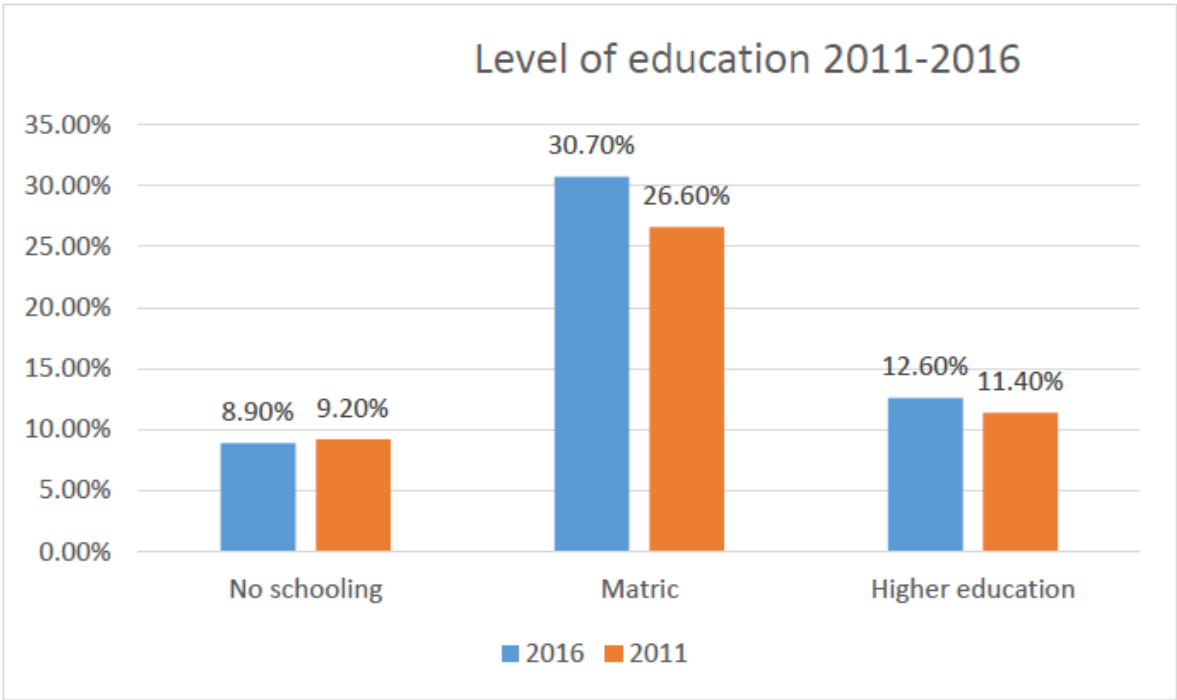
highly interrelated and influence the design of LED strategies (Van der Waldt, 2018:695). Furthermore, the high number of youths represents an active population that needs the right resources, entrepreneurial culture and skills for promoting self-development and employment opportunities. However, an inactive population though important, may be more dependent on government aid, exacerbating an imbalance that affects gradual upward mobility in society. Therefore, in understanding the population by age and race, officials at the JBMLM should be able to prioritise focus areas as it relates to the profile of the community. In the same light, population by race influences the existing LED strategy considering the historical context of South Africa that caused an unequal society due to the Apartheid regime. All of these are critical aspects, which can determine the direction of the LED strategy. It is equally important to note that a population of any context fluctuates for several reasons, such as migration, economic opportunities or climate conditions. All of these aspects and conditions should be factored in when the JBMLM plans and designs its LED strategy.

As stated, the population by age indicates that there are more males compared to females. This is mainly due to extensive mining and agricultural activities within the area. However, since mining and agriculture are generally male-dominated industries, there is also a need to create more opportunities that cater for the female population, so that there is balance and equal opportunities for both sexes. As highlighted in Chapter 3 (Section 3.2), the Sustainable Development Goals (SDGs) aim to promote gender equality and to empower women. The LED strategy should thus aim at building economic capacity in the JBMLM, focusing on the needs of all people. In support, Cortez and Ferl (2012:1) point out the importance of equal distribution of consumption in municipalities aimed at promoting economic growth. Municipalities have the responsibility of providing their citizens with adequate development support to fulfil both current and future socio-economic goals. It is for this reason that local government is encouraged to play an active role to promote broad-scale local economic development (Nkwinika & Mundzhedzi, 2016:77). The LED strategy is regarded as an important tool in this regard by aiming to reduce unemployment and poverty.

The demographic profile of the case study, the JBMLM, further reveals two important elements. The first element is the high population of blacks and an active population in a particular age group. Statistics of the JBMLM (2020) show that inequality in terms of

economic opportunities is higher in the black population. This generally explains why unemployment remains high, affecting people especially in the age group 19-34 years. Therefore, unemployment should be prioritised in the LED strategy, otherwise the LED strategy will continue to be used as a *de facto* strategy.

Figure 4.3 depicts the highest level of education with a positive increase in the number of people possessing matric (from 27% to 30%) and a drop of 1% of those that have no schooling.



**Figure 4-3 Highest level of education**  
 Source: JB Marks Local Municipality (2018:47)

There are three categories of education, namely people with no schooling, people who possess matric, and those with higher education. Out of the three categories of education, Gillis *et al.* (1996:266) are of the opinion that primary and secondary educational levels are best suited for poor countries. Education is vital when it comes to advancing the socio-economic prospects of a society. In the case of the JBMLM, the category with the highest numbers is those people with matric (Grade 12) as the highest qualification. This is potentially a positive fact since individuals require a certain educational background to be adequately empowered. The relatively high educational base of the population is thus positive for enhancing human capacity in the municipal area. In support, Heyneman and Loxley (1982:30) are of the view that education is a key strategy that should be used to

fight economic stagnation, unemployment and income inequality. Heyneman and Loxley (1982) continue to argue that governments have a legal and moral responsibility for making education more accessible to all. It is for this reason that the socio-economic profile of the JBMLM should be aligned with the objective of its LED strategy by prioritising access to educational opportunities. Such strategies should enhance the community’s ability to find jobs and to create opportunities that can contribute to the overall economic prosperity of the geographical area. Education is commonly regarded to combat high levels of poverty, inequality and unemployment. The JBMLM’s LED strategy should also aim to bridge the gap between urban and rural communities in relation to access to education. Higher educational levels at the JBMLM can be considered yet another instrument for stimulating entrepreneurship and supporting existing businesses to their optimal potential. The LED strategy can therefore be regarded as a key driver that reinforces human development and capacity-building in the JBMLM area of jurisdiction.

The municipal socio-economic profile is critical for the LED strategy because it reveals areas that should be prioritised as far as support and growth are concerned. Continuous environmental scanning of the socio-economic environment of the municipality is vital to act as an early-warning system and a barometer to address key issues related to unemployment, poverty and inequality. Senior LED officials should thus regularly obtain data and statistics of the community to have information pertaining to the population profile.

In addition to the age profile of the population, the racial profile, and the levels of education, access to housing is a further indicator of the socio-economic conditions of a municipal community. As revealed in Chapter 3, access to adequate housing (i.e., main dwelling) affects the advancement of a community when it comes to development and employment creation. The nature of main dwellings at the JBMLM is depicted in Table 4.2 with the percentages per type of dwelling indicated.

**Table 4-3: Main dwellings**

| Type of dwelling  | %    |
|---|------|
| Formal dwelling/house or brick/concrete block structure         | 63   |
| Traditional dwelling/hut/structure made of traditional material | 0,33 |
| Flat or apartment in a block of flats                           | 7,60 |

|   |       |
|---|-------|
| Cluster house in complex                                      | 0,98  |
| Townhouse (semi-detached house in a complex)                  | 0,69  |
| Semi-detached house   | 1,00  |
| Formal dwelling/house/flat/room in backyard                   | 7,56  |
| Informal dwelling/shack in backyard                           | 6,18  |
| Informal dwelling/shack not in backyard                       | 10,33 |
| Room/flat on a property or larger dwelling/servants' quarters | 1,04  |
| Caravan/tent  | 0,09  |
| Other   | 1,04  |

Source: JB Marks Local Municipality (2018:48)

From Table 4-3, it is evident that formal dwellings in the JBMLM are the most common type of housing compared to more conventional dwellings. This is a further positive indicator as far as socio-economic development is concerned, but it should be noted that there is a rapidly growing trend of people migrating from deep rural areas in the province to urban areas (i.e., JBMLM). There is thus still a major challenge in providing adequate housing for a growing urban population. In addition, spatial development is problematic as far as unequal distribution of settlements based on race and geographical location are concerned. Separation of settlements on racial grounds continues to affect socio-economic development in the municipality (Koma, 2012:126). In addition, the Integrated Development Plan (IDP) of the municipality pointed out that there are several housing-related challenges such as the lack of access to basic services, as well as growing levels of crime and unemployment (JBMLM, 2018:10). All of these challenges are critical aspects for LED, which aims to improve the economic capacity and enhance the livelihoods of the community. As supported by Levinsohn (2007:2) and Cohen (2009:8), the LED of the JBMLM should also prioritise housing and spatial development, since it affects issues such as unplanned settlement, crime, growing unemployment, poverty and inequality.

Authors such as Levinsohn (2007:4) and Rodrigues-Pose and Tijmstra (2007:522) argue that the prioritisation of socio-economic problems, particularly unemployment, should be imbedded in the plans and strategies of municipal departments. The main reason for this is that unemployment is a multidimensional issue that should be addressed by various strategies such as housing, job creation, access to education and basic services. As such,

strong alignment, coordination and planning cohesion within municipal departments should be promoted. In this regard, Underdal (2010:387) and Koma and Kuye (2014:95) maintain that municipalities struggle in general to integrate and coordinate activities and functions associated with LED. This often leads to dysfunctionality and the waste of public resources. This point accentuates the fact that the LED strategy of the JBMLM should accommodate various approaches, functions and practices to follow a more integrated and holistic approach in addressing socio-economic challenges in the municipal area.

A further point regarding the LED function at the JBMLM is the importance of community ownership of socio-economic development initiatives contained in the LED, as well as continuous participation in the prioritisation of development needs and the design of suitable strategies. Khambule (2019:97) for example, reasons that all local stakeholders should collectively contribute to the LED goals of the municipality. In addition, Mogale (2003:227) emphasises the fact that the LED strategy should serve as a catalyst and driver for the socio-economic development of local communities. Against this background, the chronological development of the LED function in the municipality (JBMLM) will be analysed in the next section to gain a fuller perspective regarding the status of LED strategies in addressing local needs and accommodating local conditions and circumstances.

#### **4.3 THE ESTABLISHMENT OF THE LED FUNCTION AT JBMLM**

The establishment of the LED function at the JBMLM cannot be explored without taking cognisance of broader socio-political realities in the South African Government. The LED function at the JBMLM should thus not be studied in isolation, but should be interpreted within the entire constitutional dispensation that emerged since democratisation in 1994. The resultant statutory and regulatory framework provided the legal mandate and obligations of municipalities to become developmental in nature and to foster socio-economic prosperity and growth in their areas of jurisdiction.

The foundational aspects of the LED function can be traced to the South African Constitution, 1996, which stipulates that developmental local government should become developmental in nature. This implies that municipalities should play a significant role in the economic and social development of communities. Section 153 of the Constitution

highlights that municipalities must promote social and economic development of the community including participating in the national and provincial programmes (South Africa, 1996a). Furthermore, the White Paper on Local Government, 1998 introduced the concept of “developmental government” and states that “local government is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives” (DPLG, 2006:9). A local municipality like the JBMLM must ensure that the general well-being of communities is fulfilled through its mandated leadership role in development (Mathenjwa, 2016:116). In addition, the White Paper on Local Government, 1998, states that local government is not responsible for creating jobs, but rather for taking steps in creating an enabling environment for social and economic conditions to promote employment creation (South Africa, 1998: Section A). Thus, the LED’s focus is to enhance and create an enabling and conducive environment, thereby making it possible for socio-economic actors to engage in designing and implementing economic growth strategies and programmes. In addition, Section B of the White Paper highlights four interrelated characteristics for developmental local government, namely:

- maximising social development and economic growth;
- integrating and co-ordinating;
- democratising development; and
- leading and learning.

The stipulations of the Constitution, 1996 and the White Paper on Local Government, 1998, are supported by other legislation that emphasises the duties and functions of municipalities. The most significant pieces of legislation in this regard include the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, and the Municipal Finance Management Act 56 of 2003 (Koma, 2016:130). All of these legislative functions play a critical part in guiding the JBMLM and other municipalities to meet the needs of the community in an efficient and effective way. For example, Section 19(2) of the Local Government: Municipal Structures Act 117 of 1998 stipulates that municipal councils must annually analyse the needs of communities and ensure that they participate in prioritising such needs. In addition, the Local Government: Municipal Systems Act 32 of 2000 stipulates that municipalities must follow a development-oriented plan (South Africa, 2000) to:

- realise the objectives of local government as indicated in Section 152 of the Constitution;
- prioritise developmental duties as set out in Section 153 of the Constitution; and
- collaborate with other organs of state in enhancing the gradual realisation of important rights contained in Section 24 of the Constitution, 1996.

These rights include the fact that an environment that is not harmful to the health or well-being of communities, must be created, and that every community member has the right to property, access to adequate housing and basic education (South Africa, 1996a).

Significant impetus for the establishment of the LED function in South African municipalities came when the former DPLG (2006:7), now CoGTA, drafted the National Framework for LED. The main aim of this framework was to guide and facilitate the design of LED policies in local government. The DPLG (2006:4) claimed that the National Framework for LED serves as a valuable tool to advance the LED function in municipalities by proposing a strategic implementation approach for municipalities to improve LED in communities. It may be argued that this framework is rather outdated and does not adequately make provision for changing socio-economic conditions that municipalities currently face.

As far as local planning is concerned, the Municipal Systems Act [Section 25(1)] stipulates that each municipal council must, after the start of its elected term, create a “single, inclusive and strategic plan for development” of the municipality. In this regard, the Municipal Systems Act explicitly makes provision for local economic development (LED) planning by stipulating that it must serve as the instrument to enhance the broader socio-economic development of communities. This involves the use of local resources to address local needs and conditions (Mosiane, 1999:5). The LED function is an “essential strategy and vehicle” for local development (Haffajee, 2002:24). In addition, the Local Government: Municipal Systems Act 32 of 2000 and Pillay *et al.* (2006:195) hold that the IDP of a municipality should serve as an inclusive plan for a municipality that aligns, integrates and coordinates service delivery efforts. The IDP must also be aligned with the broader national development planning framework (Koma, 2013:128). Levin (2009:960) suggests that the IDP of municipalities serves the purpose of aligning local growth,

development priorities and realities with the Provincial Growth and Development Strategies.

In the case of the JBMLM, Tlokwe Local Municipality (2017:15) argues that its IDP makes provision for various strategies aimed at an integrated and coordinated developmental approach. This approach makes provision for local conditions and the availability of natural, financial, human and physical resources in the municipality. The integrated approach furthermore makes provision for the design of Spatial Development Frameworks (SDFs) as a core component of its IDP. Mashamba (2008:425) opines that the function of the SDF is to pinpoint growth areas in municipalities by identifying and earmarking strategic portions of land for development. It also sets parameters for an efficient and effective land use management system.

The above-mentioned planning instruments emphasise the need for the LED function to be integrated and aligned with existing development planning instruments (Van der Waldt *et al.*, 2007:141) of the JBMLM. The IDP can then be viewed as an overarching plan that enables municipalities to find possible solutions for sustainable economic development. In the case of the JBMLM, the IDP is responsible for the following:

- linking, integrating and co-ordinating plans and considering proposals for the development of the municipality;
- aligning the resources and capacity of the municipality with the implementation of the plan;
- forming the policy framework and general basis on which the annual budget must be based; and
- being compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation (Tlokwe Local Municipality, 2017:13).

The JBMLM, like other municipalities, is obligated to play an active role by being a local coordinating agent for LED by collaborating with other stakeholders in the broader public service, the private sector, NGOs and other role-players. An example in this regard is coordination between the LED function and the Expanded Public Works Programme (hereinafter known as the EPWP). The EPWP is a nation-wide programme that focuses

on infrastructure development by utilising unemployed workers. Unemployed workers within municipalities are afforded the opportunity of acquiring necessary skills that will help them to be absorbed into the labour market (Philips, 2004:4). The EPWP is an important programme for the purposes of municipal LEDs since it presents an opportunity for unemployed workers to attain a skill and thus improve their standard of living by contributing to the overall advancement of the local economy. Noteworthy in this regard is the fact that the EPWP resulted in the job creation for 434 EPWP workers during the 2018/19 financial year and more than 500 during the 2017/18 financial year (JBMLM, 2017:86).

Furthermore, the 2019/20 business plan for EPWP initiatives (approved in May 2019) was estimated to employ at least 200 EPWP contract workers. In addition to the collaboration with the EPWP, the JBMLM partnered with ABSA Bank for the funding and training of small, medium and micro enterprises (SMMEs) during the 2016/17 financial year. This initiative is still in place (2021). Moreover, Nedbank partnered with the municipality to train members of SMMEs from 2014 to date. In addition, the South African National Roads Agency (SANRAL) appointed two local contractors from the JBMLM to cut grass on the N12 road during the 2019/20 financial year. The JBMLM furthermore entered into a collaborative agreement with the Small Enterprise Development Agency (SEDA) to train 100 local businesses. The municipality's Department of Small Business procured equipment for at least 15 local businesses to support this initiative (JBMLM, 2017:86).

Collaboration with other stakeholders such as the EPWP, ABSA, Nedbank, SANRAL and SEDA is in line with the generally accepted global principles of LED (Swinburn & Yatta, 2006:5). The JBMLM together with the private sector and NGOs must coordinate in achieving development of an enabling environment for job creation (Love, 2012:374; Stout & Love, 2015:464). Collectively, they decide what is reasonable and what constitutes the right course of action with regard to the social and economic development of the JBMLM, especially concerning job creation (Stout & Love, 2013:287). Consequently, through collective efforts of everyone involved, the focus of the LED must be able to bring about social and economic improvement by building on a common vision for the short, medium and long term, with the aim of emphasising local comparative advantage (Department of Housing, 1997:34).

It is thus evident that municipalities such as the JBMLM have a critical contribution to make when it comes to promoting LED. Furthermore, the comprehensive statutory and regulatory framework guides specific aspects of the LED function. It is, however, also evident that the LED function is not yet fully imbedded in and aligned with municipal planning instruments and structures. According to Brynard *et al.* (2011b:136) and Muthethwa (2012:1), most municipalities in South Africa struggle to follow an integrated approach as far as socio-economic development in general and strategies for poverty reduction and unemployment are concerned. Muthethwa (2012:1) argues that it is important that the LED function at municipalities is supported by a range of strategies to address the multidimensional nature of communities' development needs.

The analysis of the statutory and regulatory framework revealed that the formulation of the LED strategy necessitates compliance with seven essentials for its optimal design and implementation, namely:

- alignment with broader, national development frameworks, policies and plans;
- participation of all stakeholders involved in the socio-economic development and prosperity of a community;
- the coordination of resources and close collaboration between all stakeholders;
- the municipality should act as both catalyst and driver of economic growth initiatives;
- the municipality should establish a conducive environment and climate for business opportunities, job creation and community resilience;
- joint decision-making in the design and implementation of a LED strategy aligned with a common development vision; and
- utilising local resources and competitive advantage in a global and national context.

These essential elements are highly interrelated. For instance, participation by all stakeholders involved through joint decision-making can lead to utilisation of local resources in job creation and economic growth. These essentials serve as a valuable benchmark or yardstick against which the existing LED strategy of the JBMLM can be assessed.

The LED strategy of a municipality cannot be regarded as a *de facto* strategy, since it must be aligned with the National Development Plan: Vision 2030, the National Spatial Development Perspective (NSDP), Provincial Growth and Development Plans, and development planning of district municipalities. In the context of the NDP, the LED strategy must enhance partnership with different government departments and stakeholders (Moyo & Mamobolo, 2014:946). The main aim of the NDP is to ensure that citizens have a decent standard of living, which must be acquired through the reduction of poverty and inequality in all municipal areas (The Presidency, 2011:3). In the case of the JBMLM, its LED strategy should be guided by the North-West Provincial Growth and Development Strategy that is annually revised. The North-West Provincial Growth and Development Strategy (2020:8-9) outlines key social challenges such as the reduction of poverty, inequality and unemployment, as well as increasing skills and expertise for short and long-term goals that focus on sustained economic growth and economic development. Consequently, to ensure that the goals of the NDP, the NSPF and the North-West Provincial Growth and Development Strategy are attained, it is essential that municipalities imbed and prioritise these goals in their respective LEDs. In this regard, Kanyane and Mabelane (2009:59) propose that the performance management systems of municipalities should accommodate the following elements to support the implementation of its LED:

- LED goal setting within an overall development vision for the community;
- operational guidance and coaching to assist staff in accomplishing the set goals;  
and
- regular performance monitoring, evaluation and reporting.

These three elements should be accommodated within the organisational arrangements of the municipality.

#### **4.3.1 Organisational arrangements for the establishment of the LED function at JBMLM**

In line with the statutory prescripts outlined above, the LED function at the JBMLM was initiated and established in 2007 with the primary objective to develop and promote economic activities in the municipality (JBMLM LED, 2008). After obtaining a mandate

from Council to commence with organisational arrangements to establish the LED function, Beachfront Management Consultants were appointed to assist the municipality with the development of an economic development strategy for the period 2008-2015 (Tlokwe City Council, 2015:279). This strategy was supposed to address issues such as population growth, unemployment, job creation and the reduction of poverty (Tlokwe City Council, 2015:279). The resultant Economic Development Strategy was adopted by Council in 2008. The LED function was imbedded in this strategy, although not formally mentioned.

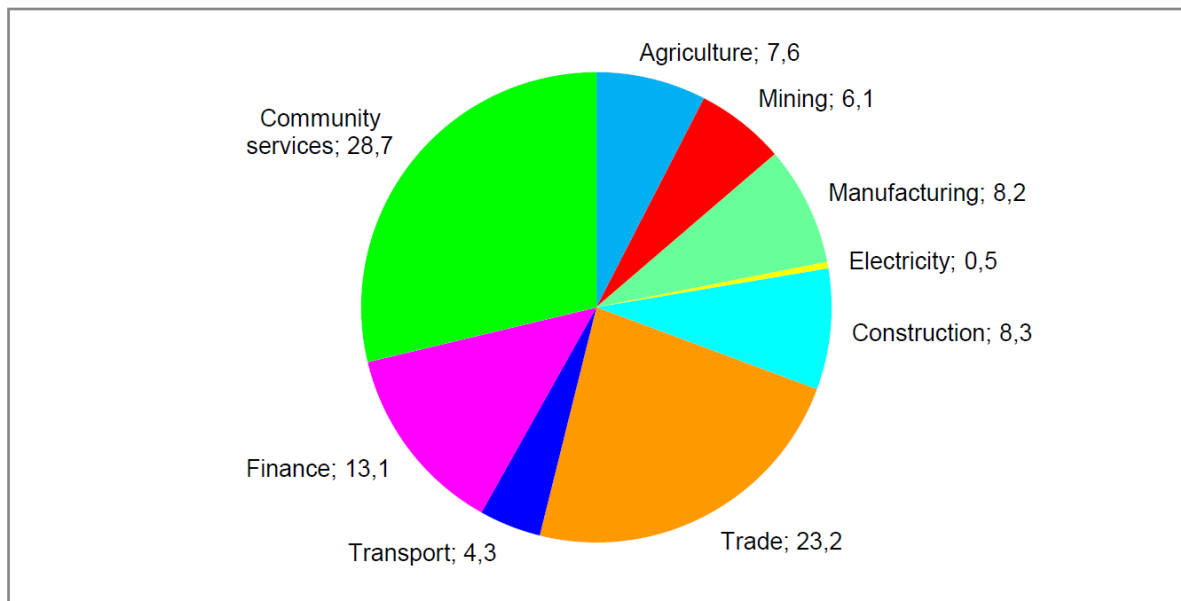
During the period of 2011-2016, the former Tlokwe Local Municipality (now the JBMLM) faced a major challenge due to unplanned human settlement in the area. It was thus necessary to adjust its LED strategy contained in the adopted Economic Development Strategy to address associated issues such as spatial planning, housing, crime, unemployment, job creation and rising poverty levels (Tlokwe Local Municipality, 2015:44).

In 2015, the LED function within the Economic Development Strategy was again amended to promote participation amongst key stakeholders in the public and private sectors, as well as actors in the non-governmental organisation (NGO) and community-based organisation (CBO) fraternity (Tlokwe Local Municipality, 2015:277). Subsequently, the LED function was divided into three separate units, namely Enterprise Development, Socio-economic Development, and Tourism and Marketing. Collectively, these three units aimed to approach LED-related issues from a broader, multidisciplinary perspective by promoting economic prosperity and growth in the municipality (JBMLM, 2017:54). To this end, the LED function is regarded as a core driver in the municipality to address community challenges. According to the JBMLM (2018:67), the LED strategy “is a locally driven process that is designed to address the needs of a community by identifying, harnessing and utilising resources to enhance the local economy and create employment opportunities. This is vital because it promotes a favourable environment for the operation of businesses to facilitate job creation and improve the standard of living. Furthermore, the purpose of LED is to stimulate entrepreneurship and attract and retain businesses that exist in the municipal area”.

Currently (2021), the LED function is in the Municipal Services and Local Economic Development Directorate at the JBMLM. The LED function is managed by a director responsible for the coordination and implementation of local economic development strategies, programmes and projects. It should be noted, however, that LED-related functions and associated responsibilities are not clearly demarcated and delineated. According to the IDP of the JBMLM, “LED is not just a function, it is a mandate, an approach. It should be strategically located and should permeate all aspects of municipal programmes” (JBMLM, 2020:23). It may be argued that this statement has both positive and negative implications. On the positive side it should be welcomed that LED is imbedded in all municipal programmes, since challenges associated with socio-economic development demand an integrated and holistic approach. On the more negative side, the fact that the function is not clearly delineated implies that no one can be held responsible for meeting specific performance targets. This can easily lead to a situation where no one takes full ownership of LED-related strategies, and no one drives initiatives. Given that LED is regarded as a *de facto* strategy, it does not have specific timeframes for the implementation of specific projects and lacks a permanent stakeholder structure.

