

**LOCAL ECONOMIC DEVELOPMENT AS AN INSTRUMENT FOR JOB
CREATION: THE CASE OF MAQUASSI LOCAL MUNICIPALITY**

BY

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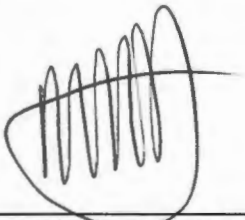
**Dissertation submitted in fulfillment of the requirements for the
Master's degree at the (MAHIKENG) of the North-West University**

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DECLARATION

I, **MZWANDILE ABEL FELITI**, do hereby declare that this dissertation is the result of my investigation and research and that this has not been submitted in part or full for any degree or examination to this or any other University.

A handwritten signature in black ink, consisting of a series of loops and a horizontal line, positioned above the printed name.

MZWANDILE ABEL FELITI

Date

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The writing of this dissertation has been one of the most significant academic challenges I have ever had to face. Without the support, patience and guidance of the following people, this study would not have been completed. It is to them that I owe my deepest gratitude:

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Abstract

Local economic development (LED) is a participatory process in which the community from all sectors work together to stimulate economic activities, resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized (Rodriguez-Pose and Tijmstra, 2009:6).

Both Qualitative and Quantitative approaches were used. Data were collected using a questionnaire instrument developed through review of literature along with focus group findings. The findings on four objectives of the study identified that, out of 62 respondents received, 72.6% indicated that building relationships with existing businesses would encourage the development of local enterprises; 61.3% of the respondents highlighted that responding to new opportunities and providing support for local businesses would encourage the development of local enterprises. The main stumbling blocks in the Maquasi Local municipality include the lack of skills and attracting new investments.

It has been recommended that; In order to increase the level of employment, it is important to improve capacity; competitiveness; quantity and quality and productivity of small, medium and micro enterprises.

Key words: Local Economic Development; Job Creation

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1. INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

Local economic development (LED) is a participatory process in which the community from all sectors work together to stimulate economic activities, resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized (Rodriguez-Pose and Tijmstra, 2009:6). Local economic development encourages public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges (Rogerson, 2009:116).

Globally, academics, development practitioners and stakeholders recognise the important role of local economic development (LED) in order to create jobs, alleviate poverty and produce an improvement in the quality of life. In order to achieve dynamic local development, all aspects of local communities such as the economy, social, welfare, environmental and political issues need to be addressed in an integrated and holistic manner. A comprehensive strategy therefore needs to be compiled for a specific region to achieve developmental success (Rodriguez-Pose and Tijmstra, 2009:6).

The National Framework for Local Economic Development booklet (2014:4) argues that local government *“does not create jobs”*. It goes on to point out that *“local economic development is about creating a platform and environment to engage stakeholders in implementing strategies and programmes.”* A critical part of local government's leadership role in the area of LED rests within its ability to draw other key stakeholders into the development process. Effective and sustainable local economic development has been associated with the emergence of strong local partnerships, bringing together key stakeholders, from both public and private sectors, along with local community interest groups. Such local partnerships bring a range of diverse perspectives and insights to the definition of local strategic priorities, strengthen consensus and

commitment, and can contribute to the successful implementation of local development strategies and plans. LED managers should thus facilitate the mobilisation of such local coalitions or partnerships for active involvement throughout the strategy development and implementation process.

Meyer (2014:24) concurs and elaborates by explaining the main functions of LED as creating an enabling environment for economic development and for the private sector to prosper. Meyer (2014:24) further identifies twelve factors which create an enabling local development environment which are: Public-private partnership creation, clear and implementable developmental policies, strong local leadership, poverty alleviation and social development initiatives, economic development initiatives, environmental and spatial development actions, infrastructure development, human resource development, entrepreneurial development, transport and access opportunities, agricultural opportunities, and a safe and secure environment.

It is from this background that the study will be undertaken to determine the functions of the Local Economic Development in Maqwassi Local Municipality with regard to creating employment or creating a conducive environment to create employment.

1.2 Definition of concepts

It is important to define concepts in this study for the purpose of understanding how a conducive environment is provided to create employment.

1.2.1 Local Economic Development

The World Bank (2012:10) defines LED as “a process by which public, business and non-governmental sector partner’s work collectively to create better conditions for economic growth and employment generation”. Khanya (2011: 9) further defines LED as “any economic development that occurs within a specific localized geographic area” and it is “a participatory process where local people from all sectors work together to

stimulate local commercial activity resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone including the poor and marginalised". For this study the focus is on job creation in Maquassi Municipality through LED.