#### **4.3.2 Alignment of the JBMLM LED strategy with the District Municipality**

As stated earlier, alignment between the LED strategies of municipalities with district, provincial and national development plans is a key to successful implementation of development frameworks in a country. In the case of the JBMLM, it is essential that its LED is aligned with the district municipality to coordinate initiatives and to address unique demographic challenges such as unemployment, poverty and inequality. The JBMLM is part of the Dr Kenneth Kaunda District Municipality (hereinafter known as Dr KKDM), which is situated at the southern part of the North-West Province and comprises of two other municipalities, namely the Matlosana Local Municipality and the Maquassi Hills Local Municipality (Dr KKD, 2018:12). The district borders both Gauteng and Free State provinces. It is located 65km south-west of Johannesburg and borders the Gauteng Province on that side. Dr KKD is viewed as a region that is rich with various natural and cultural heritages creating the potential for sustained economic growth. Furthermore, the region is a hub for the most prominent gold mines in the world and has one of the oldest meteor impacting sites of the world (Dr KKDM, 2020:5). The respective sectoral contributions in the district are illustrated in Figure 4-4.



**Figure 4-4 Sectoral contribution**

Source: Dr KKD (2019:27)

Dr KKDM (2018:48) confirms that the purpose of LED is to “build up the economic capacity of a local area to improve its economic future and quality of life for all. It is a process by which public, business and NGO sectors work together to create better conditions for economic growth and employment creation”. The LED strategy of the JBMLM is currently aligned with the following key performance areas of Dr KKDM:

- “Marketing and the attraction of investors;
- Spatial planning and real estate development;
- Entrepreneurship development and business start-up support;
- Skills development;
- Improvement of infrastructure;
- Financial services; and
- Sector development” (Dr KKDM 2018:49).

The stated purpose of these key performance areas is to collectively create “a business-friendly environment, fostering business linkages, improving quality of life and attracting business, skilled workers and professionals to the district” (Dr KKDM, 2020:6). These aspects are a point of reference for all three municipalities and serve as guidelines for the design and implementation of their LEDs.

The LED of the JBMLM is furthermore supposed to be aligned with the district through its annual IDP document. It should be noted, however, that in the case of the JBMLM and Maquassi Hills, little information is directed to LED and its operationalisation within both municipalities. In contrast, Matlosana City views LED as “essential in bringing transformation on an economic and social level with the hope of enhancing the economic capacity whilst also improving the quality of life” (Matlosana IDP, 2020). This situation is problematic because unemployment, inequality and poverty will continue to affect the economic capacity of the entire district municipality. It is for this reason that the LED strategies of both the JBMLM and Maquassi Hills need to be aligned with Matlosana City Municipality so that a coherent and coordinated approach in the district can be followed.

#### **4.4 GAP ANALYSIS OF THE EXISTING LED STRATEGY OF JBMLM**

The existing LED strategy was sourced from the Municipal Services and Local Economic Development Directorate at the JBMLM. The purpose of this directorate is to render municipal, environmental and local economic development services (<https://jbmarks.co.za>). The LED function resorts within this directorate and staff appointed are responsible for the management of local economic development initiatives.

The purpose of this section is to perform a gap analysis of the existing LED strategy by comparing and contrasting it with three ‘data sets’ of the study, namely:

- the meta-theories and theoretical principles of LED (Chapter 2);
- development models (Chapter 2); and
- the broader socio-economic development frameworks and essentials for local economic development (Chapter 3)

Gaps identified based on these data sets will be empirically verified in the next chapter by means of semi-structured interviews with key participants involved in the LED function at the JBMLM. The gaps will then be addressed by means of the design of a reconfigured LED strategy for the JBMLM. It should be noted that although research findings of this case study cannot be generalised to the larger target population (i.e., local municipalities), the principles and key processes contained in the reconfigured LED are universally applicable.

#### 4.4.1 Theoretical gap analysis

Chapter 2 of this study provided an extensive exposition of the meta-theoretical (ideological) and theoretical underpinnings of local economic development. It is necessary to compare and contrast the existing LED strategy of the JBMLM with the 'data set' that emanated from these underpinnings. This section will thus analyse (Table 4-3) whether the LED complies with applicable theoretical foundations.

The determination of these gaps is a rather subjective exercise, primarily based on the informed opinion of the researcher. The testing or validation of these identified gaps will, however, be undertaken in the empirical chapter.

**Table 4-4: Theoretical Gap Analysis**

| <b>Theories: Key determinants</b>   | <b>JBMLM LED Strategy</b>   | <b>Gaps</b>   |
|---|---|---|
| <p><i>Modernisation:</i></p> <ul style="list-style-type: none"> <li>a) Eurocentric approach</li> <li>b) Phased process of change (Rostow's five stages of development)</li> <li>c) Political and social change</li> <li>d) Top-down approach</li> </ul> | <ul style="list-style-type: none"> <li>a) Outdated and is centred on an Afrocentric approach only</li> <li>b) Accommodate high levels of unemployment, poverty and inequality</li> <li>c) Considers social, economic and environmental changes</li> <li>d) A bottoms-up approach is followed</li> </ul> | <ul style="list-style-type: none"> <li>a) Historical and context differences</li> <li>b) The local community faces unique challenges</li> <li>c) Political instability and lack of human capacity</li> <li>d) Lack of adequate resources to support the community in moving towards sustainable socio-economic development</li> </ul> |
| <p><i>Dependency Theory:</i></p> <ul style="list-style-type: none"> <li>a) international dependence</li> <li>b) Instrument used in explaining inequalities</li> </ul>   | <ul style="list-style-type: none"> <li>a) Lacks constructive dialogue and interaction amongst key stakeholders.</li> <li>b) General absence of political stability due to</li> </ul>  | <ul style="list-style-type: none"> <li>a) Friction in the interdependent relationship between local government and citizens due to unmet needs</li> </ul>   |

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|--|--|--|
| <p>c) A country's economic development in relation to external influences</p>  | <p>frequent changes in political office bearers</p>  | <p>b) A lack of collaboration between key stakeholders in the municipality<br/>c) The lack of a participatory relationship between JBMLM and community members</p>   |
| <p><i>World System Theory:</i></p> <p>a) All about effecting changes for the benefit of all countries<br/>b) Change mostly focused in removing countries from an impoverished state through prioritising international trade relations<br/>c) The need for one system for developed and developing countries</p> | <p>a) Operates within a South African context<br/>b) Faces broader societal challenges that continue to hamper development<br/>c) Functioning within a highly dynamic local governance environment</p> | <p>a) Local municipalities are not at the same level when it comes to infrastructure development, local capacity, and in providing services to local communities. JBMLM's LED should be home-grown, taking demographic realities and environmental conditions into consideration.<br/>b) The demographic profile of developing countries differs; therefore one working LED system may further promote inequality<br/>c) The lack of preparation for handling local events and risks such as a global pandemic</p> |
| <p><i>Growth and Catch-Up Theory:</i></p> <p>a) Developing countries striving to achieve the level of development experienced in developed countries<br/>b) Economic growth is the overall pursuit</p>   | <p>a) Mismanagement of funds to benefit a selected few<br/>b) Protests related to service delivery and resource allocation</p>   | <p>a) The JBMLM continues to face challenges emanating from its historical past.<br/>b) Priorities of high and low-capacity municipalities in LED are not similar</p>  |

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|---|--|--|
| c) Capital investment is centred on investing in the people as the main priority  | c) Capital investment is reprioritised to address events and circumstances such as the Coronavirus   | c) Sudden risk events (e.g., COVID-19) may require a shift in priorities and resources away from LED   |
| <i>Globalisation theory:</i><br><br>a) Alleviating poverty and promoting economic growth<br>b) Reinforces the need for social and economic change<br>c) The main drivers are multinational firms from the West<br>d) The need for advancing nations to an 'improved state' that benefits all who live in it | a) Societal challenges such as unemployment, inequality and poverty continue affecting the standard of living and economy.<br>b) Functions in a context that experiences political instability and changes in leadership positions<br>c) Outdated<br>d) Grapples with addressing issues that have evolved over the years and demand another approach | a) Weak monitoring and evaluation system imbedded in the LED process<br>b) Poor integration with spatial development plans leads to more illegal informal settlements (urban migration)<br>c) Absence of open communication line between local communities and the municipality<br>d) Lack of human capacity and competencies in designing and implementing LED strategies<br>e) Inadequate management of the LED function, including the utilisation of resources and revenue |

Source: Researcher's own construction

From this gap analysis, it is evident that the existing LED strategy of the JBMLM continues to struggle and cope with broader systemic issues. The LED is in general not adequately premised on sound theoretical principles associated with local development. Furthermore, the LED is outdated and has not been revised since 2017 to reflect key trends and events in the local governance environment. Continuous change and adjustment, as highlighted in modernisation and globalisation theory, are requirements to adapt to changing conditions and realities. Such adjustments should be intentional and planned for in line with the strategic planning schedules of the municipality. Modernisation

and globalisation theory furthermore highlight the importance of a strong local economy to drive national development. Municipalities should serve as incubators of SMME development and support regional growth through local investments. The fact that the existing LED strategy is out-dated and continues to be utilised also contradicts the basic premise of modernisation theory. Modernisation theory holds that the road to modernisation should be based on continuous technological advancement, accurate planning data, and the adjustments of systems and processes.

Similarly, dependency and growth and catch-up theory illustrate the need to establish a sound and healthy functional relationship with local communities. It can be argued that the perceived disconnect between the municipality's existing LED strategy and changing local conditions and needs, negatively affects initiatives aimed at improving the general well-being of communities.

It is evident that the LED of the JBMLM is strongly imbedded in an Afrocentric, ideological perspective. This is in line with the broader, national socio-political context of the country and the policies of the ruling political party. However, based on the premises of modernisation and growth theory, the LED strategy should not only be ideologically driven, but should also be based on established business principles and international best practice. A perceived populist, socialist approach to development should thus be balanced with a more capitalist-oriented, business-needs perspective. In addition, a people-centred, human development approach needs to be balanced with the basic needs of SMMEs to grow and create jobs. The analysis of the LED strategy reveals that a strong participatory approach with the community is pursued. This should be welcomed, but sound relationships should also be established with other actors involved in local economic development such as SMMEs, business, donor and aid agencies, and training service providers. The LED should thus promote coordination and alignment between the initiatives of a broad spectrum of stakeholders. In this way, all available local resources, skills, and capacities can be harnessed to meet the objectives of LED. The JBMLM cannot afford to work in isolation. A more cooperative and coordinated approach should thus be pursued. The theory of local economic development clearly illustrates the need for municipalities to establish a conducive environment that makes it possible for all LED stakeholders to engage with one another while implementing economic development strategies and programmes.

An interesting point to emphasise here is that modernisation theory holds that cultural barriers often impede development, especially in developing countries. It may be argued that the JBMLM is composed of various cultures in terms of its staff complement and serves a diverse community, which may struggle to design a single LED strategy that is acceptable for all cultures. On the other hand, diverse cultures may strengthen the LED strategy since various perspectives and cultural views are absorbed into the strategy. It may thus be argued that the JBMLM develops a LED strategy that adequately addresses the cultural concerns of all members of the community, rather than simply following a LED template provided by national government. To reinforce this argument, Cashdan (1998:13) posits that a “vision for LED in South Africa should be home-grown and can be an African alternative based on the cultural and political heritage of the country, the survival strategies of the poor over many decades and with the tradition of community organisation and mobilisation”. Thus, this study argues that once a reconfigured LED is backed by a strong South African Ubuntu cultural tradition, which supports communalism and cooperation, successes in LED strategies are more likely. People from different cultural perspectives should be reminded of the strong contributions of their respective cultural values and that they can collectively work towards a common economic development goal.

Rostow’s theory of modernisation claims that a top-down, or “trickle down” approach to modernisation should be followed. He (Rostow) argues that the effects of international industries and Western capitalism will “trickle down” to developing countries. In addition, the benefits of national economic growth policies, plans and strategies should trickle down to local communities. Contrary to this idea, local economic development theory holds that development should be decentralised to local government, as they are closest to the people. The LED function is thus meant to follow a bottoms-up approach. Communities should determine their own needs and priorities and in so doing become self-sufficient through local efforts. It is thus advisable that the JBMLM in collaboration with business, the banks and other role-players identified in Section 4.3, work towards self-sufficiency and community resilience without expecting national help or foreign aid as proposed by modernisation theory.

This concludes the gap analysis of the LED based on theoretical underpinnings. In the table below (Table 4-4), the LED strategy of the JBMLM is analysed based on development models and approaches.

**Table 4-5: Models and approaches Gap Analysis**

| <b>Models and approaches</b>   | <b>LED Strategy<br/>Corresponding<br/>dimensions</b>   | <b>Gaps</b>   |
|--|--|---|
| <p><i>World Bank Model (5 stages)</i></p> <p>a) Stage 1 - creating institutional arrangements by mobilising stakeholders and partnerships.</p> <p>b) Stage 2 - data being provided and the review of existing economic relationships.</p> <p>c) Stage 3 - developing the strategy.</p> <p>d) Stage 4 - budgeting, human resource, institutional and procedural implications.</p> <p>e) Stage 5- Reviewing the document annually.</p> | <p>a) The Potchefstroom Economic Advisory Committee (PEAC) successfully operated as a stakeholders' forum for public participation during 2001 and 2003.</p> <p>b) No data being provided in relation to existing economic relationships.</p> <p>c) Drafted LED strategy.</p> <p>d) Lack of information on budgeting, human resources including institutional and procedural implications.</p> <p>e) No annual monitoring of the document.</p> | <p>a) The lack of a stakeholder forum for public participation.</p> <p>b) No indication on the status of economic relationships and their influence on LED.</p> <p>c) The absence of a finalised LED.</p> <p>d) The lack of a system that ensures funds are utilised properly including the need for human capacity. That helps in institutional and procedural matters.</p> <p>e) No records on the progress or improvement of LED over the years.</p> |
| <p><i>International Labour Organisation Model (6 steps)</i></p> <p>a) Step 1 - territorial diagnosis and institutional structures.</p> <p>b) Step 2- sensitising.</p> <p>c) Step 3 - creation of local forums</p>  | <p>a) Information on territorial and institutional structures is out-dated.</p> <p>b) Lack of sensitising.</p> <p>c) Local forums were last held in 2003.</p>  | <p>a) The information on the territory does not align with current events such as Covid-19, and the loss of jobs by many due to the economic downturn.</p>  |

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|--|--|---|
| <p>d) design of the strategy.<br/>e) coordination/creation of implementation structures.<br/>f) implementation of the strategy.</p>  | <p>d) Strategy not designed.<br/>e) Proposed coordination/creation of implementation structures.<br/>f) Drafted LED strategy.</p>  | <p>b) There is an imbalance in understanding and prioritising the needs of communities.<br/>c) Protests have increased.<br/>d) Outdated strategy.<br/>e) Levels of unemployment, poverty and inequality continue to rise.</p>   |
| <p><i>Local Economy Model, (3 phases)</i></p> <p>a) Phase 1 - a specific area is targeted for development lasting up to six months and involves steps such as analysing the local economy, demographic, institutional, spatial and environmental dimensions of the locality.<br/>b) Phase 2 - allocation of findings to specific stakeholders for their agreement and action.<br/>c) Phase 3 - implementation of outputs and outcomes.</p> | <p>a) A specific area is targeted with no timeline.<br/>b) No permanent structure for consulting stakeholders.<br/>c) Out-dated information on the outputs and outcomes.</p> | <p>a) There is no clear indication on the function of LED.<br/>b) There is no basis for partnership and this affects its ability to improve the JBMLM's economic future and quality of life.<br/>c) Developmental objectives are not achieved and therefore, societal challenges persist.</p> |
| <p><i>Un-Habitat Model (4 stages)</i></p> <p>a) Stage 1- preparatory and stakeholder mobilisation.<br/>b) Stage 2- issue prioritisation and stakeholder commitment.<br/>c) Stage 3 - strategy formulation and implementation.</p>  | <p>a) No preparatory and stakeholder mobilisation in JBMLM.<br/>b) There is no stakeholder permanent structure.<br/>c) The outdated LED is a draft and there has been no</p> | <p>a) LED continues to operate as a <i>de facto</i> strategy.<br/>b) LED lacks participation of stakeholders, coordination and alignment and thus socio-economic development is not realised.</p>   |

|   |  |   |
|---|--|---|
| d) Follow-up consolidation phase.   | formulation and implementation.<br>d) Lacks follow-up consolidation phase.                             | c) Political instability and frequent changes happening within political offices.<br>d) A lack of making vital changes in relation to the needs of individuals.   |
| <i>GTZ Model</i><br><br>a) The build-up<br>b) Participatory Appraisal of Competitive Advantage (PACA) exercise.<br>c) PACA actions. | a) Lack of a build-up for LED at JBMLM.<br>b) Absence of PACA exercise.<br>c) Absence of PACA actions. | a) People's needs are not prioritised and mismanagement of funds resulting in public protest.<br>b) The lack of urgency and need to cooperate in addressing societal issues.<br>c) Increase of public protests. |

Source: Researcher's own construction

As pointed out in the above table, models and approaches are vital in guiding and creating a blueprint. All five models and approaches are important and key for the reconfiguration of LED strategy. However, the local economy model and UN-Habitat model have frameworks that are applicable to LED in relation to the context and environmental dimensions. All of the above-mentioned aspects in these models are vital and give an indication on how they influence an institution. These models serve as aides for LED at the JBMLM in meeting the needs of citizens through working together with national and provincial spheres. These models are essential in guiding public officials; however, if not used correctly, LED at the JBMLM will continue to grapple with societal challenges affecting development and employment creation. Local government intervention is important at the JBMLM because it brings forth new insights, knowledge and awareness.

**Table 4-6: Development framework Gap Analysis**

| <b>Development frameworks</b>               | <b>LED Strategy</b> | <b>Gaps</b> |
|---|---------------------|-------------|
| <i>Global:</i><br>a) Key trends and issues. |                     |             |

|  |   |   |
|--|---|---|
| <p>b) Sustainability is key to change.</p> <p>c) Targeted change.</p> <p>d) Collaboration of stakeholders.</p>                               | <p>a) Lack of identifying key trends and issues.</p> <p>b) Sustainability is one of the vital areas.</p> <p>c) Targeted change that does not support the current</p> <p>d) demographic profile outdated information.</p>  | <p>a) Changes take place in the environment that affect</p> <p>b) the livelihood of community members including economic opportunities</p> <p>c) Change is inevitable, and lack of a finalised LED continues to affect social &amp; economic development.</p> <p>d) Demographic profile is constantly changing, and LED is not adjusted accordingly.</p> <p>e) There is no permanent stakeholder forum.</p> |
| <p><i>Continental:</i></p> <p>a) Targeted change.</p> <p>b) Sustainability.</p> <p>c) Economic development.</p> <p>d) Collective action.</p> | <p>a) No flexibility with current times.</p> <p>b) Has not been revised and finalised.</p> <p>c) Economic development is the basis of LED in promoting local businesses and improving the quality of life.</p> <p>d) A lack of collective action by stakeholders.</p> | <p>a) Inconsistencies with targeted change Due to immediate pressures, in this case the global pandemic.</p> <p>b) Increase in employment, poverty and inequality.</p> <p>c) Increase in job losses and death rate due to the Corona virus, which hinders economic development.</p> <p>d) LED requires joint effort.</p>  |
| <p><i>Regional:</i></p> <p>a) Importance of Leadership.</p> <p>b) Political unrest.</p> <p>c) Regional integration.</p>                      | <p>a) Frequent changes in political offices affects the objective of LED at the JBMLM</p>   | <p>a) LED lacks sustainability and direction.</p>   |

|   |  |  |
|---|--|--|
|   | <p>b) There is no system in place to address threats that hinder LED at the JBMLM.</p> <p>c) There is a lack of integration, which is not emphasised in the outdated LED.</p>  | <p>b) Communities are dissatisfied and take matters into their own hands.</p> <p>c) The lack of synergy between municipalities.</p>  |
| <p><i>National:</i></p> <p>a) People-centred approach.</p> <p>b) Stakeholder participation.</p> <p>c) Empowerment.</p> <p>d) Integration between spheres.</p> | <p>a) Uplifting the lives of the communities and unlocking economic opportunities in creating jobs.</p> <p>b) Little or no participation of stakeholders.</p> <p>c) Lack of coordination between the three spheres</p> | <p>a) Mismanagement of funds meant to contribute to society due to failure to collaborate amongst department units.</p> <p>b) Priorities are misplaced and limited funding for tackling community issues.</p> <p>c) LED lacks focus needed to address societal challenges and practicality for a specific context.</p>                                       |
| <p><i>Provincial:</i></p> <p>a) Alignment and coordination.</p> <p>b) Collaboration of stakeholders.</p> <p>c) Allocation of resources.</p>                   | <p>a) Lack of alignment and coordination on priority areas.</p> <p>b) Lack of collaboration amongst stakeholders.</p> <p>c) Mismanagement of allocated resources.</p>  | <p>a) Unclear objects being used in the Department of Economic Development in the prioritisation of projects and programmes.</p> <p>b) Less ground is covered in meeting the needs of a community and barriers increase to the detriment of individuals.</p> <p>c) Lack of monitoring and evaluation in ensuring that funds are allocated appropriately.</p> |

Source: Researcher's own construction

As highlighted above, a set course of action is significant and may positively alter the development trajectory of a country, regional area and municipality. It is for this reason that governments are assisted to promote sustainable development. Hence, focus is on facilitating transformation and improving the people's general well-being. However, this becomes challenging when the existing LED lacks direction, preventing the reduction of unemployment, poverty and inequality. Another concern is the lack of collaboration amongst stakeholders. Joint effort is important not only for the advancement of society, but in meeting the needs of individuals. Furthermore, the principal goal of LED is to develop local employment opportunities, by utilising the existing human, natural and institutional resources to build a self-sustaining economic system (Varol, 2010:98). This cannot happen without the introduction of policies and programmes at both a national and provincial sphere, which necessitates local government to take up its leadership role. This leadership role requires that the existing LED strategy functions in a municipal environment that enables local government officials to optimise their resources in fulfilling their functions.

The development frameworks in connection to LED at the JBMLM serve as a directive for local government planning and the promotion of LED. The development frameworks highlight the inconsistencies within the African system, particularly a lack of direction within strategies that end up not achieving the desired goal. This is evident in a developing country like South Africa which is affected by high levels of poverty and low education (Statistics South Africa, 2009:iv). It is paramount that local government contributes to the socio-economic development of a locality, in this case the JBMLM. The above-mentioned challenges emphasise the need for LED at the JBMLM to play a central role in achieving development and employment creation. The lack of coordination and alignment hinders the progress of LED strategy implementation. Models serve as crucial roadmaps for addressing socio-economic challenges.

#### **4.5 CONCLUSION**

This chapter revealed the significance of exploring LED at the JBMLM through focusing on existing realities and concerns. One such concern is the limited alignment between

national, provincial and local levels, including the inter-departmental relations that inhibit the design and prioritisation of LED. The role of municipalities includes being an enabler, catalyst, facilitator and regulator for socio-economic growth and prosperity. A LED strategy is perceived as a key municipal “driver” (Blakely, 1994:9) in facilitating growth and promoting social and economic development (Scheepers & Monchusi, 2002:82). However, according to the situational and gap analyses conducted, it is evident that there are societal challenges in municipalities that persist and affect the realisation of development and employment creation due to lack of collaboration, alignment and prioritisation of the LED function. These challenges serve as a reminder for the importance of LED at the JBMLM related to formulation and implementation, which require strategic planning, coordination and alignment. In addition, there is little mention of LED within the JBMLM’s IDP. This is problematic and results in a lack of proper management which has devastating results on the environment and the performance of an institution. It is vital that the municipality reconfigure its LED to follow a more integrated and inclusive approach which promotes growth and prosperity in the community.

In the next chapter, the results of the situational and gap analyses will be empirically verified. To address current challenges and gaps in the existing LED strategy of the JBMLM, a reconfigured LED strategy will be proposed in the final chapter.

## **CHAPTER 5 TOWARDS A RECONFIGURED LED STRATEGY: EMPIRICAL RESEARCH AND FINDINGS**

### **5.1 INTRODUCTION**

In the previous chapter, LED within the JB Marks Local Municipality (hereinafter known as the JBMLM) was examined in relation to existing realities and concerns, as well as in terms of limited alignment between national, provincial and local spheres that prohibits the design and implementation of LED strategies. The purpose of this chapter is to conduct a situational and gap analysis by means of an empirical investigation to compare and contrast the existing LED strategy of the municipality with socio-economic development theories, approaches and models, as well as accepted development frameworks explored in Chapters 2 and 3. In particular, the significance of challenges experienced by the JBMLM that affect the alignment and prioritisation of the LED function will be assessed. These challenges will serve as focal points for the development of a reconfigured LED strategy and to design operational guidelines for the implementation thereof.

The empirical investigation (i.e., situational and gap analysis) is based on semi-structured interviews with key participants responsible for the LED function at the JBMLM. The chapter will report on the input obtained from these participants regarding the LED function in general and LED strategies. This investigation operationalises the primary research objective as derived from the problem statement.

### **5.2 RESEARCH METHODOLOGY**

Scholars such as Williams *et al.* (2003) and Flick (2014) confirm that empirical research is a valuable tool in testing central theoretical statements, as outlined in Chapter 1. Chaka (2013) adds that empirical research should be founded on investigation and observation, implying that investigation and observation are critical in solving problems and in gaining insight. David and Sutton (2011:8) define research as “a systematic quest for

undiscovered knowledge ... it is systematic in that it is planned, organised and has a specific goal”.

With the above in mind, Neuman (2006:68) and Flick (2018:560-555) assert that a methodology points to the techniques of a certain discipline to influence data and obtain knowledge. Adams *et al.* (2007:25) describe research methodology as the science and philosophy behind all research. Furthermore, Adams and Schvaneveldt (1986:16) and David and Sutton (2011:205) define research methodology as the application of scientific procedures focused on acquiring a wide variety of research questions. In addition, Nealer (2001:2), Brynard and Hanekom (2006:35) and Merriam and Tisdell (2016:293) state that research methodology as a modality firstly involves understanding scientific knowledge and its application. The importance of research methodology cannot be overemphasised because it is the starting point in acquiring scientific knowledge. Thus, research methodology is the use of methods to attain scientific knowledge through integrating research questions and objectives. Thomas (2003:57) and Flick (2018:601) also explain that research methodology is the building block for the success of a particular study. Thus, this research study is qualitative in nature due to its relevance and appropriateness as indicated in Chapter 1. In addition, the research methodology is made up of four sub-sections, which will be briefly explained below.

### **5.2.1 Designing and implementing a strategic framework**

A strategic framework is critical because it lays a concise pathway for effecting change and creates solidarity among stakeholders. By creating and providing direction in line with an institutions mission, vision, objectics and action plan (Kavale, 2012:59; Hill *et al.*, 2014:12). In addition, Owolabi and Makinde (2012:29) explain that the design of a broad strategic framework is essential for the local context because of the involvement of various stakeholders who need to work collectively through coordinating and integrating theory into reality. As outlined in Chapter 3, governments are encouraged to incorporate important elements in development such as integration, operation and partnership. Due to their leadership role that requires cohesion and accountability to experience success in the LED strategy. This is important because the LED strategy is regarded as an approach requiring joint effort from local people and other stakeholders with a common

goal of achieving sustainable local economies and improving the quality of life of all citizens (see Section 3.5.1).

### **5.2.2 The creation of practical guidelines**

Practical guidelines in an institution promotes understanding and alignment amongst officials because it serves as a starting point on how to navigate a strategy and the necessary processes that must be followed to achieve desirable results (Bouras et al., 2012:30). In support, O'Boyle and Hassan (2013:55) concur that having practical steps is critical for the implementation of institutional strategies and programmes, which must be facilitated to effect positive change in society. For this reason, the use of regulatory and statutory frameworks will provide practicality and direction.

In relation to this study, targeted change allows officials and stakeholders to have a similar vision and objective focused on improving communities for the better. Also, Chapter 4 stated that alignment between the LED strategies of municipalities with district, provincial and national development plans is a key to successful implementation of development frameworks in a country.

### **5.2.3 Target population and sampling**

For this research, a non-probability sampling technique was used in the form of purposive or judgemental sampling. Judgemental sampling suits the study because as previously highlighted, a sample is made of elements such as representative characteristics or typical attributes of the population that serves this study (De Vos *et al.*, 2011:232; Babbie, 2013:128-129), comprising of participants responsible for the function of the municipal LED. In this regard, Barbier (2010:193) suggests that the selection of a sample must include the following: knowledge of a population, its elements and purpose of the study. In relation to this research, a total sample of (n=14) participants with reference to the above distinctions was chosen. Although the study aimed to have a sample population of 20 participants, this was not the case because most senior managers were out of the office or attending to work commitments. However, due to using a qualitative approach, there was no need to study the whole population since the main focus is in interpreting, observing and understanding and not in statistics (Walter, 2013:100), even though this

was not the participants interviewed fully represented the target population needed to obtain sufficient data.

As outlined in Chapter 1, the sample size is representative of the total population involved in the LED function, namely the municipal administration, local businesses, political representatives and community-based and non-governmental organisations. The sample selection and size enabled the researcher to gain a holistic perspective regarding LED dimensions, inclusive of the configuration of the LED strategy and its impact on socio-economic development and employment creation. It also provided insight regarding internal, organisational concerns such as interdepartmental collaboration, political oversight and resource allocation priorities.

#### **5.2.4 Data collection method**

As clarified in Chapter 1, there are different methods that can be used to collect data such as interviews, document analysis, literature review, observation and so forth. In support, Merriam (1998:70) and David and Sutton (2011:110) point out that data can be defined as “bits and pieces of information found in the environment”. Similarly, Babbie (2013:8) and Jarbandan and Schutte (2006:158) concur that multiple data collection methods can be used within the single case study. According to Borg and Gall (1989:430) and Merriam and Tisdell (2016:40), questionnaires and interviews are the most common instruments for data collection in research. Thus an interview schedule for this study was constructed with the purpose of identifying the existing challenges of LED at the JBMLM. The schedule was piloted (pre-tested) with a small sample to verify that the content would be well understood.

##### **5.2.4.1 Validity and reliability**

According to Neuman (2003), Bryman and Bell (2011), and Chaka (2013), it is essential that research methodology requires scientific rigour, implying that data obtained must be valid and reliable. Brynard and Hanekom (2006) and Maxwell (2013) are of the opinion that validity refers to the potential of a data collection instrument to achieve what it is supposed to achieve. Similarly, Altheide and Johnson (1994) and Creswell and Poth (2018) add that validity represents the truthfulness of findings, whereas reliability

represents the stability of findings. Creswell (2014:201) defines reliability as the ability for the researcher to use the same instrument to obtain the same results in the same conditions.

For the purposes of this study, validity and reliability were ensured by means of data, source and method triangulation. Three data sets (i.e., literature review, the case study and empirical investigation) were triangulated to compare and contrast data obtained. These data sets were analysed and interpreted by utilising established scientific conventions.

#### **5.2.4.2 Data analysis**

As indicated in Chapter 1, data analysis involves the interpretation and integration of viewpoints amongst a variety of authors in creating a “new” body of knowledge.

With regard to this research, data analysis was done by utilising Atlas.ti (Version 9) to categorise the opinions and insights of the sampled participants. The eight-step process as developed by Tesch is beneficial and guided analyses (Tesch, 1990:142-145). The eight step process is as follows:

- deciding on the level of analysis;
- assessing how many concepts to code for;
- deciding on whether to code for existence or frequency of a concept;
- distinguishing amongst concepts from the research study;
- identifying irrelevant information and deciding what to do next;
- coding texts (making sense of the patterns and themes of the text); and
- analysing the results.

The step-by-step process is vital in qualitative research. This is because the researcher was able to use relevant information in the analysis process. In summary, an interview schedule was used to collect the biographical information of the sampled participants and involved semi-structured interviews as well as the IDP, audit report and surveys. Furthermore, the Department of Economic Development of the JBMLM, which is pertinent to the study, was used. The researcher had a responsibility in handling these documents

with the necessary circumspection and in accordance with the ethical requirements and applicable confidential clauses (De Vos *et al.*, 2011:376; Fouche & Geyer, 2021:84).

#### **5.2.4.3 Research challenges**

The challenges experienced in the interview process with participants consisted of the following:

- Despite giving participants the interview schedule in advance. There was still a need to explain most questions during the interview process because some of the participants were from different departments and did not have a proper understanding on the function of the LED strategy.
- The outbreak of Corona virus in 2019, persisting for subsequent years caused restrictions in face to face interviews because of the general observation of the Covid protocols, by generally everybody but specifically those who were earmarked to provide data on the study. Some were sick and could not be interviewed, some were unwilling and took time to arrange reasonable interviews on a more comfortable platform such as telephone or Skype or Zoom. Also the busy schedules of some senior managers made it difficult to secure an interview with them resulting in the study not being finalised within a set period.

#### **5.2.4.4 Research ethics**

Ethical consideration is important because it involves the study of people. The North-West University (NWU) considers research ethics to be important when conducting research. It is for this reason that ethical consideration must include amongst others, obtaining letters of consent, obtaining permission to conduct research, and getting ethical clearance from relevant approving structures within the case study institution (Flick, 2018:135-139). The Research Ethics Committee of the NWU was a support base for ethical considerations. An Ethics Clearance Certificate was issued (NWU-00295-18-A7). In addition, the researcher obtained permission from the Senior Manager of the Department of Economic Development (i.e., gatekeeper) through the Office of the Municipal Manager. Thereafter, the researcher provided participants with a declaration

form to obtain written consent that their participation was voluntary and as an introduction for them to understand the nature of the study.

The researcher explained to the participants the objectives of the research, their role in this process and allowed them to look through the questions that the researcher would ask. The researcher also informed participants that their confidentiality could be guaranteed because the researcher might need to quote them were necessary.

**5.3 DATA ANALYSIS AN RESEARCH FINDINGS**

This section focuses on presenting and interpreting the research findings. In addition, the findings and analysis of the relevant documentation from the Department of Economic Development of the JBMLM, which is pertinent to the study, were used and presented by comparing data that was collected through the interviews. The themes of this research were derived from the research questions of the study and the sub-themes were obtained from the interview schedule by grouping them under relevant categories. These themes were the basis for presenting the data and were grouped into three categories as illustrated in Table 5-1, namely the biographical profile of participants (Section A), the status of LED in the municipality (Section B), and lastly, questions related to LED reconfiguration (Section C).

**5.3.1 Section A: Biographical profile**

The biographical profile was compiled based on three questions directed at participants.

**5.3.1.1 Current job title**

As far as this question is concerned, participants were clear on their job titles. These job titles ranged from managers, officials, ward councillors and consultants to an employee in the private sector, as presented in Table 5-2.

**Table 5-1: Job title of participants**

| Current job title | Nr of participants |
|-------------------|--------------------|
|-------------------|--------------------|

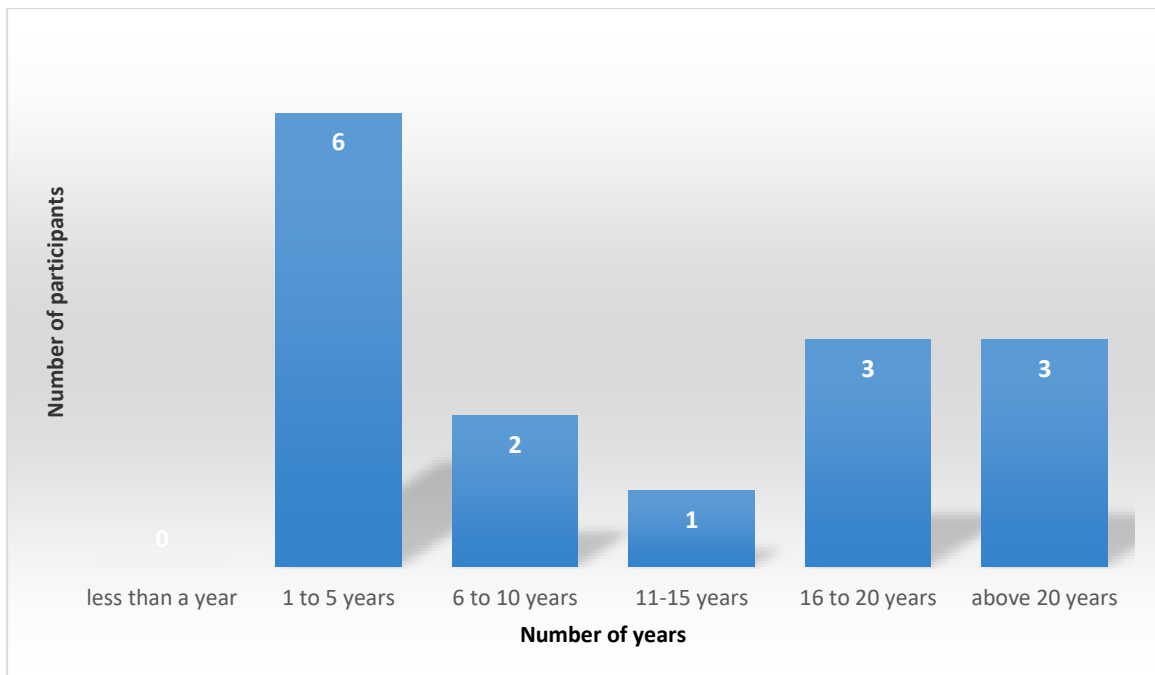
|  |           |
|--|-----------|
| Representative of private sector (manager)   | 1         |
| Manager from the Department of Economic Development  | 1         |
| Senior officials from the Department of Community Services   | 2         |
| Managers and senior officials from the Department of Public Safety and Sports, Arts and Culture  | 2         |
| Project managers of LED-related project task teams   | 4         |
| Ward Councillors (serving on portfolio committees associated with LED functions)   | 2         |
| Representatives of Small and Medium Enterprises in the JB Marks Local Municipality's area  | 1         |
| Representative of community-based and non-governmental organisations involved in job creation, poverty alleviation, and economic development initiatives | 1         |
| <b>Total number</b>  | <b>14</b> |

Source: Researcher's own construction

The sample of participants included representatives from different stakeholder groups in the municipality. Due to challenges and restrictions caused by Covid, the number of participants was lower. However, the researcher collected adequate data to operationalise the research objectives.

### 5.3.1.2 Years of experience in current position

Figure 5.1 illustrates the number of participants and their years of experience in the current job position. This question was important to ascertain whether participants had adequate experience to provide informed input (i.e., rich data) regarding the LED function and strategy.



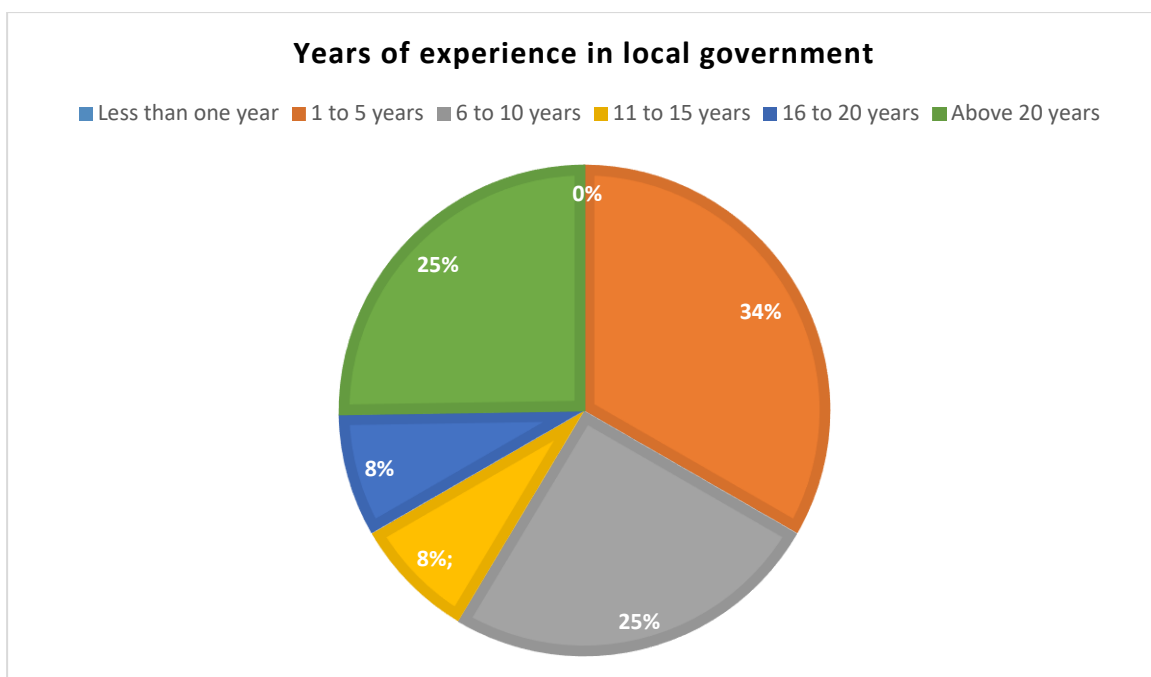
**Figure 5-1: Participants' experience in current position**

Source: Researcher's own construction

A number of participants (6/14) have between one to five years' experience. Not one participant has less than one year of experience, facilitating informed input. It was evident that there were no great disparities between the opinions of participants with different years of experience. The reason for this may be that participants closely collaborate and share experiences as far as the LED function is concerned, and work together in creating a favourable environment for local communities.

### 5.3.1.3 Experience in local government

Participants were asked about their total years of experience in local government. Figure 5.2 depicts their responses in this regard.



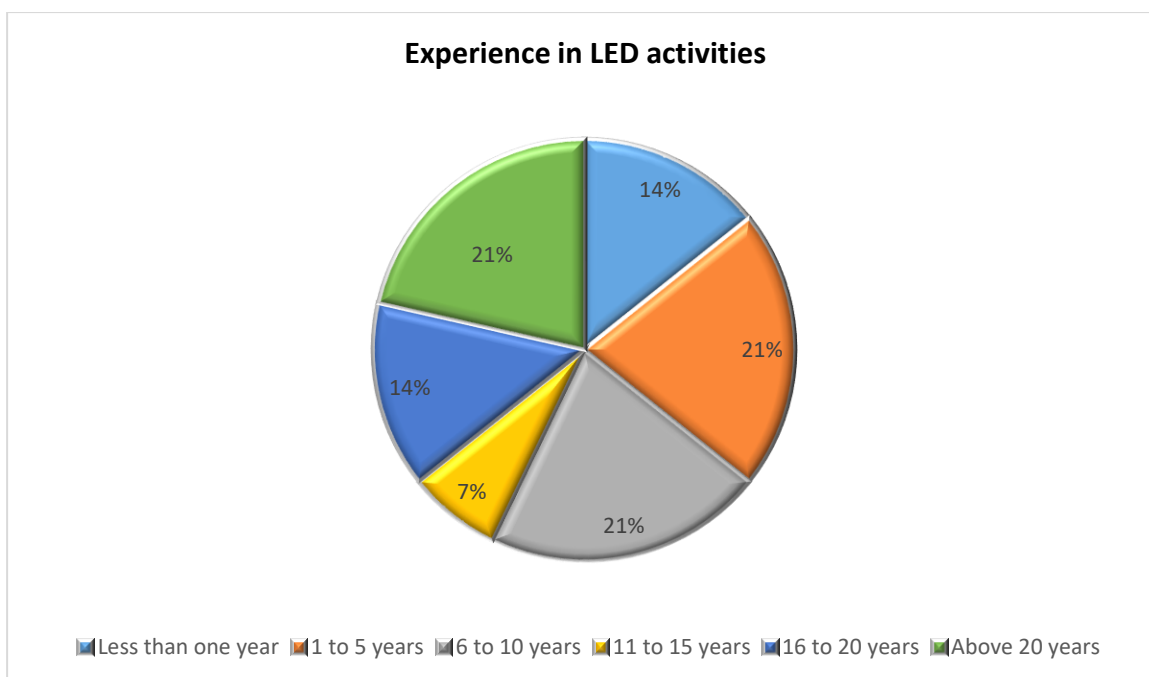
**Figure 5-2: The years of experience in local government**

Source: Researcher's own construction

As indicated above, more than 34% of participants had 1 to 5 years of experience, 25% had 6 to 10 years of experience, 8% had 11 to 15 years of experience, another 8% had 16 to 20 years of experience and 25% had above 20 years of experience. From these percentages it can be deduced that participants have adequate levels of knowledge and understanding when it comes to the functioning, design and implementation of the LED strategy.

#### 5.3.1.4 Experience in LED matters

In this section, participants responded to their years of experience in LED matters. Figure 5-3 indicates their responses as illustrated below.



**Figure 5-3: The years involved in LED-related issues**

Source: Researcher's own construction

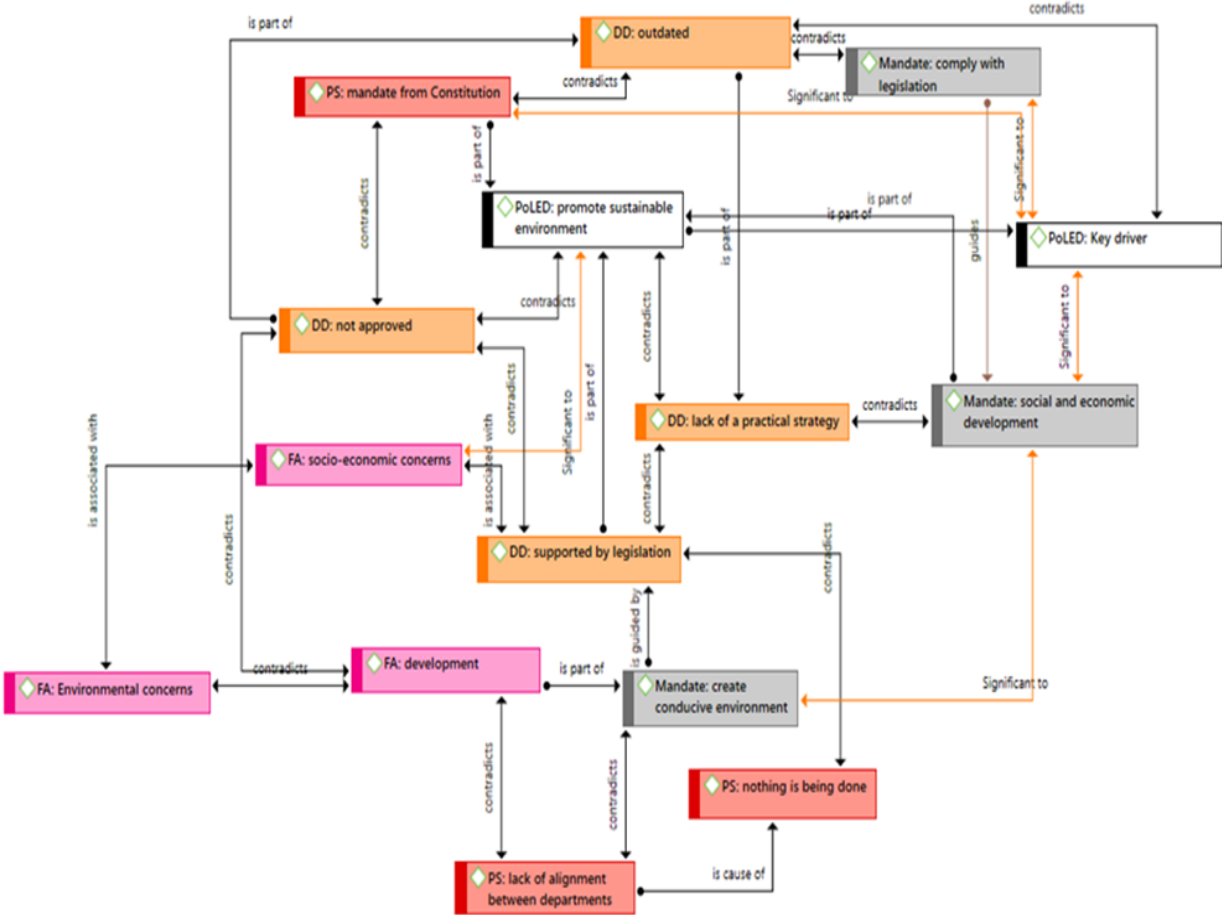
From the content of the figure above, 21% of participants are within the range of 1 to 5 years, 6 to 10 years and above 20 years. Less than 7% are between 11 to 15 years. This suggests adequate experience to obtain rich data.

### 5.3.2 Sections B and C

As stated earlier, the interview schedule comprised of three stanzas or sections. The first section consisted of three questions related to the biographical profile of participants. The second two sections addressed the LED status and the LED reconfiguration as a result of perceived challenges experienced in the local context. The following section will be a thematic analysis with five main themes accompanied by sub-themes. The five main themes are (a) the status of the strategic orientation of the JBMLM, (b) the level of prioritising of socio-economic development, (c) the performance (i.e., functioning) of the LED strategy, (d) factors critical for the success of LED, and (d) an integrated approach to the LED function. Sub-themes are derived from the questions posed and the responses obtained.

**5.3.2.1 Theme 1: The status of a strategic LED orientation**

Theme 1 was aimed at ascertaining the status of a strategic orientation as far as the LED strategy in the municipality is concerned. The theme comprised of 5 questions (B1, B3, B4, B5 and B6). The prefixes within the nodes are the following: Section B; B1 mandate, B3 policy structure (referred to as PS), B4 purpose of LED (referred to as PoLED), B5 detailed and documented (referred to as DD) and lastly, B6 focus area (referred to as FA). The first four questions, B1, B3, B4 and B5 addressed the relevance of the LED strategy at the JBMLM, while question B6 is directed towards municipal officials within different departments in assessing their knowledge on the function of the LED strategy. Figure 5-4 depicts the prefix and nodes, as derived from Atlas.ti coding of responses.



**Figure 5-4: The LED strategy at the JBMLM**  
 Source: Researcher’s own construction based on Atlas.ti (Version 9)

Each node as depicted above has a prefix, code and question attached, as follows:

- B1 mandate: comply with legislation, mandate: social and economic development, mandate: create a conducive environment.
- B3 PS: nothing is being done, PS: mandate from Constitution, PS: lack of alignment between departments.
- B4 PoLED: promote sustainable environment, PoLED and acts as a vehicle in guiding a municipality.
- B5 DD: not approved, DD: outdated, DD: supported by legislation and DD: lack of a practical strategy.
- B6 FA: socio-economic concerns.

These prefixes and codes are important in assessing the status of the LED strategy at the JBMLM.

The lack of alignment and coordination between departments hinders the success of the LED strategy, because according to Trousdale (2005:29) and Malefane (2013:234), LED is regarded as a “cross-cutting”, participatory process involving the private and the public sector within a defined local area. Swinburn and Yatta (2006:5) also agree and point to generally accepted global principles of LED, namely:

- processes based on strategic planning;
- a territorial approach focused on a specific geographical area;
- locally owned, designed and delivered;
- partnership based;
- integrated government actions;
- creating an enabling local business local environment; and
- integrated interventions across multiple sectors (see Section 1.1).

The above principles suggest the importance of having a set parameter in guiding and aiding municipalities to comprehend their context and applications in communities (see Section 1.1). This is essential to ensure the success of the LED strategy for its design and implementation. Considering the aforementioned, Participant Six noted that there is a lack of interest and recognition of the LED strategy affecting the realisation of projects, which is critical in creating a conducive environment. Furthermore, the need for economic development must be stated in the Integrated Development Plan (IDP) of the JBMLM. As

indicated in Chapter 1, the IDP is defined as a single inclusive plan of a municipality linking, integrating and coordinating service delivery to form the basis for annual budgets within the local context.

Equally important is job creation and prioritising the needs of communities for promoting positive change and the functioning of an efficient LED strategy (Majam & Uwizeyimana, 2018:139-140). For these reasons, economic development is defined as “the adoption of new technologies, transition from agriculture-based to industry-based economy and general improvement in living conditions” (Business Dictionary, 2018:1). Additionally, economic development is the process involving the transformation of simple, low-income national economies to modern industrial economies (Britannica, 2018:1). It is for this reason that economic development cannot be realised without effective institutions grounded in transparency, tolerance for risk, appreciation for diversity and confidence in the realisation of mutual gain for the public and the private sector. All of this is essential for the LED in creating the conditions for economic growth and ensuring our economic future (Feldman *et al.*, 2014:12).

Participants Two and Five confirmed the significance of economic development as a main priority in the IDP. The LED strategy continues to operate as the *de facto* strategy that is ineffective and inefficient because the essence of organisational structure as a strategic factor in achieving effective implementation is not prioritised (Meijaard *et al.*, 2002:1; Koma, 2014:41; Masuku *et al.*, 2016:8). Participant Seven also emphasised the need for prioritising socio-economic problems to ensure alignment and cohesion within the municipality. However, this cannot be achieved if the LED strategy is not prioritised because without proper mechanisms in place, the socio-economic and environmental concerns will continue to be problematic. As a result, this causes a lack of practicality in the LED strategy in the failure to address the current needs of communities as indicated in the municipal socio-economic profile (see Section 4.2.2). The municipal socio-economic profile is necessary for the LED strategy because it reveals areas prioritised as far as growth is concerned. This must be done through continuous environmental scanning of the socio-economic environment of the JBMLM, as an early-warning system and barometer to address unemployment, poverty and inequality.

As was ascertained in Chapter 3, the LED function in municipalities focuses on pro-poor approaches. It is expected that municipalities cooperate with stakeholders such as the private sector, the public sector, NGOs and community-based organisations. All of these stakeholders address the societal challenges within society (World Bank, 2003; Remenyi, 2004; Willis, 2005; Ajei, 2007; Monkam, 2014). It is on this basis that participants at the JBMLM were asked Question B3, phrased as: “How does the JBMLM legislate, regulate and structure its LED obligations”.

Regarding this question, Participant One highlighted that when it comes to legislation and regulatory frameworks regarding the LED strategy, the Constitution serves as the main guide. In addition, municipal officials are to provide services, however, there is a lack of understanding on the importance of the LED strategy contradicting the mandate stipulated in the Constitution (Participant One). Similarly, Participant Two expressed the importance of legislation and regulatory framework in setting parameters, as well as the function required from municipal officials for example, the appointment of EPWP workers, which is the responsibility of the Department of Economic Development. Participant Three also pointed out that the structure of LED obligations must be in line with legislation. Contrary to the above views, Participant Four expressed that nothing is being done in relation to the LED strategy and explained that “it is not comprehensive thus making it fragmented”.

From the above opinions, participants are aware that the structure of LED obligations must be in line with legislation and regulatory frameworks. In support, Section 153 of the Constitution highlights that municipalities need to promote social and economic development of the community including participating in the national and provincial programmes (South Africa, 1996). Local government is therefore directly responsible for ensuring an enabling economic and social environment which is conducive to the creation of employment opportunities (South Africa, 1996: South Africa, 1998: Section B; Triegaardt, 2007:3; Bogapane, 2012:1, Meyer, 2014:626).

Overall, this theme aimed to validate the problem statement, which states that through the reconfiguring of the LED strategy the general well-being of individuals including the economy will be improved for the better. Thus, evidence from participants and literature has shown that without proper mechanisms in place guided by an institutional culture, the

existing LED strategy will continue to lack practicality, which is a cause for its outdated state, because what is on paper does not reflect the current realities and brings into question whether the council approves it. It is further evident that the LED strategy at the JBMLM does not live up to expectations according to the participants, because it is not being utilised effectively and its priority areas do not reflect the current concerns of individuals related to societal challenges. Societal challenges are a barrier to development and the fact that nothing is being done contradicts its importance regarding development (FA), which is part of creating a conducive environment (mandate). As indicated in Chapters 1 and 2, development is not only important for positive change, but for setting a course of direction. Contrary to this notion, Participant Seven is of the opinion that there is no evidence indicating that it has been approved by Council. “It could be the reason why it is not revised after five years thus lacking practicality within the context of the JBMLM” (Participant Seven).

It seems that the existing LED strategy operates within an institutional culture where no-one is held accountable for their actions and the objective of the LED strategy is not taken seriously. This requires “internal integration that has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems” (Van der Waladt, 2015:3).

### **5.3.2.2 Theme 2: Prioritising socio-economic development**

As was determined in Chapter 3, sustainable development is a narrative associated with development frameworks from a global, continental, regional, national and local perspective. Local government is not only connected with being at the grass root level but is also generally regarded as a key driver (PoLED) for directing the implementation of socio-economic development (mandate) initiatives (Blakely, 1994:9; Scheepers & Monchusi, 2002:82; Nel & Rogerson, 2016:111). Sustainable development entails a multidimensional perspective and is vital for effecting positive change within society. As shown in Figure 5-4, the following codes are important in ascertaining the extent to which municipal officials understand the purpose of LED at the JBMLM:

- Promoting a sustainable environment (PoLED)
- Key driver for sustainable development (PoLED)

- Socio-economic concerns (FA)
- Environmental concerns (FA)
- Development (FA)

These codes reflect the sentiments of participants when probed on the purpose of LED (PoLED). Most participants agreed that LED is vital, particularly in the local context because it promotes a sustainable environment (PoLED) and is a key municipal driver (PoLED) at addressing challenges related to unemployment, inequality and poverty. Participant One had the following opinions: “our mission as the LED department is to improve the lives of the community, the social and economic standard, which is our mandate. The LED strategy is not an inward strategy of course because implementation happens outward.” This is vital because LED provides a sustainable environment that is not harmful to the health and well-being of the community (Participant Two). Furthermore, Participant Eight points to achieving development (FA) in the city, through its main economic hubs, which comprise of a university, a military base, high-altitude sports training facilities, and extensive mining and agriculture activities (JBMLM, 2018:42).

The above responses converge with literature. According to Nkwinika and Muzhedzi, (2016:76) and Iqbal and Pierson (2017:16), the LED strategy provides, “an agenda to promote and develop a local community’s economic, physical, social and environmental strengths by addressing both challenges and opportunities”. In support, Mlambo *et al.* (2019:693) confirm that the societal challenges with which South Africa is currently battling (i.e., unemployment, inequality and poverty) accentuate the significance of LED to act as a catalyst in addressing these challenges.

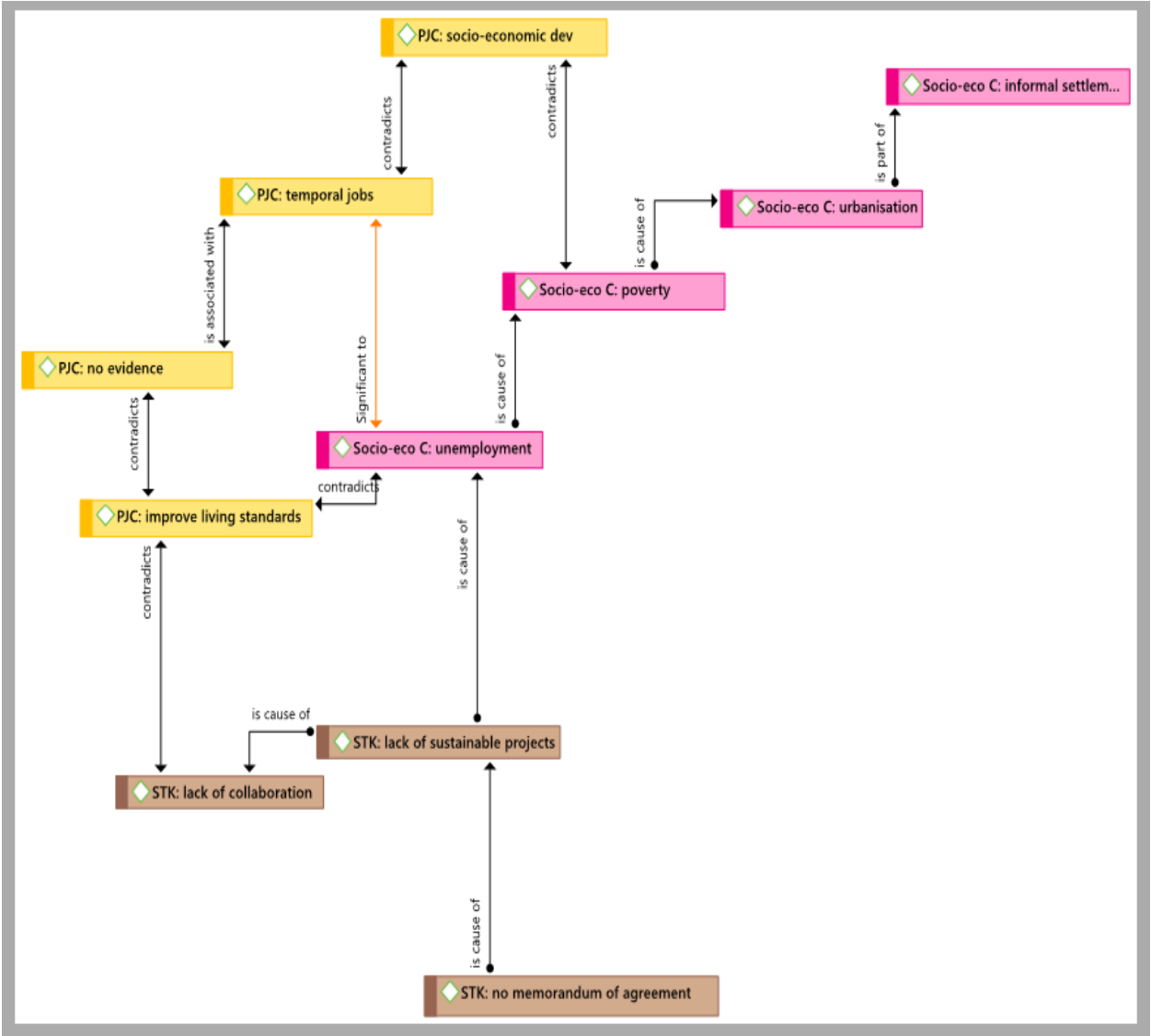
Participant Six noted that socio-economic concerns require the intervention of government through considering the following focus areas: enterprise development, socio-economic development and tourism. Socio-economic development is the primary focus though each aspect has an important part to play in society. Thus, local government has a leadership role concerning development by ensuring that people’s lives are improved and that there is an increase in the economic capacity of communities (see Section 1.1). This is in line with Section 152 of the South African Constitution, 1996, stipulating the important role which municipalities hold when it comes to their developmental obligations in promoting social and economic development in society.

Even though the existing LED strategy is supported by legislation (DD), Participant One is of the opinion that more still needs to be done when it comes to achieving socio-economic development. From the time that Participant One has been part of the Department of Economic Development, the LED strategy has only been revised twice, but at present it is outdated and does not reflect the current concerns being experienced on the ground. As a reason for this situation, Participant One maintains that there is a lack of understanding amongst municipal officials in other departments of the importance of this function, and this prevents the objectives of the LED strategy from being realised. Participant Two concurs that the existing LED strategy at the JBMLM is supported by legislation (DD) and is outdated (DD) by stating that “as far as I know it is supposed to exist for a period of five years”.

These responses confirm the literature review reported in Chapters 1 and 3 in that the LED strategy is vital for improving the lives of individuals, but also for creating a conducive environment (mandate) through socio-economic development (mandate), which is a mandate stipulated in the Constitution (PS) as indicated by participants. Similarly, participants also acknowledged that the LED strategy is essential for a sustainable environment as indicated in legislation. Participants further highlighted that there is generally a lack of alignment between departments (PS) causing limited development (FA) and the creation of a conducive environment (mandate). The participants were of the opinion that the LED strategy is not detailed or comprehensive and does not reflect the needs of the community, resulting in them viewing it as lacking practicality. Though this is the case, most participants from the Department of Economic Development were familiar with the importance of the strategy, whereas other participants were reluctant to give any response as they associated LED with the responsibility of the Department of Economic Development and not their concern. The recognition of the LED strategy must be included in a reconfigured LED strategy at the JBMLM for its performance and effectiveness. However, the lack of alignment amongst departments makes this difficult to achieve, as pointed out by participants.

Figure 5.5 below shows the different codes and prefixes that highlight the need for prioritising socio-economic development at the JBMLM. The prefix and codes consist of the following questions in Section B, which are B2, B7 and B11. The prefixes are in the following order, B2, B7 and B11 and include the following, B2: [socio-eco C] refers to

socio-economic challenges; B7: [PJC] refers to promote job creation and B11: [STK] refers to stakeholders. The codes for the different questions are mentioned with the prefix in no particular order; B11 consists of four codes: [STK]: lack of collaboration, [STK]: no memorandum of agreement and lastly, [STK]: lack of sustainable projects. B2 has four codes: [Socio-eco C]: unemployment, [Socio-eco C]: informal settlements, [Socio-eco C]: Urbanisation; [Socio-eco C]: poverty and lastly B7 four codes: [PJC]: socio-economic development, [PJC]: improve living standards, [PJC]: no evidence, and [PJC]: temporary jobs.



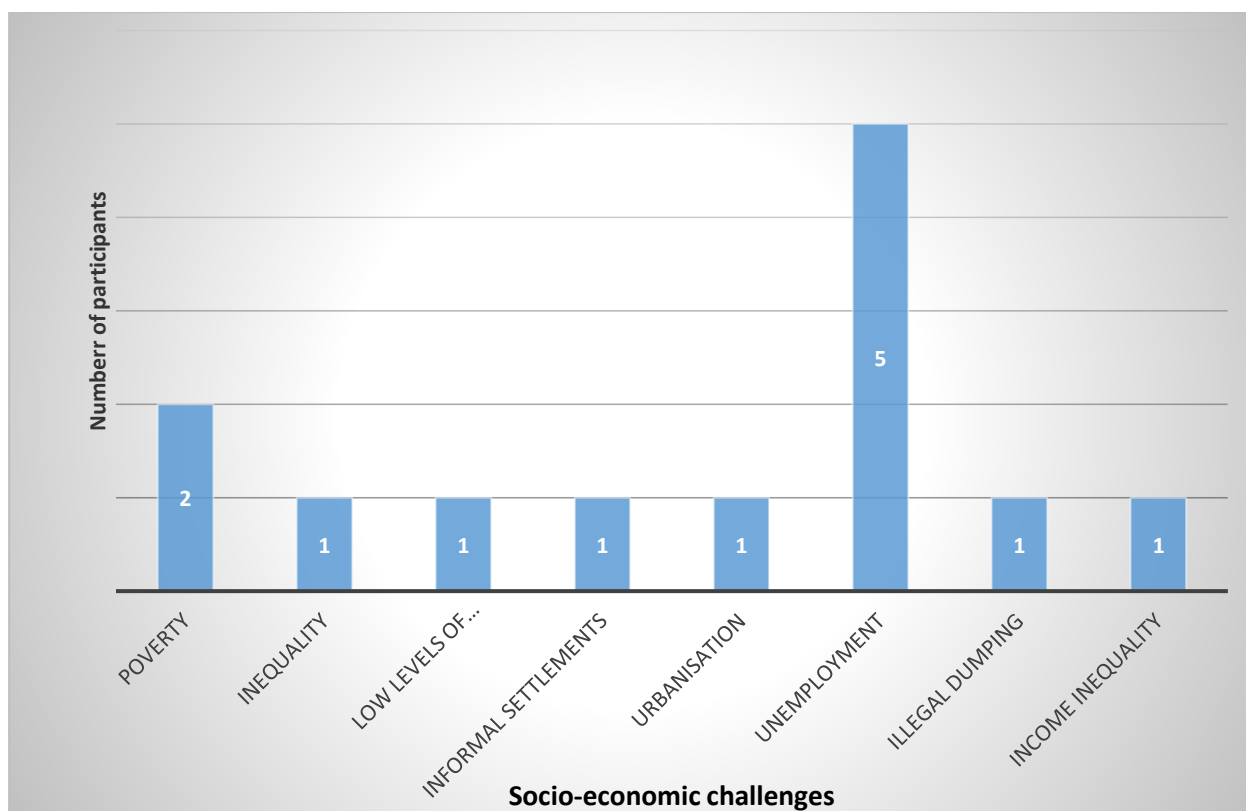
**Figure 5-5: Socio-economic development at JBMLM**  
 Source: Researcher’s own construction based on Atlas.ti (Version 9)

From the above-mentioned codes, the three sub-themes that will be analysed within this section are (a) main socio-economic challenges, (b) responsibility of the municipality, and (c) involvement of external stakeholders.

### *Subtheme 2.1: Main socio-economic challenges*

Socio-economic challenges are issues affecting both developed and developing countries. Developing countries compared to developed countries are negatively affected by societal challenges from a social, economic and environmental dimension (Horn & Lloyd, 2001; Vazquez-Barquero, 2011; World Economic Prospects, 2013; Bishagazi, 2021). As depicted in Figure 5.5, socio-economic development [PJC] is significant to improve living standards [PJC]. However, as Participant Three confirmed, there is no evidence of job creation [PJC] due to LED. The lack of evidence of job creation is associated with societal challenges, namely unemployment [Socio-eco C], poverty [Socio-eco C], urbanisation [Socio-eco C] and informal settlements [Socio-eco C]. All of these societal challenges contradict the importance of improving the living standards of communities. This was also confirmed by Nkwinika and Munzhedzi (2016:77) who argue that much still needs to be done by the South African Government in promoting employment creation as a solution for economic growth and socio-political transformation.

Question B2 required participants to reflect on the main socio-economic challenges in facilitating economic growth and job creation in the municipal area. Figure 5-6 illustrates that various factors are a barrier to development, such as poverty, inequality, low levels of education, informal settlements, urbanisation, unemployment, illegal dumping and income in equality as noted by participants.



**Figure 5-6: Barriers to socio-economic development**

Source: Researcher's own construction

The above Figure 5-6 depicts barriers to development with number of participants on the vertical side (y-axis) and socio-economic challenges on the horizontal side (x-axis). Participants expressed the following opinions: Participant One was of the opinion that socio-economic challenges are have a negative effect on society, namely: poverty, unemployment and low levels of education. "There is a lack of exposure to business development or training where community members can acquire skills and information". However, the challenge persists due to a lack of exposure by community members. Unemployment is the major challenge affecting the youth and other community members. Moreover, poverty is an issue, which is caused by unemployment (Participant Three). Similarly, Participant Four states that unemployment is a serious challenge and results in inequality. According to Participant Twelve "this has resulted in an influx of people coming to the JBMLM, to look for employment opportunities as a result of urbanisation. Urbanisation affects local economic development. Thus, it has stimulated informal settlements since people are getting jobs from mostly the informal sector such as retail stores. Another challenge is the Covid-19 pandemic that affected the whole world. Unfortunately, in South Africa this resulted in high unemployment within communities mostly due to retrenchment. Local government is not responsible for providing jobs for

people, but rather creating a conducive environment through programmes such as the Expanded Public Works Programme (EPWP)". In addition, Participant Seven stated that low levels of education are a result of a poor school system, mostly experienced in the locations, whereas Participant Thirteen was adamant that unemployment and poverty are a serious challenge. Participant Two had a different opinion and highlighted the issue of illegal dumping, which has a negative effect on the environment. Participants shared the same views regarding the effects of societal challenges. This is because participants confirmed the lack of sustainable projects, which are not receiving sufficient support from local government institutions. Therefore, funding, incorporating workshops and courses are critical in providing community members with information that is relevant to their needs. In the long run, this benefits individuals through the promotion of an entrepreneurial culture. However, Koma (2014:3) and Reddy (2016) note that without such forms of intervention, South Africa and less developed countries will continue to experience market failures, inefficiency, low capacity and a general lack of an entrepreneurial culture. Another concern pointed out by participants regarding LED projects is the lack of positive impact when it comes to economic growth and development.

From the abovementioned, unemployment is regarded as a serious challenge by participants compared to other factors that hinder development. As noted above, unemployment, poverty and inequality are closely connected. These societal challenges affect communities, government policy and strategies and the economy of a country in general (see Section 1.1). Lele (1991:609), Taylor (1992:214), Gordon (2006:93) and Mangaung Municipality (2020:261) concur that targeted change with clear developmental goals is essential for the optimum utilisation of resources. This is important at the JBMLM because prioritising socio-economic development cannot happen without promoting job creation as a solution for poverty and unemployment. Unemployment is a significant problem, which contributes to the previously mentioned social problems, resulting in a poor quality of living that prevents economic growth and development (see Section 4.2.1).

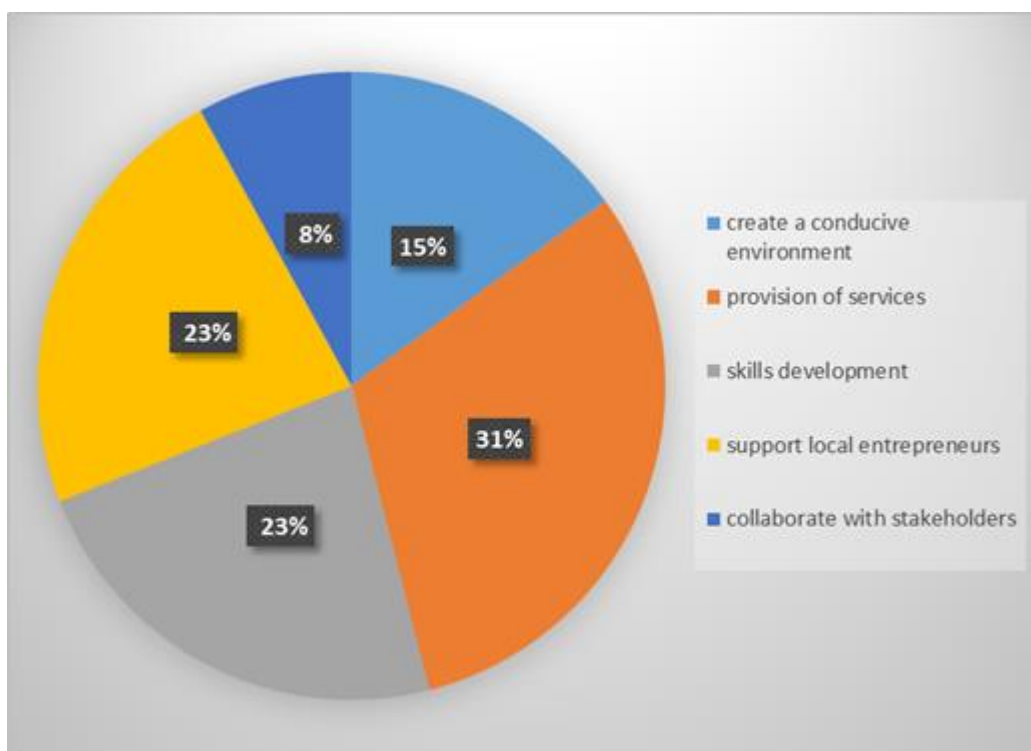
These findings show that there is a general lack of empowerment and an entrepreneurial culture which tasks the municipality with great responsibility concerning job creation, poverty alleviation and economic growth. The lack of a proper LED strategy in place

results in on-going societal challenges at the JBMLM causing dysfunctionality and the waste of public resources.

### *Subtheme 2.2: Responsibility of the JBMLM in the LED function*

Generally, municipalities are obligated to play an active role through being a coordinating agent for LED by collaborating with other stakeholders in the broader public service, the private sector; NGO's and other significant role-players (see Section 4.3). An example of this is the coordination between the LED function and the Expanded Public Works Programme (hereinafter referred to as the EPWP). The LED function is not a conditional strategy but rather a legislative obligation with which they must comply (Malefane, 2009:158-159; SALGA, 2015:11). The stipulations of the Constitution, 1996 and the White Paper on Local Government, 1998, support other legislation that emphasises the duties and functions of municipalities (see Section 4.3). This mandatory obligation of the JBMLM and other municipalities stems from the national sphere and stipulates in the Constitution, 1996, that local government is responsible for social and economic development of communities (see Section 3.4.1).

Participants were probed on “what is the responsibility of a municipality as far as general local economic development, job creation, poverty alleviation and unemployment are concerned?” From the responses received (Figure 5-6), four of the participants (31%) indicated that the responsibility of the municipality is to provide services within communities. Three of participants (23%) were of the view that skills development is vital, whereas another three participants (23%) highlighted that supporting local entrepreneurs was important. Two of participants (15%) mentioned the need for creating a beneficial environment and one of the participants (8%) suggested collaboration of stakeholders.



**Figure 5-7: Responsibility of JBMLM in the LED function**

Source: Researcher's own construction

In as much as participants are aware of the responsibility of municipalities, unemployment, poverty and inequality continue to affect the JBMLM. Regarding these responses, there is a need for social and economic development as it pertains to job creation and economic growth. This is essential because creating a favourable environment requires an integrative approach, which points to the importance of participation between the JBMLM and stakeholders.

Acknowledging the LED function as a responsibility of the JBMLM enables cohesion and promotes accountability amongst municipal officials to prioritise the needs of society, thereby allowing an environment that facilitates LED activities to enhance human development. To support local entrepreneurs and skills development, a people-centred approach must be the basis of the JBMLM and other municipalities with reference to the LED strategy. This is because the basis of the LED strategy is to empower the local communities and enhance economic capacity through increasing the level of participation (see Section 3.4.1). The aforementioned responsibilities as expressed by participants are important, however, the LED function must be rooted in a people-centred approach. A people-centred approach is defined as “the process by which the members of society increase their personal and institutional capacities to mobilise and manage resources to

produce sustainable justly distributed improvements in their quality of life, consistent with their own aspirations” (Korten, 1990:67; Meyer & Meyer, 2016:151). In addition, the social environment is dependent on patterns of interactions within the society for a set outcome (Fox *et al.*, 1991:20; Meyer, 2014:625), which is influenced by various factors such as demographic characteristics, housing, education and so forth.

Even though the provision of services has the highest percentage (31%) (see Figure 5.6), a people-centred approach requires the recognition of the LED function at the JBMLM by including mechanisms or projects through the collaboration of stakeholders with one goal in mind. At present, the pressing issue is the promotion of LED at the JBMLM. The LED function although a legislative obligation, is not fully imbedded in and aligned with municipal planning instruments and structures. This is a challenge experienced by most municipalities in relation to an integrated approach, as far as socio-economic development in general and strategies for poverty reduction and unemployment are concerned (see Section 4.3). In line with the above-mentioned, Participant Nine stated that a municipality is not run by one department, but comprises of different departments with specified functions. It is for this reason that in the promotion of the LED function, a people-centred approach must be prioritised through participation and an integrated approach, reflecting the needs of individuals within the LED strategy. Participant Five also made mention that the mandate of municipalities is creating a favourable environment. However, this study argues that such an environment cannot exist only in policy and must be translated into reality. Similarly, Kanyane and Mabelane (2009:59) and Koma (2014:42) suggest that the performance systems of municipalities must accommodate the following elements to support the implementation of LED:

- LED goal setting within an overall development vision for the community;
- operational guidance and coaching to assist staff in accomplishing the set goals;  
and
- regular performance monitoring, evaluation and reporting (see Section 4.3).

Thus, these elements support the functioning of LED and serve as a basis for providing a course of direction at the JBMLM by prioritising the needs of individuals. The JBMLM has a responsibility to ensure that their quality of life is improved through job creation.

According to Heymans (1995:5), the success of the LED function depends on the following:

- leadership in local communities;
- a sense of crisis that seeks the attention of local stakeholders to act for situations that arise in their communities;
- the bringing together of key stakeholders in the local community in the planning and tentative implementation of LED initiatives; and
- the shared unlocking of local resources.

From the above-mentioned, it is important to note that the issue of leadership is an on-going challenge affecting the functioning of the LED strategy at the JBMLM. Without proper leadership in place, the LED function will be ineffective and societal challenges will persist (see Section 3.4.5). Furthermore, officials at the JBMLM have a responsibility to understand the population by age and race, because these components influence socio-economic development and job creation, assisting officials to prioritise focus areas as they relate to the profile of the community. The lack of such an intervention results in high levels of unemployment and people losing confidence in local government. Municipalities are required to do the following: mediate between the local and global, balance LED policy aimed at urban competitiveness and poverty alleviation; engage in more open and transparent state and civil society relations; reform intergovernmental relations and promote cooperative governance (Development Bank of Southern Africa, 2000:26; Bishagazi, 2021:180-181). These aspects are a responsibility directed at all municipalities for the effective functioning of the LED strategy. The responsibility of the JBMLM in the LED strategy is providing citizens with adequate development support to fulfil both current and future socio-economic goals. It is on this basis that the JBMLM must be encouraged to play an active role to promote broad-scale local economic development (Nkwinika & Mundzhedzi, 2016:77). Only then can the LED be an instrument aiming to reduce unemployment and poverty. Development is an on-going process requiring a set target. Thus, the responsibility of the JBMLM is to prioritise the needs of individuals through empowerment and job creation. That is why the involvement of external stakeholders is the starting point in promoting development in society.

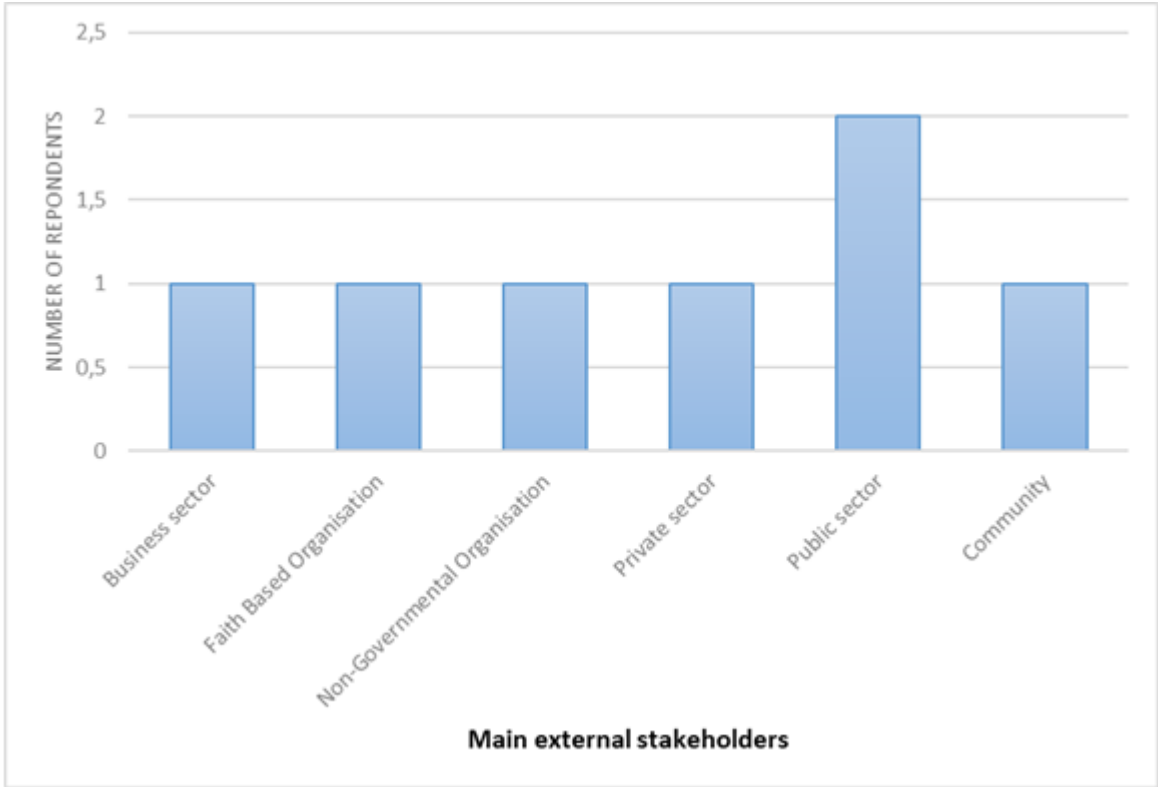
### *Subtheme 2.3: Main external stakeholders*

Participation is essential when dealing with the LED function in the public domain for each community member, because it is a democratic right for citizens to partake in the decision-making process (Gildenhuis & Knipe, 2000:126; CoGTA, 2017:14). Participation serves as a driver in promoting democracy and good governance and must be widespread within the different divisions of the municipality, namely municipal functionaries, councillors and ward committees, all of which are answerable to communities to prevent public officials from implementing policies that will damage the general welfare of society (see Section 3.4.1).

Main external stakeholders are important because LED is multidimensional in nature and must involve various stakeholders such as governmental departments, the private sector, NGO's, faith-based organisations (FBO) and the general community. The involvement of these stakeholders is important for developing local partnerships, stimulating economic growth and job creation (Lawrence, 2009:23; Choe & Roberts, 2011:8; Agbevade, 2018:113). In support, Blakely and Bradshaw (2002:39) and Maneli and Musundire (2020:167) are of the opinion that a holistic and integrated approach to the LED process is a requirement when addressing social and economic challenges faced by communities to create an enabling environment that benefits the community. Stakeholders must incorporate planning, implementation, monitoring and evaluation to ensure the successful functioning of the LED strategy (see Section 2.8.3). On these grounds, participants answered the following question from B11: "Who are the main external stakeholders involved in the LED strategy? How are they engaged in the process?"

In relation to the above question, some participants from other departments highlighted that they were not sure and hinted that officials in the Department of Economic Development must have knowledge on this. Participant Six noted that they do work with other stakeholders, namely the Department of Agriculture, which provides equipment needed by farmers for a specified period and assists with capacity building. Similarly, Participant Eight stated that "yes, there are external stakeholders. They comprise of your Non-Governmental Organisations (NGOs), SMME's, youth, disabled people and the business forum working with local government including farmers. Your farmers are

important because the JBMLM is predominantly a farming area. There is an abundance of land that is predominantly for farming purposes. In addition, there are some mining activities in an area, where the people in that area mine diamonds and other minerals. Some community members have ventured into farming. Moreover, other external stakeholders include Faith Based Organisations (FBOs) and the LGBTQI community. My ward (Ward Twelve) is ravaged by unemployment and informal settlements”. On the contrary, Participant Two was of the opinion that there are no stakeholders from the environmental management side, whereas Participant Three listed the following stakeholders as critical in the support of the LED strategy: “the unemployed, the organised business formation and sister spheres of government that are provincial and national government”. The business sector is equally important and must be part of the LED strategy (Participant Five). Lastly, Participant One was of the opinion that the main stakeholders include the business sector, the community and other departments such as the Department of Agriculture and the Department of Public Works. Figure 5-8 illustrates the above responses as follows:



**Figure 5-8: Main LED stakeholders**  
 Source: Researcher’s own construction

Moreover, participants had differing views regarding main external stakeholders taking part in the LED strategy, but did not know how they were engaged in the process. According to Meyer (2014:625-626), for an improved local governance within the LED strategy, there is a need for cooperation and partnerships because the success of the LED strategy requires combining a planning process of stakeholders within the local area. Thus, the success of the LED process consists of a horizontal interaction between local government and other local stakeholders (Rogerson, 2010; Meyer & Meyer, 2016:151). The lack of knowledge regarding main external stakeholders is problematic and affects the formulation and implementation of the LED strategy. In support, Participant Ten noted that there is lack of collaboration between departments at the JBMLM and the main stakeholders. This contradicts the importance of a bottom-up approach regarding the LED strategy, because change takes place through an integrative, participatory and inclusive approach with relevant stakeholders (see Section 2.2). Relevant stakeholders are critical in the functioning of LED, because they provide information and resources to government for the benefit of society within three dimensions: social, economic and environmental. Similar to the United Nations Environmental Programme focusing on assisting countries on their development trajectory, local government has the same responsibility related to the needs of individuals. Little to no involvement of stakeholders and departments in key developmental programmes is a barrier for effecting positive change. Joint effort is the solution to combat unemployment, poverty and inequality (Remenyi, 2004:22; Willis, 2005:27; Ajei, 2007:1; CoGTA, 2017:1; Mashamaite & Lethoko, 2018:12) which affects individuals in a negative manner. Unfortunately, the existing LED strategy at the JBMLM lacks practicality because it is outdated and has no guidelines regarding stakeholders at the local level.

Furthermore, there is no permanent structure for stakeholder engagement in the LED strategy (Tlokwe City Council, 2013:19). Literature highlights that positive change is essential in society and needs the participation of stakeholders in the development process (see Section 2.6). A set system needs to include participation of various stakeholders to ensure an inclusive and comprehensive strategy (Patterson, 2008:3; Phago & Tsoabisi, 2010:157; Meyer, 2014:625). Lack of collaboration [STK] is a cause of lack of sustainable projects [STK] and no memorandum of agreement [STK] (see Figure 5.7). These codes are of importance when it comes to the promotion of job creation and economic growth because they emphasise the need for local government to work with an

array of stakeholders to achieve sustainable development. Sustainable development as stated in the United Nations Economic and Social Council (ECOSOC) functions within three dimensions: social, economic and environmental (see Section 3.2.1.1).

It is for these reasons that participation and partnerships of stakeholders are essential for not only communication but also the exchange of information within a society that is constantly evolving. A disconnection between the existing LED strategy, the main stakeholders and local changing conditions affects initiatives intended to improve the general well-being of individuals (see Section 4.4.1). No permanent structure in place for stakeholders is the reason for no memorandum of agreement [STK], which requires joint effort. Moreover, societal challenges such as unemployment [Socio-eco C], poverty [Socio-eco C], urbanisation [Socio-eco C] and informal settlements [Socio-eco C] are due to systemic weaknesses affecting the JBMLM within the internal environment. One such example is the lack of collaboration between stakeholders. Other examples are ineffective organisational arrangements and systems, poor strategic planning, limited resource allocation to pro-poor strategies, and ineffective management practices (Maneli & Musundire, 2018:167; Rogerson & Rogerson, 2010:484).

In relation to the social, economic and environmental dimensions, this is vital because the LED strategy not only aims to empower local people, but also enhances the economic capacity. According to the Integrated Development Plan (IDP) of the JBMLM in Figure 5.4, there are several housing related challenges such as lack of basic services, high levels of crime and unemployment (JBMLM, 2018:10). Strategic planning should be followed at the JBMLM for effective implementation of the LED strategy (see Section 1). This is a starting point for the JBMLM at identifying elements or aspects that are essential for promoting socio-economic development [PJC], because without this intervention, the existing LED strategy will continue to lack evidence [PJC] and sustainability as a key driver against temporary jobs [PJC].

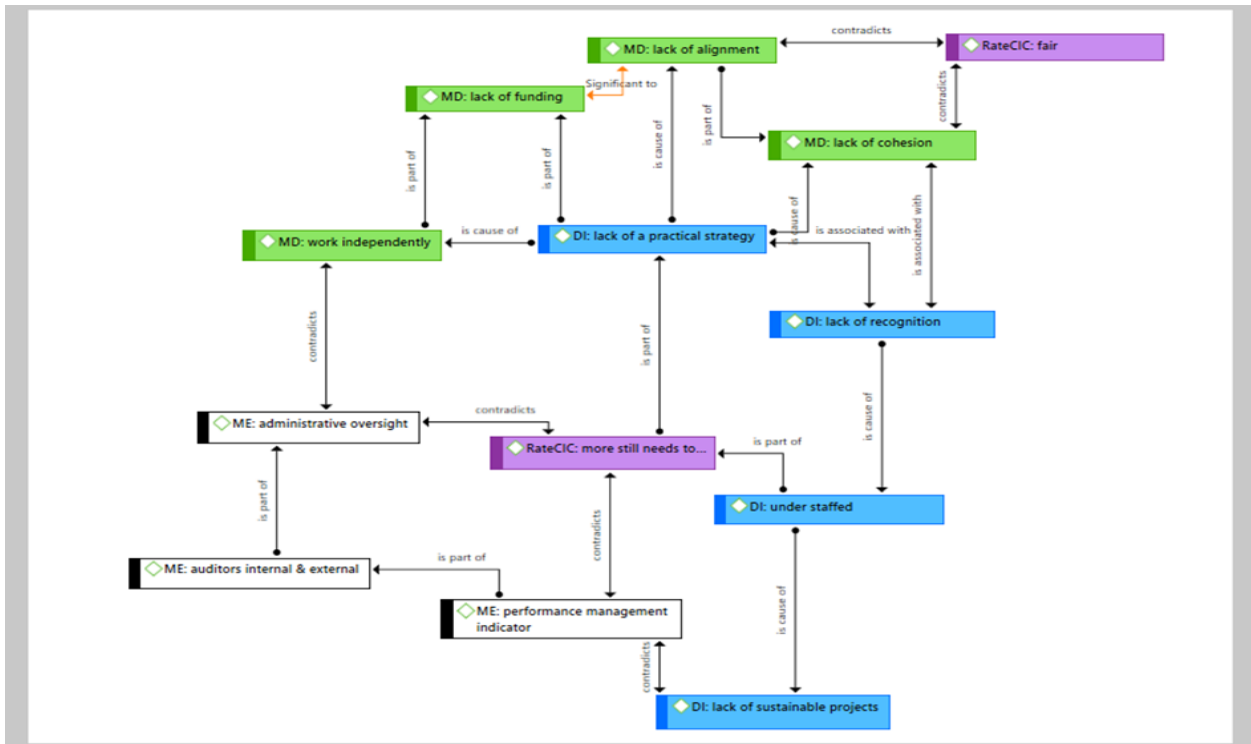
It is evident that officials at the JBMLM must be aware of the importance of the main external stakeholders and their role in the LED strategy, otherwise societal challenges will persist. Given that unemployment and poverty continue to hinder development within the JBMLM as highlighted by Participant Twelve, understanding and acknowledging the significance of stakeholders cannot be overlooked. As a key municipal “driver” the LED

strategy must be recognised to facilitate growth and promote social and economic development, because LED is designed to build the economic capacity of a local area. Therefore, municipalities such as the JBMLM have a responsibility when it comes to job creation, poverty alleviation and economic growth. In addition, stakeholders are vital in the LED process to promote participation and transparency which is needed in the development process. It is for these reasons that joint effort yields better results through improving the quality of life and enhancing economic activities (see Section 3.5.1). The struggle experienced with coordinating and integrating activities affects the optimal performance of the LED strategy. Failure to include planning, environmental scanning, execution and performance as key factors for the optimal functioning of the existing LED at the JBMLM results in a dysfunctional environment and the wasting of public resources (see Section 4.2.2). The following section will analyse the fourth theme, which is the LED function at the JBMLM.

### **5.3.2.3 Theme 3: Performance of the LED strategy**

The LED function at the JBMLM is understood within the parameters of the entire constitutional dispensation that emerged in 1994. Consequently, statutory and regulatory frameworks are the foundation from which municipalities are provided a legal mandate and obligations. In relation to becoming developmental in nature (see Section 4.3), through prioritising the needs of individuals within a social context, this is crucial because the LED strategy is designed to enhance the economic capacity of a local area through expanding the potential of its economic capacity and quality of life for all (Kanayo *et al.*, 2021:106).

This theme is informed by the following questions: B9, B10 and C3. These questions aimed to ascertain whether the current LED strategy at the JBMLM is effective and efficient with regard to job creation and economic growth. Figure 5-8 below comprises of prefixes and codes in the set order. Each prefix comes before a question and is written in full as follows: B9: [MD] refers to municipal departments, [RateCIC] refers to rate coordination, integration and communication, B10 [ME] refers to monitoring and evaluation, and lastly, C3: [DI] refers to design and implementation.



**Figure 5-9: Performance of LED strategy at JBMLM**

Source: Researcher’s own construction based on Atlas.ti (Version 9)

This figure outlines prefixes and codes to questions B9, B10 and C3, namely B9: [MD]: lack of alignment, [MD]: lack of funding, [MD]: work independently, [MD]: lack of cohesion and [RateCIC]: fair; [RateCIC]: more still needs to be done; B10: [ME]: administrative oversight, [ME]: auditors internal and external, [ME]: performance management indicator. This theme is divided into three sub-themes, namely:

- implementation of the LED strategy with a focus on coordination, integration and communication amongst sector and municipal departments, as well as the alignment of municipal departments;
- monitoring and evaluation of the LED strategy with reference to political (Council) and administrative oversight; and
- the design and implementation model more conducive for the LED strategy.

*Subtheme 3.1: Coordination, integration, communication and alignment*

Municipal departments have contributed immensely to the needs of communities (Mashamaite & Lethoko, 2018:123). That is why most communities have access to a wide range of services and economic opportunities (Basu, 2000; Munzhedzi & Makwembere,

2019:661). Despite this view of LED, municipalities continue to face various challenges when facilitating and implementing LED. Participants were thus requested to answer question B9.1: “How would you rate coordination, integration and communication amongst municipal and sector departments to facilitate the implementation of the LED strategy?”

Participant Five alluded that communication amongst departments is bad and this is the reason why the existing LED strategy at the JBMLM is failing. The participant further added that municipal departments were not aligned because what was written on paper did not reflect what was happening. Participant Five expressed his concern that “the communication is very important and lacking now. There is no communication, so how can alignment take place within the Department of Economic Development and other departments? What I am saying is that it is a serious problem”. In contrast, Participant Six stated that the rate of coordination, integration and communication is fair to a certain extent. While mentioning the conflict which exists amongst directors, Participant Six noted that it affects the operational level from carrying out duties meant to impact local communities and results in a work backlog because certain documents are without the needed signatures. Participant Seven gave a negative response when it came to rating coordination, integration and communication. According to Participant Seven, it is very poor. On a similar note, Participant Eight shared the same sentiments by stating that the JBMLM is not performing well in relation to coordination, integration and communication regarding the LED strategy.

It is evident that more needs to be done regarding fostering closer alignment, coordination, integration and communication. The responses accentuate the fact that if these challenges are not addressed adequately, it will adversely affect the optimal functioning of the LED strategy. There is a need for cohesion in the pursuit of development to attain job creation and empowerment (see Section 3.3.2.1).

The second part of Question B9.2 addressed the following: “In your opinion, are municipal departments adequately aligned in the implementation of the LED strategy?” Regarding this question most participants had a similar stance and agreed that from their own observation, particularly those in the Department of Economic Development, there is no alignment between municipal departments. Participant One noted that the reason that

this is a problem is that municipal officials within departments are not constantly engaging with each other. Participant One further stated that “to train people is a problem because it is underrated and even difficult to get those meetings”. In reference to these responses, the lack of alignment (MD) that is meant to be the core of the LED strategy is not prioritised and causes officials to work independently (MD), contradicting legislation that supports the functioning of the LED strategy in the local context. Section 153 of the Constitution states that municipalities must promote social and economic development of the community including participating in the national and provincial programmes (South Africa, 1996). In addition, Mathenjwa (2016:116) highlights that local municipalities must ensure that the general well-being of local communities is prioritised through its mandated leadership role. As noted in Chapter One, the leadership role is significant because it creates resources to sustain and benefit citizens for a longer period (Global Forum for Local Development, 2010:50; Mgwebi, 2010:2; Meyer, 2014:631; Kamara, 2017:104). However, the lack of cohesion and alignment not only affects local communities and the economy, but the lack of funds for projects, which requires good inter-departmental relations as well as stakeholder involvement. Some of the most noteworthy challenges as pointed out by participants, preventing the facilitation and implementation of LED include:

- lack of alignment;
- lack of engagement amongst municipal officials from different departments;
- no interest to take part in meetings concerning LED; and
- poor communication and coordination.

The above challenges confirm the findings of literature in Chapter Four. Nevertheless, participants agreed that LED cannot be facilitated and implemented accordingly, if there is a lack of institutional commitment amongst officials, making it difficult to carry out the mandate as stipulated in legislation and regulatory frameworks. Moreover, participants also agreed that without a proper working relationship amongst officials, there is no guarantee that the LED strategy can be properly facilitated and implemented if the above challenges persist, meaning that there is room for further improvement.

Participants agreed that there is no detailed and documented strategy and as such they were unsure of what sector departments are involved in the LED strategy, because there

is no available information in reference to that. This brings into question institutional commitment and the level of understanding regarding legislation. For instance, Section B of the White Paper on Local Government highlights four interrelated characteristics for developmental local government, namely:

- maximising social development and economic growth;
- integrating and co-ordinating;
- democratising development; and
- leading and learning (South Africa, 1998:12).

All of these characteristics serve as a guide in aiding municipal departments to know their functions and duties supported by legislation. Despite the focus of LED, which is to enhance and create an enabling and conducive environment (see Section 4.3), this is not the reality at the JBMLM and as a result, societal challenges persist. The lack of proper intervention from municipal departments and stakeholders affects facilitation and implementation. Thus, the strategy needs to incorporate best practices from developmental frameworks in setting the course for targeted change, which is essential for a gradual and incremental process (see Section 1). This is in line with the literature review highlighting the importance of a strategy to incorporate practices, approaches and functions as a foundation for actions. As pointed out by participants, the lack of a detailed, comprehensive, and documented strategy seriously hampers the performance of the LED function.

### *Subtheme 3.2: Monitoring and evaluation of the LED strategy*

Monitoring and evaluation are part of a results-based approach practiced by stakeholders and political representatives to promote accountability and good local governance (Acevedo *et al.*, 2010:34; Meyer & Venter, 2013:91). Monitoring is an on-going process that assesses whether projects and their routine activities achieve expected results with performance recorded through data collection and reviews (Engela & Ajam, 2010:11; Uys, 2010:12; Thwala *et al.*, 2020). Evaluation can be regarded as a time-bound activity conducted over predetermined periods that compare planned and actual performance (Casley & Kumar, 1987:77; Govender, 2011:75; Kamara, 2020:3).

It is on this basis that Question B10 was posed: “What mechanisms are in place to monitor and evaluate overall performance of the LED strategy, both in terms of political (Council) and administrative oversight?” This question was asked to explore the issue of performance of the LED strategy. Responses varied significantly and it was evident that some participants were uncomfortable in answering the question. Participant Four, for example, simply admitted to not knowing the answer to the question. Follow-up questions were asked to probe the underlying reasons for this. It seems that primarily the lack of performance data, broad-based transparency in the administration, and the lack of a holistic perspective hampered their responses.

Participants mentioned that monitoring and evaluation are conducted by different role-players, namely:

- the mayoral committee
- politicians (i.e., councillors)
- internal audit
- the Office of the Auditor General (external auditors)
- directors and senior managers
- the Office of the Municipal Manager
- council portfolio committees, e.g., the Municipal Public Accounts Committee.

These role-players have an important part to play in general performance oversight of the LED strategy. Participants were generally reluctant or unable to answer follow-up questions regarding the effectiveness of monitoring and evaluation efforts (e.g., performance and financial progress reports) performed by these oversight structures. This may confirm the assertion of observers such as Govender (2011) and Meyer (2014) that a poor performance culture persists in many municipalities in South Africa. This is exacerbated by issues such as the general lack of technical competencies, the absence of reliable and recent performance data, political interference, poor financial management, as well as poor coordination between municipal departments. In support of this assertion, Participant Three stated that “we ignore the input of stakeholders meaning we are not doing a good thing and are going to find ourselves at risk”. This emphasises the need for effective monitoring and evaluation for the LED strategy. Even though participants noted that there is a system in place, they were not clear on its overall

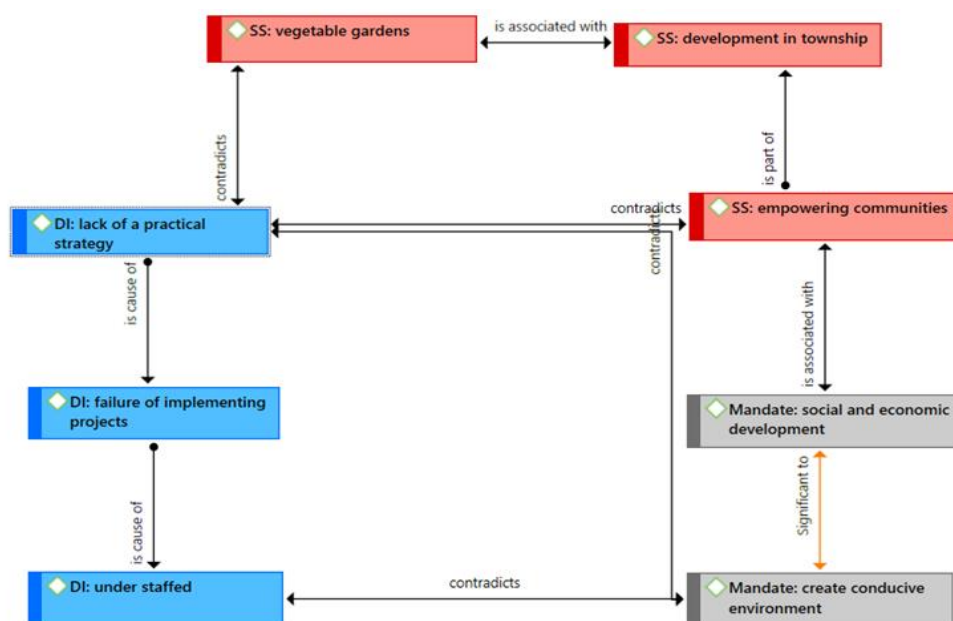
effectiveness. The absence of a robust monitoring and evaluation system may have serious consequences for broad-based socio-economic development in the JBMLM.

#### 5.3.2.4 Theme 4: Factors critical for the success of LED

The identification of factors critical for the success of LED is essential since the LED strategy serves as a sustainable development instrument aimed at boosting local economies through tackling issues related to poverty, inequality and unemployment (see Section 3.5.1).

This theme comprised of Questions B4, B12 and C1. Again, this theme has prefixes and codes, as depicted in Figure 5.9. All of these prefixes comprise of codes based on responses to these questions, namely:

- Question B4: [mandate]: social and economic development, [mandate]: create conducive environment.
- Question B12: [SS]: vegetable gardens, [SS]: development in township and empowering communities.
- Question C1: [DI]: lack of a practical strategy, [DI]: failure of implementing projects and [DI]: understaffed.



**Figure 5-10: Factors critical for the success of LED**

Source: Researcher's own construction based on Atlas.ti (Version 9)

The above figure aims to determine the factors critical for the success of the LED strategy as per the responses of participants. This theme is divided into two subthemes, namely (a) design and implementation of the LED strategy, and (b) success stories of the LED strategy at the JBMLM.

#### *Subtheme 4.1: Design and implementation of the LED strategy*

The question asked was: “In your opinion, has the LED strategy been successfully designed and implemented in the municipality? Please elaborate”. This question served to determine whether the current LED strategy of the JBMLM is adequately focused and whether it prioritises issues aimed at addressing specific socio-economic problems. As such, it focused on the central problem statement of the study, namely to what extent the existing LED strategy is adequately configured for addressing the primary socio-economic priorities in the municipality. Responses to this question will guide the researcher in proposing appropriate reconfigurations of the LED strategy, as outlined in the last chapter.

Most participants indicated that there is a lack of practicality [DI] (refer to Figure 5.9) in the strategy (i.e., operational guidelines) and that the municipality does not have adequate capacity and competency to successfully operationalise the existing strategy. The fact that the municipality is understaffed [DI] was highlighted by participants Three, Five and Ten. Participant One accentuated the fact that the lack of practicality [DI] “disempowers the municipality to develop communities” [SS], and Participant Three added that the lack of capacity hampers the municipality to promote socio-economic development [mandate] and to establish a conducive business environment [mandate]. This response confirms the claim by scholars such as Muthethwa (2013) and Koma (2014) that most municipalities struggle to follow an integrated approach as far as socio-economic development in general and strategies for poverty reduction and unemployment are concerned, and that there is a general lack of an entrepreneurial culture. Moreover, with an understaffed municipality there is failure in implementing projects because, according to Participant Eleven, “municipal departments are unable to support Small, Medium and Micro Enterprises (SMMEs) and this results in community members losing interest and not seeing projects through to the end”.

Participant Ten believed that the LED strategy has not been successfully designed and implemented. He further alluded to the fact that the strategy has not been approved or revised by Council. This implies that the strategy is not yet official and not “enforceable”. Similarly, Participant Nine indicated that the strategy has not been designed and implemented well because municipal departments and small businesses cannot access any funding and other required resources. Participant Eight confirmed that the lack of funding seriously hampers the design and implementation of LED-related projects. Since the strategy is not approved, LED initiatives are not regarded as a priority. Participant Seven also noted that the strategy “is under struggle” but there “are pockets of successful implementation”. Participant Three broadly concurred with these responses, but accentuated that the “lack of adequate staff is a major hindrance to the success of LED projects”.

To further probe the status of the LED strategy, the following questions aimed to ascertain whether there is evidence that the LED strategy is successfully implemented by means of projects in the JBMLM.

#### *Subtheme 4.2: Perceived success factors of the existing LED strategy*

The question posed to participants was: “Can you indicate any success stories where the LED strategy succeeded in creating economic opportunities for communities in the JBMLM?” The question was open-ended and therefore participants had different views.

Participant One mentioned two examples of LED success stories, namely the upgrading of the taxi rank in Extension 7 and the upcoming industrial park. The researcher asked a follow-up question regarding the upcoming project and asked the participant why these two projects can be regarded as success stories if they are not completed. The participant confirmed that the projects are in the planning stages and cannot therefore be regarded (yet) as success stories.

Participants Two and Three identified the establishment of vegetable gardens as a success story, because these gardens provided food to old-age homes, as well as temporary employment for workers responsible for setting them up. However, both

participants noted that these vegetable gardens have stopped because there is no longer someone available to supervise these projects. Seeds are now provided to schools, clinics, and old-aged homes to grow their own vegetables. There is, however, no supervision from the side of the municipality. Successes in this regard cannot therefore be gauged.

Participant Four pointed out that farmers were given the opportunity to farm on land that was procured in terms of the LED strategy to support agricultural practices. In a similar vein, Participant Nine mentioned the LED mechanisation programme for farmers as a success story, because tractors were provided to assist farmers with cultivating their land. In addition, the Department of Economic Development of the JBMLM has established a unit that specialises in giving advice to local entrepreneurs inclusive of farmers. This unit assists them with administrative processes, funding opportunities and technical expertise that are linked to their entrepreneurial activities. Similarly, Participant Five confirmed that this unit assists community members with applications to receive funding for business ventures. He mentioned, however, that this unit within the Department of Economic Development is dependent on parastatals such as the National Youth Development Agency and the National Department of Small Business for funding. Participant Eight also stated that the Department of Economic Development of the municipality partnered with the Department of Arts and Culture to empower communities by equipping them with skills such as sewing, painting, mosaic, bricklaying and so forth.

Participant Six indicated that at the beginning of her career she had hoped to transform the tourism industry, but that it had not yet materialised. She did, however, mention that two women have started Bed and Breakfast businesses with the assistance of the LED strategy.

Participant Eleven mentioned two projects that may serve as LED success stories, namely the construction of toilets and houses, although both projects were small in scale.

On a more negative note, Participant Ten stated that there are “no success stories because the LED strategy is outdated”. She strongly proposed that the focus must be at improving the strategy to benefit the community more successfully. This includes capacity

building of municipal officials so that they realise their responsibilities as far as LED is concerned.

Although most participants were able to reflect on some examples of successful implementation of the LED strategy, it should be noted that it is evident that adequate organisational support is lacking. As indicated in Chapters 1 and 2, LED projects must be supported by -

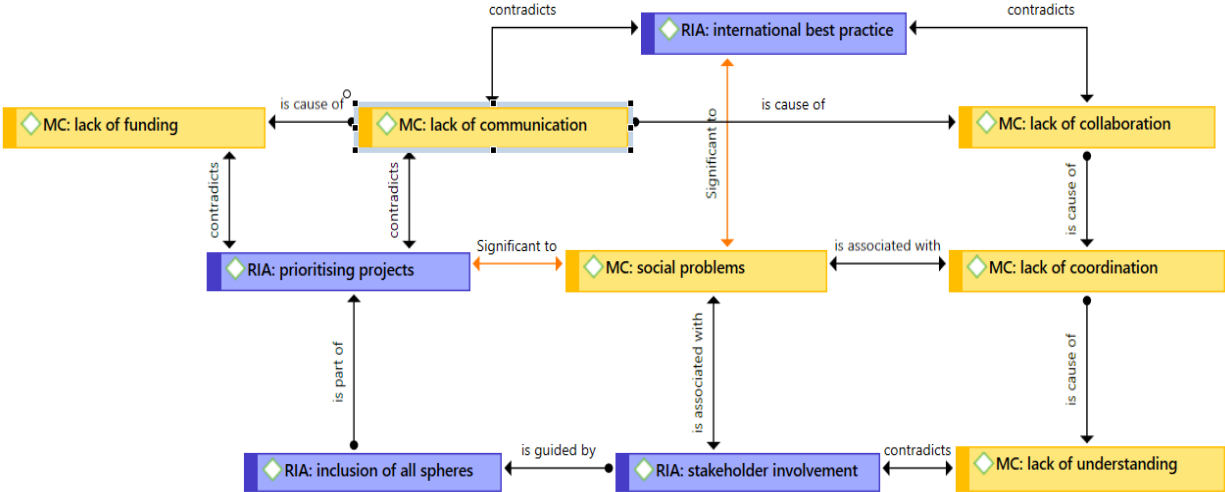
- a comprehensive and integrated strategy;
- institutional capacity and skills to design and execute LED strategies and initiatives;
- access to local knowledge and resources;
- inclusiveness and productive partnerships with stakeholders; and
- effective and committed political and administrative leadership.

In as much as all of these factors are important, the basis for the LED strategy is a comprehensive, holistic and integrated strategy inclusive of poverty alleviation and job creation strategies (see Section 1.1). The issues raised by participants such as lack of a practical strategy, insufficient staff, failure of implementing projects and so forth need to be explored when developing a reconfigured LED strategy. The literature review conducted in Chapter 2 indicates that the JBMLM is composed of various cultures and as a result needs its staff to complement and serve a diverse community. In support, Cashdan (1998:13) and Arfo (2015) emphasise the importance of LED being home-grown and participatory. It is for this reason that the JBMLM must develop a LED strategy that reflects cultural concerns for all community members, rather than simply using a LED template provided by national government.

#### **5.3.2.5 Theme 5: An integrated approach of the LED**

An integrated approach of the existing LED strategy of the JBMLM is essential and it is on this basis that two questions (C2 and C4) were posed. Question C2 was posed to determine the main challenges experienced at the JBMLM in relation to the design and implementation of the LED strategy, and the last question (C4) was aimed to establish the opinions of participants regarding the reconfiguring of the existing LED. Figure 5.10

has prefixes and codes, namely [MC]: municipal challenges and [RIA]: reconfiguration and an integrated approach. The codes for C2 are as follows: [MC]: lack of funding, [MC]: lack of communication, [MC]: lack of collaboration, [MC]: social problems, [MC]: lack of coordination and [MC]: lack of understanding. The following codes are applicable to Question C4: [RIA]: international best practice, [RIA]: prioritising projects, [RIA]: inclusion of all spheres.



**Figure 5-11: Status of integration of the existing LED strategy at JBMLM**

Source: Researcher’s own construction based on Atlas.ti (Version 9)

The figure illustrates the main challenges experienced by the JBMLM and the opinions of the participants on what can be done to ensure that a more integrated approach is followed. In the following two sections, two sub-themes are outlined based on responses received, namely challenges experienced at the JBMLM and an integrative approach of the LED strategy.

*Subtheme 5.1: Main challenges experienced at the JBMLM*

The question posed in this regard was: “What are the main challenges experienced at the JBMLM in relation to the design and implementation of the LED strategy”. The main purpose for this question was to ascertain key challenges that hamper the LED strategy.

Most participants indicated that a lack of interdepartmental coordination is a serious challenge at the JBMLM. Participants Seven, Eight and Ten were of the opinion that the lack of coordination is problematic for the functioning of the LED because there is no

sense of direction or a clear mission statement. Participant Ten highlighted that the frequent change in office is one of the reasons that a lack of coordination at the JBMLM will persist. A lack of coordination is mainly due to the absence of adequate collaboration [MC] and lack of understanding [MC] amongst municipal officials regarding the LED function. In addition, Participant Three claimed that the lack of coordination [MC] is indicative of the absence of the appreciation for the multitude of social problems. The lack of comprehension of the demographics of the community makes it difficult to prioritise LED projects. This confirms the content of Chapter 4 where it was indicated that the composition and profile of the community (e.g., age profiles, number of youths, prevalence of poverty, job creation) must inform the design of LED strategies. This is where prioritising projects [RIA] comes in, as well as the inclusion of all government spheres [RIA].

Other challenges highlighted include the lack of communication and stakeholder collaboration. This clearly contradicts international best practises as far as LED strategy is concerned. The absence of comprehension of the significance of the LED function in the municipality as well as the attitude of senior officials regarding broader socio-economic concerns further exacerbates the situation. According to modernisation theory without attitudinal adjustment, no serious change can take place in the social, economic and environmental dimensions (see Section 2.7.1). However, this cannot be achieved without incorporating a strong participatory approach with communities and other stakeholders (see Section 4.4.1). Furthermore, participants Three, Five, Eight and Ten agreed that the lack of funding [MC] is also a significant challenge because LED projects cannot be pursued and this results in societal challenges.

### *Subtheme 5.2: An integrated approach of the LED strategy*

As was established in Chapters 1 and 3 that an integrated approach is the starting point for effecting positive change. Thus, the question asked was: “What do you think should be done to reconfigure the existing LED and to ensure that a more integrated approach is followed?” This question was asked to explore alternatives for the LED strategy in pursuing a more integrated approach. Participants indicated that international best practice and stakeholder involvement are vital for the functioning of the LED strategy. Participant Four also highlighted the importance of engaging adjacent municipalities to

collectively address broad-based socio-economic concerns. Furthermore, he (Participant Four) stated that there are limited successful case studies in South Africa for municipalities to learn from and to pursue. There are also limited analyses of international best practices to design more appropriately integrated approaches to LED. In support, Participant Eight emphasised that LED “yard sticks” are important because they will help the municipality to assess the existing strategy and to consider more appropriate avenues to pursue economic development.

Participants Six and Seven emphasised the significance of stakeholder involvement in the design of a more integrated approach to the design of the LED strategy. This response confirms the literature review in Chapters 1, 2, 3 and 4 that stakeholder involvement is regarded as paramount because it promotes buy-in and a collective effort. This is because LED is a process-oriented strategy needing the collaboration of stakeholders to address problems experienced in various areas of society such as private, public, NGO’s and so forth (see Section 3.2.1.1). Similarly, development frameworks are vital because in respect to these challenges as highlighted by participants, they serve as directives for government planning and promotion of LED (see Section 4.4.1). The promotion of LED is the solution not only for societal problems, but for encouraging the engagement of stakeholders with the aim of creating a conducive environment and social and economic development (see Section 5.2.1).

From the above two sections, participants pointed out the main challenges as well as what can be done to ensure a more integrated approach. Regarding the challenges, the most significant as highlighted by participants was the lack of coordination, lack of collaboration and lack of understanding. For participants, the lack of understanding was critical, because if the LED at the JBMLM does not gain the recognition it needs, societal problems will persist, and job creation and economic growth will remain theoretical as opposed to a practical solution in the reduction of unemployment. Thus, development frameworks can be used as a benchmark for the identification of inconsistencies within the African system. Through such identification, the LED strategy must take a central role in addressing these challenges to achieve development and job creation. Furthermore, another pressing challenge which participants noted is the lack of a practical strategy as illustrated in Figure 5-4, by making mention that they are unaware of a detailed and comprehensive strategy for the LED strategy at the JBMLM. The mere fact most pointed

out is its lack of practicality which suggests that even though this strategy is in existence, it does not reflect the current trends. Therefore, the problem statement as indicated in Chapter 1 is authentic and suggests that a reconfigured LED strategy is the premise for following a more integrated and inclusive approach promoting job creation and economic growth. This concludes the empirical research and findings towards a reconfigured LED strategy at the JBMLM.

## **5.6 CONCLUSION**

A qualitative study was conducted by investigating and collecting information that examined the LED strategy in connection with job creation and economic growth. This was done through verifying the similarities and differences between the theoretical framework applicable to the LED strategy and current LED praxis within the JBMLM. From the empirical research and findings, the study highlighted important discrepancies between the theoretical orientation, development frameworks and existing realities and concerns in the JBMLM.

In-depth, semi-structured interviews were utilised in this study with purposively sampled officials within the relevant departments in the JBMLM. An interview schedule was compiled by the researcher beforehand to obtain information pertaining to the design, implementation and challenges of the existing LED strategy of the municipality. The questions posed to participants were based on Chapters 2, 3 and 4 of this study.

From the findings of the survey, it is evident that the existing LED strategy is hampered by various factors such as coordination, cooperation, communication, funding, prioritisation and stakeholder involvement. It is furthermore evident that the existing LED strategy can be regarded as largely outdated and lacking practical operational guidelines for implementation. The following chapter will focus on proposing a model for such a strategy, as well as accompanying conclusions and recommendations.

## **CHAPTER 6 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 INTRODUCTION**

The previous chapter provided an empirical investigation in relation to the Local Economic Development (LED) strategy within the JBMLM with reference to existing realities and concerns. Although the findings obtained from the previous chapter are centred on JB Marks Local Municipality (JBMLM), the foundational aspects of the LED function were interpreted within the entire constitutional dispensation for local government that emerged since democratisation in 1994. This is of importance for the South African context because the LED function cannot be explored without acknowledging broader socio-political realities in the South African Government. Furthermore, the statutory and regulatory framework is universally applicable to all municipalities and provides the legal mandate and obligations of municipalities to become developmental in nature through fostering socio-economic prosperity and growth in areas of jurisdiction. The recommendations that will be proposed in this study may therefore be used as a benchmark for other local municipalities within South Africa, which are faced with similar issues caused by societal challenges that hinder economic development.

The purpose of this study was to propose a more aligned and reconfigured model for the LED strategy of the JBMLM. This model is the result of the triangulation of different 'data sets' emanating from this study, namely development theories, models and approaches (Data set 1), international development frameworks (Data set 2), the statutory and regulatory framework directing the LED function of municipalities (Data set 3), and the empirical survey (Data set 4). From the data collected from these different data sets, this chapter provides a summary of the entire study and presents a proposed model for a reconfigured LED strategy. This model serves as the main contribution of the study and serves as a solution to the problem statement highlighted in Chapter 1. The model aims to assist municipal officials in following a comprehensive and linear process in designing LED strategies.

## 6.2 SUMMARY OF CHAPTERS

Chapter 1 introduced the study by providing the background and problem statement. Societal challenges such as unemployment, poverty and inequality remain highly problematic, both globally and nationally. In the context of South Africa, it was explained that unlike other African countries, South Africa was affected by a system of Apartheid that separated socio-economic development on racial grounds. This has significantly contributed to the way in which the economy and society are structured. On this basis, local government has a pivotal role to play when it comes to the restructuring of the local economy and to prioritise the needs of communities. Municipal councils have to exercise their leadership roles by ensuring that development and job creation are promoted. To support municipalities in this role, the South African Government introduced a variety of policies and programmes aimed at economic growth, job creation and social development. However, it seems that these policies and programmes had little positive effect on the South African economy.

The problem which this study intended to address is the fact that the current LED strategy of the JBMLM is not adequately focused and does not prioritise issues aimed at addressing specific socio-economic problems. The rationale of the study is a reconfigured LED strategy that accommodates a more appropriate design and implementation model for the operationalisation of LED objectives that need to be incorporated in a more focused policy, strategic interventions and endeavours. Furthermore, this chapter outlined the scope, research questions and research objectives that assisted the researcher in investigating a reconfigured LED strategy at the JBMLM. In addition, the central theoretical statements, research methodology overview, significance of the study as well as ethical considerations and chapter divisions were described.

Chapter 2 aimed to analyse the theoretical framework on the origins, nature, principles and theories applicable to the LED strategy. Thus, a theoretical foundation was the basis of this chapter including a contextual and conceptual orientation of LED. This chapter was divided into two sections: the first section explored the context of LED in relation to its origin and nature, while placing emphasis on the role of local government. The second section examined the conceptual orientation of LED in reference to development, economic development and structural change models. All of these concepts are essential,

especially when dealing with societal challenges that affect society and delineating the importance of local government intervening on these challenges that affect development and job creation. In addition, to understand the LED strategy various theories were explored and included modernisation theory, dependency theory, growth-catch-up theory, world systems theory and globalisation theory. These theories bear relevance in the significance and facilitation of the LED in the local context. As indicated in Chapter 2, LED is a development intervention instrument that is of use to local government in reducing unemployment, poverty and inequality. Therefore, the contextual and conceptual orientation of LED was the basis of the theoretical foundation and the main research objective as highlighted in Chapter 1.

Chapter 3 aimed to assess development frameworks for LED in optimising economic growth and job creation in the municipal area, given that the world continues to face global challenges from changes in the population, socio-political dynamics, economic instability and the effects of the climate. This is because these challenges pose negative consequences for developing countries in particular. The development frameworks analysed in this chapter focused on global, continental, regional and national frameworks. These development frameworks included: the United Nations Economic and Social Council, the United Nations Development Framework, the United Nations Environmental Programme, the United Nations Commission on Sustainable Development, the Sustainable Development Goals, the African Union, the New Partnership for Africa's Development, the Accra Declaration on Africa's development challenges, the Institutional Framework for Sustainable Development, the Intergovernmental Authority on Development, the Economic Community for West African States, the East African Community and the Southern African Development Community protocols and programmes. This chapter also indicated that the LED strategy in the South African context is a mandatory requirement for local government, because it is ingrained within policy frameworks such as the Constitution, 1996 and the White Paper on Local Government, 1998. Furthermore, key challenges were identified, including the lack of funding for LED, lack of skills and capacity, shortage of resources, poor partnership coordination and so forth. It is on this basis that South Africa continues to face challenges related to unemployment, poverty and inequality.

Chapter 4 aimed at analysing how the JBMLM legislates, regulates and structures the LED strategy within its municipal area of jurisdiction. This chapter also analysed the use of LED in improving development and job creation in the area. The objective of Chapter 4 was twofold: firstly, a situational analysis was conducted with specific reference to the case of this study, the JBMLM, in relation to its social-demographic and economic profile including the establishment of the LED function at the municipality. Secondly, a gap analysis was conducted to compare and contrast the existing LED strategy of the municipality with socio-economic development theories, approaches and models, as well as the accepted development frameworks analysed in Chapters 2 and 3. The key challenge identified within this chapter with reference to the JBMLM was the limited alignment between national, provincial and local spheres including the inter-departmental relations that inhibit the design and the prioritisation of LED. Furthermore, according to the situational and gap analysis conducted it was evident that the reason that societal challenges persist and affect the realisation of development and job creation is due to lack of collaboration, alignment and prioritisation of the LED function. The key findings emphasised the need for a reconfigured LED strategy that needs to follow a more integrated and inclusive approach to promote growth and prosperity in the community.

Chapter 5 presented the findings of the empirical investigation, which was conducted to address the fact that the current LED strategy at the JBMLM is not adequately focused and aligned. The reason for this is because it does not adequately prioritise issues aimed at addressing socio-economic problems. Furthermore, this chapter operationalised the primary research objective as indicated in Chapter 1. Due to the challenges and restrictions brought about by COVID-19, the intended sample size was not reached. However, the researcher collected adequate data by incorporating representatives from different sectors within the community involved with LED-related issues. The data obtained from participants was analysed and presented in tables, charts and figures. The key findings indicated that the LED strategy at the JBMLM is not detailed or comprehensive and does not reflect the needs of the community. Participants generally regarded the LED strategy as lacking practicality and relevance and contended that it is outdated. These views from participants were in line with what the problem statement in Chapter 1 indicated, namely that more still needs to be done to successfully operationalise LED objectives in the municipality, or the likelihood of addressing

functional challenges will be limited. The inputs from participants were the basis in proposing a strategic intervention for the LED strategy to address societal challenges.

Chapter 6 aims to make policy and strategic recommendations for the reconfiguration of the existing LED strategy of the JBMLM. This chapter also serves as the conclusion of the study, through providing the summary of the entire study and assessing to what extent the research objectives were operationalised and the research questions answered. Thus, the key findings are also explained with the aim of developing an improved LED strategy by means of constructing a proposed LED strategy for more effective and efficient functioning at the JBMLM. Furthermore, a reconfigured LED strategy will assist public officials in becoming aware of their roles and responsibility to the community concerning development and job creation in reducing unemployment and poverty, which affects the JBMLM in the high rise of social problems, with a focus on addressing the research problem as identified in Chapter 1.

### **6.3 STUDY SYNOPSIS: RESEARCH OBJECTIVES AND QUESTIONS**

In this section, answers to the research questions and the operationalisation of research objectives, as were outlined in Chapter 1, Section 1.3, and Section 1.4, are expounded.

#### **6.3.1 Research questions**

The following research questions (RQ) were answered in the study with the aim to achieve the below mentioned research objectives.

##### **RQ1: What are the general principles, approaches and theories applicable to local economic development?**

The above question was answered in Chapter 2 by analysing the theoretical framework on the origins, nature, theories, approaches, methods and models applicable to LED. Furthermore, various theories applicable to LED were identified and used for the study as a theoretical foundation and a meta-basis. These theories included the modernisation theory, the dependency theory, the growth-and-catch-up theory, the world systems theory and the globalisation theory. In addition, there was a robust literature review and analyses

related to a contextual and conceptual orientation of LED. Since the LED is an important municipal catalyst for change and a driver for development, it is important that the local sphere of government plays a leadership role in ensuring that communities' needs are met so that development and employment creation are realised in the social, economic and environmental dimensions as explained in Chapter 2.

**RQ2: What are the development frameworks related to socio-economic strategies?**

The question was examined and answered in Chapter 3 of the study, through assessing the various development frameworks from a global, continental, regional and national perspective, while narrowing the discourse to the South African local context. In this chapter key challenges were identified that affect the functioning, effectiveness and success of the LED. These included the lack of funding for LED, lack of skills and capacity, shortage of resources, and poor stakeholder participation and coordination. It was established that development frameworks generally serve an important purpose of setting broad parameters to address various socio-economic challenges experienced internationally, continentally, regionally and nationally. In addition, challenges hampering development were identified in this chapter.

**RQ3: What are the challenges faced by the JB Marks Local Municipality in formulating and implementing a focused LED strategy?**

This question was answered in Chapter 4 of this study which analysed how the JBMLM legislates, regulates and structures the LED strategy within its area of jurisdiction. This chapter revealed the significance of exploring LED at the JBMLM by focusing on existing realities and concerns. In this regard, it was explained that there is limited alignment between national, provincial and local spheres. Furthermore, it was established that the role of the municipality includes being an enabler, a catalyst, a facilitator and a regulator for socio-economic growth and prosperity. This provided in-depth insight regarding the nature and scope of societal challenges and the role that the LED strategy should play in addressing it. It is evident that the JBMLM requires a more integrated, better aligned and more holistic strategy to tackle these challenges. The challenges identified in this chapter served as a reminder of the critical function of the LED strategy in the local context. It also

accentuated the need to follow planned steps for the formulation and implementation of the LED strategy, inclusive of adequate strategic planning, coordination and alignment.

**RQ4: Which design and implementation model is more conducive for LED strategy implementation within the JB Marks Local Municipality?**

Question 4 was answered in Chapter 5 of the study by identifying the challenges faced by the JBMLM in formulating and implementing its LED strategy. These challenges were identified based on perceptions and opinions of sampled participants. Semi-structured interviews were held with key decision-makers and stakeholders involved in the LED function. These comprised of representatives from the public sector, the private sector, NGOs, SMMEs and different departments within the JBMLM. In addition, this chapter presented the methodology of the empirical investigation and expounded on its results and findings.

**RQ5: What policy and strategic recommendations can be pointed out to reconfigure the existing LED strategy of the JB Marks Local Municipality?**

This question is answered in Chapter 6 of the study by highlighting the extent to which the secondary research objectives are operationalised. This chapter serves as a summary of the study and concludes with key recommendations regarding the policy, strategic and operational interventions required to reconfigure the existing LED of the JBMLM. A model is presented and particular suggestions are made to operationalise the respective reconfiguration processes and steps associated therewith.

### **6.3.2 Research objectives**

The following research objectives were formulated and operationalised in the study:

- Research Objective 1: analyse the relevant theories, principles and approaches applicable to LED.
- Research Objective 2: assess development frameworks for LED in optimising economic growth and job creation in the municipal area.

- Research Objective 3: identify the challenges faced by the JB Marks Local Municipality in formulating and implementing a LED strategy in improving development and employment creation within the municipal area.
- Research Objective 4: investigate an alternative design and implementation model of the LED strategy.
- Research Objective 5: make policy and strategic intervention recommendations for the reconfiguration of the existing LED strategy of the JB Marks Local Municipality.

The table below is divided into three columns (i.e., research questions, research objectives and chapters) to highlight the way in which the respective research dimensions were operationalised.

**Table 6-1: Research questions, research objectives with relevant chapters**

| <b>Research Questions</b>  | <b>Research Objectives</b>   | <b>Relevant Chapters</b> |
|--|--|--------------------------|
| What are the general principles, approaches, and theories applicable to local economic development?                      | To analyse the relevant theories, principles and approaches applicable to LED.   | Chapter 2                |
| What are the development frameworks related to socio-economic strategies?  | To assess development frameworks for LED in optimising economic growth and job creation in municipal areas.  | Chapter 3                |
| What are the challenges faced by the JB Marks Local Municipality in formulating and implementing a focused LED strategy? | To identify the challenges faced by the JB Marks Local Municipality in formulating and implementing a LED strategy in improving development and employment creation within the municipal area. | Chapter 4                |

|   |  |           |
|---|--|-----------|
| Which design and implementation model is more conducive for LED strategy implementation within the JB Marks Local Municipality?           | To investigate an alternative design and implementation model of the LED strategy.   | Chapter 5 |
| What policy and strategic recommendations can be pointed out to reconfigure the existing LED strategy of the JB Marks Local Municipality? | To make policy and strategic intervention recommendations for the reconfiguration of the existing LED strategy of JB Marks Local Municipality. | Chapter 6 |

Source: Researcher's own construction

## **6.4 KEY FINDINGS OF THE STUDY: LITERATURE REVIEW AND DATA COLLECTED FROM INTERVIEWS**

This section focuses on key challenges identified during the semi-structured interviews. To ensure that thick descriptions and rich data pertaining to the phenomenon under investigation were obtained, verified and validated, scientific conventions associated with this data collection method were diligently followed. From the empirical investigation, challenges related to the LED strategy at the JBMLM were disclosed by participants. Participants also made suggestions on how to address them. In the following section these key challenges from the findings are outlined.

### **6.4.1 Challenge 1: An outdated LED that lacks strategic focus and practicality**

In respect to their views concerning the functioning of the LED strategy at the JBMLM, the majority of participants acknowledged that the LED strategy is important because it aims to improve the lives of individuals and create a favourable business environment. According to participants, this is a mandate stipulated in the Constitution. Although this is the case, one participant stated that there is room for improvement when it comes to

achieving socio-economic development. Another participant also indicated the lack of understanding amongst municipal officials in other departments as a serious concern, because it prevents the objectives of the LED strategy from being realised. In addition, a participant believed that LED needs more recognition, due to limited revision.

Probably the most significant challenge leading to subsequent challenges is the fact that there is no detailed, official LED strategy. Most participants indicate that the LED strategy is not detailed or comprehensive and thus, municipal officials fail to achieve objectives that must reflect the needs of communities. Although this was the case, most participants from the Department of Economic Development were familiar with the importance of the LED strategy. Other participants were reluctant to answer questions and regarded the LED strategy as the responsibility of the Department of Economic Development. However, this contradicts the Constitution which stipulates in Section 152 that municipalities have a role and responsibility regarding developmental obligations in the promotion of social and economic development in the society. Participants shared the same sentiments that the first step in adjusting is the inclusion recognition of the LED strategy within a reconfigured strategy in the hopes of pointing out its significance and contribution in society. In support of this view, Iqbal and Pierson (2017:16) and Nkwinika and Muzhedzi (2016:76) reason that the LED strategy must provide an agenda to promote and develop a local community's economic, physical, social and environmental strengths by addressing both challenges and opportunities. Therefore, gaining recognition for its importance in departments other than the Department of Economic Development is critical.

#### **6.4.2 Challenge 2: Unclear mandate of municipalities regarding LED**

Regarding the role of local government, the majority of participants were aware of the statutory mandate and obligations of municipalities regarding development in general, but it is evident that the mandate regarding LED in particular is unclear. Despite their comprehension of the broader developmental role of municipalities, participants expressed their concern regarding the practical aspects of the design and implementation of its LED strategy. In this respect, they raised several concerns, notably limited evidence of positive economic and social changes taking place, and that the LED strategy is not functioning effectively and efficiently. This contradicts the findings of the literature review

that confirms that municipalities must take up roles such as facilitator, leader, enabler, and activist to comply with their LED mandate (see Mathenjwa, 2016:116). Participants further accentuated a general lack of understanding of the LED function, which ultimately affects the allocation of resources to it in municipal activities. There is seemingly also a lack of political commitment to realise the objectives outlined in the LED strategy. Another challenge highlighted by participants is the lack of intersectoral alignment and limited coordination between municipal departments.

### **6.4.3 Challenge 3: Poor prioritisation of socio-economic development**

Chapters 2 and 3 accentuated the fact that local socio-economic development is the responsibility of local government. Community development needs should be prioritised and facilitated by means of municipal LED strategies. The reality, however, is seemingly far removed from this ideal. The majority of participants pointed out that societal challenges continue to affect the quality of life and economic capacity of communities. Unemployment and chronic poverty continue to pose serious challenges to the social fabric of communities. This also affects the income of municipalities, hampering service delivery. Other socio-economic challenges mentioned by participants include rapid urbanisation leading to unplanned informal settlements, inequality, low levels of education, illegal dumping and limited support to business entrepreneurs.

In follow up questions, some participants shared their views related to ways in which the current situation can be improved. They recommended that the municipality should plan community development projects that could be sustained through the involvement of community members. They lament the fact that such projects are not prioritised and if some projects are indeed launched, they do not receive sufficient support from the municipality. The findings show that there is a general lack of community empowerment and support for the establishment of an entrepreneurial culture. It is evident that more still needs to be done to promote a conducive environment for LED initiatives. The literature review (Gordon, 2006:93; Mangaung Municipality, 2020:261) shows that targeted change (i.e., focused community projects) with clear developmental objectives and targets are essential for the optimum utilisation of resources in operationalising the aims of LED.

#### **6.4.4 Challenge 4: Limited stakeholder involvement**

As highlighted in Chapter 2, municipalities simply do not have the required resources, expertise and reach to successfully promote economic development in communities. The involvement of stakeholders from government departments, agencies and entities in all spheres: the private sector, community- and faith-based organisations, NGOs, and other organised groups, is essential in this regard. However, the study revealed that limited stakeholder involvement is problematic in relation to both the design and implementation of the LED strategy. The need for joint effort as a solution to reduce unemployment, poverty and inequality was accentuated (see Section 3.5). This is concerning because the success of the LED process must be based on strong vertical and horizontal interaction between local government and key stakeholders (Meyer & Meyer, 2016:151; Rogerson, 2010). The struggle experienced with coordinating and integrating activities affects the optimal performance of the LED strategy. Moreover, the lack of knowledge on the topic of main stakeholders is not only a serious issue but problematic because it affects the formulation and implementation of the LED strategy. Participants highlighted that there is a lack of collaboration between departments at the JBMLM and main stakeholders. This contradicts the responsibilities and mandatory network obligation of local government concerning the general well-being of communities and the fulfilment of its leadership role in development. In addition, a disconnect between the existing LED strategy, the functioning of main stakeholders, and socio-economic realities negatively affects initiatives intended to improve the general well-being of the community (see Section 4.4.1).

#### **6.4.5 Challenge 5: Insufficient coordination and facilitation of LED within municipal departments**

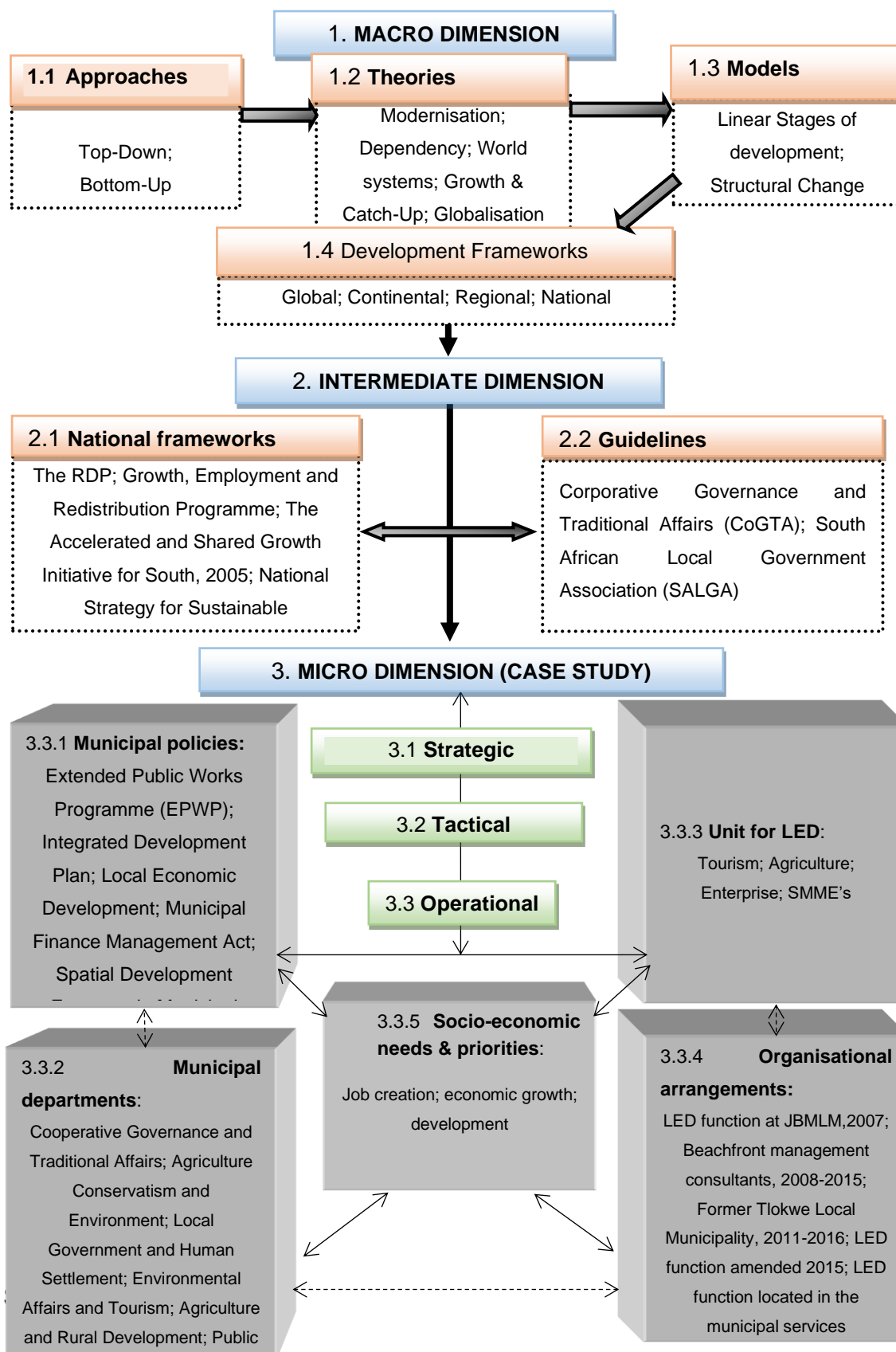
Insufficient coordination and ineffective facilitation of LED within municipal departments are problematic. The participants confirmed that more needs to be done regarding stronger alignment, coordination, integration and communication between the respective departments, agencies and entities of the municipality. This will ensure a more focused and holistic approach to the LED function and improved commitment and support for the execution of the LED strategy. Municipal officials highlighted the fact that communication

amongst officials was inadequate, since departments generally function in silos, independently of each other.

With reference to the lack of alignment, participants agreed that LED needs proper facilitation and implementation, especially if there is a lack of institutional commitment amongst municipal officials and councillors in executing the LED function as stipulated in legislation. They suggested that coordination will be enhanced through the establishment of proper working relationships amongst managers.

## **6.5 A RECONFIGURED LED STRATEGY AT JBMLM**

In addressing the challenges identified above, it is essential to reconfigure the existing LED strategy of the JBMLM. The proposed reconfigured LED strategy was the primary goal of this study and serves as the main contribution to address the research problem as indicated in Chapter 1 (see Section 1.2). A proposed strategic adjustment of a reconfigured LED strategy is an outcome of data triangulation of the four data sets (i.e., Chapters 2, 3, 4 and 5). Thus, a proposed reconfigured LED strategy needs adequate attention to accommodate a more appropriate design and implementation model. The next section consists of two parts, which are the suggested LED design process and proposed strategic interventions. The reconfiguration process, as reflected in Figure 6.1, comprises of design dimensions and variables, as well as practical steps that serve as strategic interventions.



**Figure 6-1: The LED reconfiguration process: Key dimensions**

Source: Researcher's own construction

Figure 6.1 illustrates a broad process map of the entire LED process and comprises of three dimensions that contain elements uncovered in the theoretical chapters. The three dimensions are macro, intermediate and micro. Each dimension has a key component with sub-elements applicable and of significance to the LED process, in such a way that it contributes to a readjusted LED strategy.

In the macro dimension (1), there are four elements: approaches, theories, models and development frameworks with sub-elements, which are explained in a continuous flow, using arrows moving from one element to the next within the LED design process. Scholars such as Hofisi (2014), Pretorius and Blaauw (2008), and Rogerson (1994), emphasise the need for a bottom-up approach that enables an inclusive local government-driven methodology. This bottom-up approach should be characterised by inclusiveness facilitated by active participation of communities and stakeholders in the development process (see Section 1.1).

The second element (see Section 1.2) comprises of theoretical perspectives. This study utilised the key principles of modernisation, dependency, world systems, growth and catch-up and globalisation theory. The foundational premises and meta-basis of this study are mainly informed by modernisation and dependency theory. For instance, with the modernisation theory emphasis is on change happening in the external environment affecting individuals, social structure and culture (see Sections 1.1, 2.7.1), while dependency theory reflects the analysis of the rate and direction of resource utilisation and capital growth based on outside influences (see Sections 1.1, 2.7.2). The two models present linear stages of development and structural change, because in implementing change it is important to have a guiding system in meeting the vision, mission and objectives. Therefore, for the LED process, the structural change process is vital and helps with strategic thinking and planning. In addition, development of global, continental, regional and national frameworks, indicated in Chapter 3 are applicable to optimal growth and job creation. These frameworks generally serve as an important purpose for setting broad parameters for addressing various socio-economic challenges in African countries such as South Africa (see Section 3.2).

The macro dimension is connected to the intermediate dimension (illustrated by an arrow). The intermediate dimension (2) is sub-divided into two parts, namely national

frameworks (2.1) and guidelines (2.2), which emphasise the responsibility of municipalities and the need for harmony and alignment. The interdependent relationship between national frameworks (e.g. legislation) and guidelines are in turn aligned with the micro dimension (3) comprising of three aspects that are the strategic, tactical and operational aspects. The micro dimension is divided into five sub-elements that are: municipal council policies, municipal departments, units of LED and organisational arrangements and socio-economic needs and priorities. Due to their operational significance, these dimensions are described in more detail in the next section.

**6.5.1 The micro dimension (3)**

The micro dimension focuses on internal organisational arrangements to establish the LED function. These arrangements include the allocation of clear responsibilities to the respective levels of management, from senior to junior managers. On a strategic level senior managers are responsible to constantly assess the macro and intermediate environments to determine whether any adjustments to the existing LED are required. They are thus primarily responsible for the identification of strategic issues and the formulation of strategic objectives of the municipality, inclusive of the LED strategy. Directives of senior managers will be delegated to middle managers, who mainly perform a tactical function in the municipality. On this level, broader strategic objectives are operationalised through the design and execution of municipal programmes and projects.

On a junior management level, LED directives are executed in the day-to-day functions and activities of municipal officials in the respective municipal departments. Coordination between different directorates, units and sections is essential to ensure that certain LED functions are not duplicated. Table 6.2 below outlines the connection between the three levels of management.

**Table 6-2: LED responsibility allocation in the municipality**

| <b>Strategic (senior managers and Council)</b> | <b>Tactical (middle managers)</b>                       | <b>Operational (junior managers)</b>            |
|--|---|---|
| Developing of LED-related policies and rules   | Overseeing and executing Council policies and decisions | Align Council policies and decisions with their |

|  |   |  |
|--|---|--|
|  |   | performance agreements and targets                                     |
| Monitoring and evaluation of policies, the IDP and LED strategy  | The provision of support and relevant financial information to senior managers  | Execute decisions and follow procedures                                |
| Resource allocation of projects and services   | Provide regular status reports to Council and senior managers (LED project implementation)  | Provide regular progress feedback to middle managers                   |
| Focus on goals, objectives and direction of the municipality   | Monitoring and evaluation of contents of the IDP by revising and giving feedback to the sub-committees, provincial and sector departments (control) | Provide feedback on challenges experienced in engaging communities     |
| Create a conducive environment for network local governance through stakeholder engagement and involvement; coordinate the efforts of all parties involved | Provide detailed feedback to all stakeholders and maintain positive relationships with other managers   | Provide feedback on challenges experienced with stakeholder engagement |

Source: Researcher's own construction

As highlighted above, the three levels of management pertaining to the LED process are divided into a strategic layer (municipal council, senior managers, key stakeholders), a tactical layer (middle managers), and an operational layer (junior officials).

### 6.5.2 Strategic LED layer

The municipal council is the bedrock of the JBMLM because its main goal is to create an enabling environment that directs the institution towards its vision, mission and strategic

objectives. Thus, strategic thinking is a vital tool of ensuring that living conditions of people are improved through the LED strategy (see Section 1.1). Furthermore, another document that is significant within the strategic layer is the Integrated Development Plan (IDP), which was introduced in 1998 (see Section 1.1). The IDP is a single inclusive plan of a municipality, linking, integrating and coordinating service delivery for annual budgets. This is an important responsibility which the municipal council takes on, because IDPs align municipal developmental efforts with the provincial and national development frameworks. The IDP, for example, should be aligned with the development priorities and realities of the Provincial Growth and Development Strategy. The municipal council must also ensure the design of the Spatial Development Framework (SDF), which is a further core component of the IDP.

Another key responsibility of municipal councils is to perform an oversight role through the continuous monitoring and evaluation of municipal departments. It is here where Council decisions should align with the activities of senior managers. Council must ensure that senior managers obtain the required resources to successfully execute the decisions and strategies of Council. This aspect is accentuated by Mosiane (1999:5) and Section 25(1) of the Municipal Systems Act, which stipulates that each municipal council must, after the start of its elected term, create a “single, inclusive and strategic plan for development” of the municipality. In this regard, the Municipal Systems Act, 2000 explicitly makes provision for LED planning by stipulating that it must serve as a strategic instrument to enhance the broader socio-economic development of communities (see Section 4.3). For these reasons the municipal manager has important responsibilities as the head of the administration. The municipal manager is subject to policy directions of the municipal council as stipulated in Section 55 of the Municipal Systems Act, 2000.

Regarding senior managers’ responsibilities in the design and execution of the LED strategy, environmental scanning is significant since heads of department and directors have the task of analysing environmental trends and changes. Thus, as decision-makers their responsibility is to make certain that key performance indicators and targets are handed down to middle managers. Another responsibility of senior managers is to make sure that LED targets are achieved through conducting quarterly meetings to update and review LED programmes and projects (Moyo & Mamobolo, 2014:946).

Municipal stakeholders have a significant part to play in the LED strategy. According to Meyer (2014:625), good local governance and a successful LED strategy can only be realised if there is cooperation with key stakeholders. For instance, stakeholders such as local businesses, the agriculture sector, adjacent municipalities and agencies, are critical in the functioning of the LED because they provide expertise, information and resources to the LED unit (see Section 5.6.2.3). In addition, Fray (2010:148) suggests that LED strategies cannot succeed without the participation of communities. This points to the responsibility of municipalities acting as a facilitator, coordinator and enabler with the help of municipal stakeholders to create a favourable and suitable environment for all (see Section 3.5.1). In support, the National Resources Institute (2006:16) emphasises the importance of cohesion and integration to promote local ownership, building strong partnerships and creating an environment focused on enhancing new opportunities for development. Finally, another responsibility is effective communication from municipal stakeholders. This is important for the LED process because a holistic and integrated approach is required to address social and economic challenges.

### **6.5.3 Tactical layer**

For the tactical layer it is mainly the responsibility of middle managers to convert Council LED policies and directives into departmental guidelines and operational procedures. Such guidelines and operational procedures should culminate in the allocation of clear instructions to junior managers regarding the operationalisation of LED functions. Such instructions should reflect at least the following:

- realistic target dates;
- the allocation and utilisation of departmental resources;
- the responsibilities, duties and tasks of municipal officials;
- the planning parameters of LED-related projects;
- guidelines for engagement with stakeholders;
- the setting of performance criteria, standards and quality metrics; and
- monitoring and progress reporting arrangements.

All of this must align with individuals and institutional commitment to reduce the societal challenges that affect the JBMLM. This is essential because creating a favourable

environment requires an integrative approach which is one of the key principles of LED strategies. The overall objectives of the LED strategy for the tactical layer are to assist officials on the operational level to have clear instructions. This was emphasised in Chapters 2, 3 and 4, namely that a set target in the LED strategy necessitates joint effort in the reduction of societal challenges.

#### **6.5.4 Operational layer**

For the operational layer, junior managers as supervisors are responsible for the day-to-day execution of directives and instructions of middle managers. As indicated above, municipal officials need to have the required resources, competencies and commitment to make a difference to the socio-economic conditions of local communities. Supervisors need to constantly guide and direct officials and monitor their functions to ensure that target dates are met. They also need to provide regular progress reports to middle managers regarding the status of LED projects.

The integration and alignment of responsibilities of the three management layers are an indication that a multidimensional approach is a requirement in the pursuit of LED. The allocation of responsibilities within the management levels also avoids confusion and promotes municipal-wide accountability for the LED function. The literature review in Chapter 3 revealed that because the LED strategy is specific to a particular locality, the responsibility rests on municipalities to bring about targeted socio-economic change in communities (see Section 3.5.1).

Chapters 1, 3 and 4 also highlighted the importance of having legislation, policy and development frameworks and other guidelines in the design and implementation of the LED strategy. Regarding statutory and regulatory frameworks, the study noted their assistance to municipal officials in having a referral guide when addressing societal challenges that affect community members.

The following section will examine the strategic intervention recommendations for the reconfiguration of the existing LED strategy.

**6.5.5 The reconfiguration of the LED strategy**

The reconfiguration of the LED strategy is the basis of this study and as was indicated in Chapter 1, it must comprise of the following elements: a more appropriate design and implementation model for the operationalisation of LED objectives, which requires incorporating a more focused policy, strategic interventions and endeavours. As noted in Chapters 2, 3 and 4, the JBMLM is affected by societal challenges that hinder development and economic growth. These societal challenges need targeted change with clear developmental goals for the optimum use of resources. Furthermore, the empirical investigation revealed that unemployment is a serious challenge, as it relates to poor quality of living that prevents economic growth and development (see Section 4.2.1). On the contrary, municipalities have a mandate to play an active role by being a coordinating agent for LED while working together with other stakeholders in the broader public service, the private sector, NGOs and other significant role-players (see Section 4.3).

The following table has three columns: the first column represents the existing LED elements; the second column the gaps identified as per literature review and interviews; and the third reflects proposed interventions or action steps required to address the identified gaps.

**Table 6-3: The reconfiguration process of the LED strategy**

| LED strategy elements              | Gaps   |   | Intervention/Action Steps   |
|------------------------------------|--|---|---|
|                                    | Interviews   | Literature  |   |
| Sustainable growth and development | Lack of a finalised LED strategy continues to affect socio-economic development. | Change is inevitable and there is a need to prioritise socio-economic development in a more sustainable manner. | <b>Step 1:</b> Finalising the existing LED strategy must be a priority to promote change and to focus attention on strategic issues that are aimed at addressing the realities in the community in a sustainable way. |

|   |  |  |  |
|---|--|--|--|
|   |  |  | <p>Conduct regular scientific environmental scanning and strategic planning exercises to ensure that the LED strategy remains relevant.</p> <p>Promote sustainable business development.</p> <p>Allocate resources and funds where necessary.</p> <p>Gain political commitment.</p>      |
| Targeted change that fits the current economic and demographic profile of communities | <p>Now targeted interventions.</p> <p>LED lacks focus and is not aimed at realities of community.</p> <p>Lack of proper LED mechanisms to effect change.</p> | <p>Demographic profile is constantly changing and LED needs to be continuously adjusted accordingly.</p> | <p><b>Step 2:</b> Conduct surveys to identify development focal points.</p> <p>Ascertain the economic and demographic profile of communities.</p> <p>Schedule quarterly meetings with stakeholders to examine the status of progress made and to align priorities and contributions.</p> |
| Official strategic document guiding the LED function in municipalities                | <p>LED strategy has not been revised and finalised.</p> <p>Existing strategy lacks practicality.</p>   | <p>The significance of an official LED strategy that is currently not in place.</p>                      | <p><b>Step 3:</b> Finalise the existing strategy to delegate detailed responsibilities and functions to internal and external stakeholders.</p>  |

|  |   |  |  |
|--|---|--|--|
|  |   |  | <p>Establish accountability arrangements.</p> <p>Ensure transparency and openness through participation mechanisms.</p>  |
| <p>Accentuate economic development by promoting local businesses</p> | <p>The significance of the LED function across the municipality not clearly understood and appreciated.</p> <p>Imbalances in the way businesses are supported.</p> <p>Lack of empowerment and an entrepreneurial culture.</p> | <p>Establishment of mechanisms to support local entrepreneurs and start-up businesses.</p>   | <p><b>Step 4:</b> Forming a project task team comprising of people from different departments to establish municipal-wide business support systems.</p>  |
| <p>Clear organisational arrangements for the LED function</p>        | <p>Frequent changes in the LED office affects the successful execution of the LED strategy.</p> <p>Lack of alignment between municipal departments.</p>   | <p>Significance of a specialised unit in municipalities to drive the LED function.</p> <p>Ensure political stability to gain commitment to the LED function.</p> | <p><b>Step 5:</b> Establish a well-resourced, competent and well-functioning LED unit to constantly assess the municipality's socio-economic profile and foster an effective and user-friendly LED strategy.</p> |
| <p>Multipronged and integrated approach to LED</p>                   | <p>A lack of municipal integration.</p>   | <p>Proper coordination and alignment</p>   | <p><b>Step 6:</b> Align priorities of the respective municipal departments,</p>  |

|  |   |   |   |
|--|---|---|---|
|  | <p>Outdated LED strategy does not promote alignment.</p> <p>A need for cohesion in the pursuit of economic growth and development.</p> <p>Limited resources and funding for LED projects.</p> | <p>between municipal departments.</p> <p>Communicating the significance of the municipality's LED obligations.</p> <p>Set priorities for the allocation of resources and funding.</p>               | <p>agencies and entities and ensure that resources are allocated based on strategic priorities and business needs.</p>  |
| <p>Coordination of the LED function between the three spheres of government</p>          | <p>Poor communication and coordination between the municipality and sector departments.</p>   | <p>LED requires alignment with national development priorities, policies, strategies and programmes.</p>  | <p><b>Step 7:</b> Have strategic coordination sessions with representatives from sector departments in all spheres of Government.</p>   |
| <p>Early-warning information systems to monitor threats that hinder the LED strategy</p> | <p>Limited data and information regarding the LED function available.</p> <p>No interest of senior managers to take part in meetings concerning LED.</p>                                      | <p>No system in place to address threats that hinder the LED strategy at the JBMLM.</p> <p>Communities are dissatisfied with the slow pace of growth, job creation and poverty alleviation, and</p> | <p><b>Step 8:</b> Establish a LED early-warning system and obtain relevant, accurate and timeous information regarding socio-economic conditions in communities.</p> <p>Promote open dialogue with community representatives to listen to their concerns and to obtain their suggestions.</p> |

|   |   |   |   |
|---|---|---|---|
|   |   | take matters into their own hands.  | Establish control mechanisms as well a monitoring and evaluation systems to oversee the LED function.   |
| Collective and joint effort of all stakeholders | There is no basis for partnerships and joint efforts between the JBMLM and its stakeholders. This affects its ability to improve economic conditions and the quality of life. | The lack of a stakeholder forum for joint planning and participation.   | <b>Step 9:</b> Organising a stakeholder forum to meet on a quarterly basis to strengthen the working relationship and to enhance cooperation.   |
| Efficient utilisation of resources              | Mismanagement of allocated resources. No detailed and documented strategy reflecting the type and quantity of resources required.   | The lack of a system that ensures that LED funds are utilised properly. The need for human capacity development. Clear institutional and procedural manuals to guide resource allocation and utilisation. | <b>Step 10:</b> Appoint dedicated municipal project managers to oversee the allocation and utilisation of LED resources. Conduct regular financial audits to verify the utilisation of LED funds. |

Source: Researcher's own construction

Table 6.2 above outlines the interventions or action steps, which consist of the gaps identified in the literature review and interviews towards a reconfigured LED strategy. These steps are critical in providing the JBMLM with a course of direction regarding the LED as it relates to societal challenges. Societal challenges as explained in Chapter 1, 2, 3 and 4 are problematic and hinder growth. Considering the views of Meyer and Venter (2013:92) and Meyer (2014:624) there is a need for targeted change with clear developmental goals for optimal use of resources. In support, Chapter 3 highlights that the LED strategy needs to move towards development with collective action and integration. Based on literature and the empirical investigation, action steps involved in the LED process are briefly expanded upon below. It should be noted that these steps are not necessarily in sequence, nor do they represent a linear process. Some of the activities associated with the steps are cross-cutting and continuous in nature.

*Step 1: Sustainable growth and development through a detailed LED strategy*

Designing and finalising (i.e., officially approving) the LED strategy is the most significant step to effect change. A clear and detailed LED strategy will give officials and external stakeholders direction and clarity regarding priority concerns and targeted intervention strategies. It is important that the LED strategy is adequately aligned with the developmental vision, mission and objectives as expressed in the municipal IDP. It should furthermore be aligned with the municipality's Spatial Development Framework, as outlined in Chapter 4, which clearly earmarks growth areas and allocates land for business development.

During the first step it is also important to conduct regular scientific environmental scanning of both the internal and external environments to ensure that priority concerns are indeed still relevant. Strategic planning sessions should be based on this information to promote sustainable growth and business development. The LED strategy should also reflect the nature and scope of resources required, inclusive of the necessary funds to execute the strategy. In this regard, it is essential to obtain political (i.e., Council) commitment to drive and oversee the successful execution of the LED strategy. It is important that all of these efforts are sustainable. In support, the White Paper on Local Government, 1998, states that "local government is committed to working with citizens

and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives”.

#### *Step 2: Determine targeted change through surveys*

After the finalisation of the LED strategy, it is necessary to establish the requisite systems and mechanisms in the municipality to conduct regular surveys. Such surveys are essential to identify shifting development focal points. In this regard it is imperative that the municipality ascertains the changing economic and demographic profile of communities. Activities of this step should be facilitated by quarterly meetings with stakeholders to examine the status of progress made and to align priorities and their contributions. As explained in Chapters 2, 3 and 4, economic development is multidimensional in nature and, therefore, requires a comprehensive approach.

#### *Step 3: Delegation of responsibilities*

In this step, responsibilities and functions should be delegated amongst municipal officials and relevant stakeholders. Such delegations should make provision for accountability, control and reporting arrangements. Transparency and openness should be enhanced through delegation mechanisms. It is furthermore important that the municipality ascertain the competencies and capacities of stakeholders to ensure that their contributions are aligned with the requirements of the LED strategy. Responsibilities should make provision for target dates, expected performance standards, progress reporting, as well as audits and monitoring and evaluation processes.

#### *Step 4: Establish task teams for local business support*

To drive the business support effort, it is recommended that the municipality establish a well-resourced and experienced task team. This task team should function from within the LED office to establish mechanisms to support local entrepreneurs and start-up businesses. The task team should also ensure that imbalances in the way businesses are currently supported are eradicated, and that the LED function across the municipality is well understood, coordinated and appreciated. The task team should furthermore assist the municipality and stakeholders with the establishment of an entrepreneurial culture

across the municipal area. The task team should comprise of LED project managers, LED officials, officials from support departments, and representatives from different sectors to identify and support deserving local businesses. The formation of a task team comprising of people from different departments is essential to establish a municipal-wide business support system. Deserving businesses include those that will promote employment and reduce poverty and inequality. The task team must be proactive at the operational level to deal with specific challenges as delegated within a particular department or directorate.

*Step 5: Organisational arrangements to ~~intrench~~entrench the LED function*

As indicated above, a task team should be established to assist the LED office with support mechanisms, administrative arrangements, organisational systems and general LED functions. The LED office itself should comprise of a permanent organisational structure which is well-resourced and experienced to constantly assess the municipality's socio-economic profile and foster an effective and user-friendly LED strategy. It is evident that frequent changes in the organisational arrangements of the LED office, as currently experienced by the JBMLM, negatively affect the successful execution of the LED strategy. It also compromises consistency in approach and discontinuity in function. The organisational arrangements should make provision for adequate coordination and alignment between municipal and sector departments.

*Step 6: Pursuing a multipronged and integrated LED approach*

It is evident that the existing LED strategy is hampered by the lack of integration and alignment. There is a need for cohesion in the pursuit of economic growth and development and to utilise limited resources and funding for LED projects more efficiently. Thus, proper coordination and alignment between municipal departments and sector provincial and national departments and agencies are essential. The multipronged and integrated approach should accommodate diverse priorities for the allocation of resources and funding (e.g., transport, information and communication technology, energy, job creation and business start-up capital). It is essential to align LED priorities with the priority concerns of the respective municipal departments, agencies and entities, and ensure that resources are allocated based on agreed business needs.

### *Step 7: Coordination and alignment of the LED function*

To foster coordination and alignment of the LED function it is recommended that the municipality regularly conduct strategic planning sessions with representatives from sector departments in all spheres of Government. It is evident that poor communication and coordination between the municipality and sector departments is perceived as a significant challenge that should be addressed in the reconfigured LED strategy. The LED requires alignment with provincial growth plans and national development priorities, policies, strategies and programmes. This includes alignment with strategic documents such as the MTEF and the MTSF and guidelines emanating from SALGA and CoGTA in addressing the challenges of unemployment, poverty and inequality.

### *Step 8: Establish early-warning and information systems*

The empirical survey revealed that the existing LED strategy does not adequately make provision for early-warning systems to detect and proactively respond to any socio-economic threats. The municipality also does not have a dedicated LED information system so as to be able to base LED decisions on facts. It is recommended that demographic information and links with other official data sets (e.g., StatsSA) be established to make provision for evidence-based decisions and to analyse potential risks in both the internal (micro) and external (macro) environments. Open and frequent dialogue with representatives from different sectors, inclusive of the community, is also essential to share information, experience and concerns.

### *Step 9: Establish and maintain a stakeholder forum*

It is suggested that a reconfigured LED strategy makes provision for the establishment of a stakeholder forum. Such a forum should meet at least on a quarterly basis to strengthen the working relationship and to enhance cooperation. Having a permanent stakeholder structure and organising stakeholder sessions on a quarterly basis are critical to keep abreast of the latest trends and events and to follow up on resolutions of previous meetings. Records of proceedings may serve as value tools to monitor progress and any non-compliance with delegated responsibilities. Reviewing the LED strategy and

obtaining feedback from stakeholders in relation to the priorities outlined in the LED strategy is an essential function that the secretariat of such a forum can fulfil.

*Step 10: Ensure the efficient utilisation of LED resources and monitor progress*

It is necessary that the LED office appoint dedicated municipal project managers to oversee the allocation and utilisation of LED resources and to guide the monitoring process. Such LED project managers should facilitate regular financial audits to verify the utilisation of LED funds and other resources. Project managers in conjunction with senior managers must oversee all LED-related projects by making use of tactical directives and operational guidelines. They must then submit regular status and progress reports to Council. Reasons for any deviations to existing project plans and the prescribed principles for the utilisation of resources should be provided to the relevant portfolio committee of Council. Project managers should also indicate any remedial steps taken to ensure that similar deviations will not occur in future.

## **6.6 RECOMMENDATIONS FOR A RECONFIGURED LED STRATEGY**

This section sets recommendations for strategic interventions and operational guidelines for the reconfiguration of the LED strategy at the JBMLM. It is evident that the existing LED strategy has significant gaps that need to be addressed. It is also evident that stakeholders play an essential role to promote socio-economic development.

- Recommendation 1: The reconfiguration and finalisation of the existing LED strategy deserve immediate attention by the municipal council. The LED strategy requires the input from all stakeholders as well as from the three managerial layers in the municipality. This involvement is essential to give the LED strategy practical value in its application and to gain understanding of and commitment to the LED function. These aspects must align with the institution's vision, mission and objectives as stipulated in the IDP.
- Recommendation 2: Political commitment to the LED function is essential. Council should perform a leadership role by inculcating a conducive culture for economic

growth and development. It should also oversee and monitor the entire LED reconfiguration process and the eventual implementation of the adjusted strategy.

- Recommendation 3: It is important that councillors and senior managers gain a comprehensive strategic perspective in dealing with LED matters. The rather haphazard way in which LED projects are currently designed and executed is not conducive for a longer-term, multipronged and strategic approach. Such a perspective can be gained through appropriate training and capacity building efforts.
- Recommendation 4: It is essential to strengthen the organisational capacity, authority and competencies of the existing LED office. This includes the adequate staffing of the Department of Economic Development within which the office resides. It is essential that organisational arrangements such as the appointment of dedicated LED project managers, and the establishment of task teams and stakeholder forums will strengthen the ability of the LED office to drive the LED function in the municipality. The LED office should also have the necessary delegated powers and authority to gain the commitment from other senior managers in other departments to support LED initiatives.
- Recommendation 5: It is proposed that normative principles be established for the LED function. Such principles should align with the existing Batho Pele principles, the developmental mandate of local government, the Constitution, as well as the codes of conduct for councillors and municipal officials. Such principles may include social equality, poverty reduction, employment creation, community prosperity, social well-being, partnerships, accountability, transparency, fairness and effectiveness. Delegation of responsibilities should make provision for the adherence to these values in the design and execution of the LED strategy.
- Recommendation 6: Consistency and continuity in approach are essential to maintain LED initiatives. Due to constant shifts in political priorities the LED function does not always receive the attention it deserves. Interaction amongst all stakeholders through LED workshops can foster understanding of the importance of a consistent approach to ensure longer term positive results.

## **6.7 FINAL CONCLUSION**

In summary, this study aimed to address the research problem, namely that the current LED strategy of the JBMLM is not adequately focused and does not prioritise particular issues aimed at addressing socio-economic problems. The LED strategy is an approach requiring joint effort from local communities and various stakeholders with a common goal of achieving sustainable local economies and improving the quality of life for all citizens, as highlighted in Chapter 3. Regarding the LED, municipalities need to exercise their leadership role of upholding statutory and legislative frameworks, guidelines and globally accepted principles. These aspects are not only essential within the local context, but act as a directive in the planning and promotion of the LED strategy as the basis of its developmental duties from national government.

By operationalising the main research objective of this study, which is a strategic intervention to reconfigure the existing LED strategy of the JBMLM, various processes, steps and recommendations were proposed. The reconfigured LED strategy should clearly accommodate roles and responsibilities within the three layers of management that are strategic, tactical and operational. These three layers must function within the parameters set by the statutory and legislative frameworks governing the LED function in local government. The clarification of the LED process, the steps proposed, and the recommendations made should serve as a valuable foundation for other local municipalities with similar issues that hinder development, business support and employment creation.

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# ANNEXURES

## ANNEXURE A

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### CONSENT TO PARTICIPATE IN THE STUDY



Private Bag X6001, Potchefstroom  
South Africa 2520

Tel: (018)111/2222  
Web: <http://www.nwu.ac.za>

**Focus Area: Social Transformation and Government Studies**

Tel: (018) 299 1751  
Fax (018) 299 1776

### INFORMED CONSENT

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Dear Sir/Madam

My name is Natasha Mumba, a PhD student at the North-West University (Student number: 20482701). As part of my research study, I must conduct a research project and I am investigating, “**A reconfigured LED strategy at Local government: A case of JB Marks Local Municipality**” The aim of this research project is to develop an improved LED strategy by means of constructing a proposed LED strategy for more effective and efficient functioning of JB Marks Local Municipality.

In relation to this research study, I would like to invite you to participate in an interview, where you will be able to share your views and insight as it relates to the municipal functioning of LED at JB Marks Local Municipality. The information provided in the interview process will help in proposing a reconfigured LED strategy at JB Marks Local Municipality. Furthermore, the interview process will include answering questions and will take around one hour and forty-five minutes of your time. With your permission, I would like to audio record the interview using my mobile devise.

Please note the following:

- you will not receive any incentive from participating in the study and there no disadvantages or penalties for not participating;
- you are allowed to withdraw at any time or choose not to answer any question if you do not want to;
- this study involves participation in an in-depth interview;
- the results of the study may be made available to all stakeholders in this research project and may be published in an academic journal or presented at an academic conference; and
- your participation in this study is vital to the North-West University.

In the event you may need clarification involving this research. Please feel free to contact me on the details listed below. If you wish to receive a summary of this report, I will be willing to assist upon request. If for any reasons you have questions, concerns or complaints with regard to this research project, please feel free to contact the study leader, Prof Gerrit van der Waldt on telephone: +27 (018) 2991633, email: Gerrit.vanderwaldt@nwu.ac.za.

Lastly, please sign the form to indicate that:

- you have read and understand the information provided above;
- you are participating in this research project on a voluntary basis;
- you will be anonymous in this study;
- If you experience any form of distress or discomfort, we will stop the interview process or resume another time; and
- You agree that the interview will be audio recorded.

I, the undersigned..... (full names), agree to participate in this research project. The research has been explained to me and I understand what my participation will involve.

..... (Signature)

..... (Email/Phone)

..... (Organisation)

..... (Date)

Thank you for participating in this study.

Yours sincerely,

PhD student:.....

Email address:.....

Supervisor:.....

Email address: .....

Telephone:.....

## **ANNEXURE B**

### **INTERVIEW SCHEDULE**

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#### **SECTION A: BIOGRAPHICAL PROFILE**

- A1. Please state your current job title.
- A2. How many years of experience do you have in this position?
- A3. How many years of experience do you have in local government in general?
- A4. How long have you been involved in LED-related issues?

#### **SECTION B: LED STATUS QUESTIONS**

- B1. In your opinion, what is the mandate and responsibility of municipalities as far as general local economic development, job creation, poverty alleviation and unemployment are concerned?
- B2. In your experience, what are the main socio-economic challenges in facilitating economic growth and job creation in the municipal area?
- B3. How does the JB Marks Local Municipality legislate, regulate and structure its LED obligations currently?
- B4. In your view, what is the main purpose of a LED strategy and what is the role and responsibilities of your department in this regard?
- B5. Is there a detailed and documented LED strategy for the municipality? Please provide background regarding the origins and design of the existing strategy.
- B6. What is the focus or strategic priority areas of the existing LED strategy?
- B7. To what extent does the current LED strategy of JB Marks promote job creation as a solution for poverty and economic growth? Please elaborate.
- B8. Which municipal and sector departments are involved in the LED strategy and how were they selected?
- B9. How would you rate coordination, integration, and communication among municipal and sector departments to facilitate the implementation of the LED strategy, and, in your opinion, are municipal departments adequately aligned in the implementation of the LED strategy?

- B10. What mechanisms are in place to monitor and evaluate the overall performance of the LED strategy, both in terms of political (council) and administrative oversight?
- B11. Who are the main external stakeholders involved in the LED strategy? How are they engaged in the process?
- B12. Can you mention success stories where the LED strategy succeeded in creating economic opportunities for communities in JBMLM?

### **SECTION C: LED STRATEGY RECONFIGURATION QUESTIONS**

- C1. In your opinion, has the LED been successfully designed and implemented in the municipality? Please elaborate.
- C2. What are the main challenges experienced at JBMLM in relation to the design and implementation of the LED strategy?
- C3. Which design and implementation model is more conducive for LED strategy implementation within the JB Marks Local Municipality?
- C4. In light of your feedback above, what do you think should be done to reconfigure the existing LED and to ensure that a more integrated approach is followed?

Thank you for your participation and meaningful input.

## ANNEXURE C

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West Campus  
North West University  
Silver street  
Potchefstroom 2531  
26 November 2020

The LED Manager: Mr Moss Galeng

E-mail: [mossq@jbmarks.gov.za](mailto:mossq@jbmarks.gov.za)

JB Marks Local Municipality

### **PERMISSION TO CONDUCT RESEARCH WITHIN THE JB MARKS LOCAL MUNICIPALITY (JBMLM)**

Dear Mr Galeng

I, Natasha Mumba a PhD student at the North West University (Potchefstroom campus). Kindly seek your approval to conduct research within JBMLM, as part of the compulsory fulfilment of **Doctor of Philosophy in Social Science with Public Management and Governance**, which I am currently studying full-time at the North West University.

The research is titled, "A reconfigured Local Economic Development Strategy for Local Municipalities: The case of JB Marks Local Municipality". Ethical Clearance was also obtained for this study (NWU-00295-18-A7). The objectives of the study are:

- To analyse the relevant approaches, theories, and models applicable to LED.
- To assess development frameworks for LED in optimising economic growth and job creation in municipal areas.
- To identify the challenges faced by the JB Marks Local Municipality in formulating and implementing a LED strategy in improving development and employment creation within the municipal area.
- To investigate an alternative design and implementation model of the LED strategy.
- To make policy and strategic intervention recommendations for the reconfiguration of the existing LED strategy at JB Marks Local Municipality

The aim of the research is to assist public officials in becoming aware of their role and responsibility to the community. Concerning development and employment creation in reducing unemployment and poverty, which is affecting JB Marks Local Municipality in the high rise of social problems. Furthermore, the study reveals challenges affecting the successful design and implementation of the LED strategy for JB Marks Local Municipality.

The study participants will be managers, officials, councillors and representatives of small medium enterprise and non-governmental organisations. In conducting this study, the following research ethics will be considered:

- Participation in an in-depth interview;
- Participation in this study is very important to the North West University;
- Participation is voluntary without any negative consequences;
- Confidentiality and anonymity of participants will be maintained;
- Participants taking part in this study will be treated with respect;
- permission to interview participants will be sought with an informed consent before commencing with interviews; and
- Information and institutional documents obtained will be utilised for the purpose of this study only.

I hope my request to conduct the above-mentioned research will receive a favourable response.

Yours sincerely

---

Natasha Mumba  
26 November 2020

Approved/Not Approved .....

---

Mr M Galeng  
...../...../2020

Company Secretary: Department of Economic Development  
...../...../2020

## ANNEXURE D

### TURNITIN PLAGIARISM SUMMARY REPORT

| 12330841:Mumba_Full_Manuscript_23_October22.docx |  |              |                |
|--|--|--------------|----------------|
| ORIGINALITY REPORT                               |  |              |                |
| 8%   | 6%   | 1%           | 4%             |
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## ANNEXURE E

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### CONFIRMATION OF LANGUAGE EDITING

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Pretoria  
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0829366250

4 November 2022


To Whom It May Concern

**CONFIRMATION OF LANGUAGE EDITING OF A PhD DISSERTATION:**

**A reconfigured Local Economic Development Strategy for Local Government: The case of  
the JB Marks Local Municipality**

Herewith confirmation that the attached dissertation, by Ms Natasha Mumba, has been language edited.

Yours sincerely



K.N. Groenewald