1.2.2 Instrument

Longman dictionary (2000) defines instrument as "a tool or device used for a particular purpose; especially: a tool or device designed to do careful and exact work. A device that measures something (such as temperature or distance): a device that is used to make music: tools used by governments to pursue a desired outcome". For this study, instrument would be a measurement which LED uses in order to produce a conducive environment for sustainable employment.

1.2.3 Job Creation

Cambridge Advanced Learner's Dictionary (2009), defines Job Creation as "a process of providing new jobs, especially for people who are unemployed".

1.2.4 Local Municipality

Section 1 of the Municipal Systems Act 2003, defines "local municipality" as "a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality". The study therefore refers to Maquassi Local Municipality.

1.3 BACKGROUND OF THE STUDY

1.3.1 Global overview

The Local Economic Development agenda started with the cities of the northern hemisphere which were experiencing and undergoing major transformations from industrial to post-industrial cities in the post-war era (Blakely, 2010:111). Many of the old industries that characterised the cities were in decline through global economic restructuring and technological transformation (Rogerson and Rogerson 2010:235). In Europe, for example, textile industries, shipbuilding, steel making and other traditional heavy industries on which the cities were built moved to other overseas locations leaving a trail of declining and blighted cities. A similar trend happened in the United States with the global movements of capital (American multinationals) initially benefiting the US economy, but ultimately hurting local economies as factories closed and left a trail of unemployment and depressed cities and regions (Blakely 2010:112). The bottom line of this global restructuring has created a need to develop and adopt new technologies, and putting in place strategies that attract new investments and re-engineering the built environment (cities and towns) for new business.

Policy response in terms of promoting LED therefore initially focused on retaining and attracting new investments through place marketing and investment attraction, and putting in place incentive systems such as grants, tax breaks or loans, and significant provision of hard and soft infrastructure. Through proactive planning, the zones and areas in decline were identified, and through special legislation were rezoned for new development, which attracted new public and private sector investments (Nel and Rogerson, 2005). With time, LED strategy and activities have expanded and shifted towards business development, retention and growing of existing business, promoting entrepreneurship and business start-ups through business incubators and technical support to small, medium and micro-enterprises (SMMES). Beer (2009:123) highlights a mix of LED strategies employed which include: encouraging inward investment,

fostering new innovation, nurturing creative environments, promoting start-ups, coordination of infrastructure investments and assisting small businesses to grow.

1.3.2. Local Economic Development in Southern Africa

While the current LED theories and methodologies originated in the developed industrialised countries, where they constituted specific responses to declining and decaying urban industrial regions, the Southern African reality and context is different. It is about creating new opportunities where there has been limited industrialisation, and seeking to re-engineer the rural economies to make them more productive. Both urban and rural economies remain severely underdeveloped, although the issues within urban economies stem from rapid urbanisation largely dependent on the informal sector, whilst the rural economies suffer from low productivity and lack of technological transformation. Therefore a key priority is the need to improve productivity of existing small and informal industries, beneficiation in the growing mining sectors and creating new non-farm industries in rural economies (Economic Commission for Africa (ECA) report, 2012).

Local economic development agencies, as municipal entities, are established either in a district or a local municipality. In South Africa, these agencies are a new invention to counteract the excessive dependence of municipalities on national and provincial economic initiatives that are invariably inconsistent with the needs and aspirations of local communities and often appear locally irrelevant. Local economic development agencies are set to respond to socio-economic challenges, growing concern over economic growth and development, poverty and the poor performance of municipal sector departments in economic development. Their economic development mandate is founded on the premise that traditional municipal structures cannot optimally respond to the socio-economic challenges in local communities (Malefane and Khalo 2010:138).

Local Economic Development in the South African governance landscape can be regarded as one of the most contested and least understood areas of Local Economic Development (Rogerson, 2010:481; 2011:149). It is mostly unexplored for its potential in reshaping local territories. For many observers, the practice of LED has been diverse, complex and uneven with limited examples of long term impact and success (McKibbin, Binns, and Nel, 2012:388). Internationally, with increased attention placed on addressing the impact of globalisation on national economies, the attention of many policy makers has been diverted from local and regional interventions. This oversight has resulted in limited opportunities to explore the potential gains that could be derived from a more regional and local development perspective (Rodriguez-Pose and Tijmstra, 2009:340). For example, Pike, Tomaney, and Rodriguez-Pose (2011:123) note that while macro-level perspectives have a rightful place, there are significant lessons that can be gleaned from economic development experiences at the local and regional level. This in turn, can inform the way in which economic policy is implemented at the local level. The work by Clark, Huxley, and Mountford, (2010:200) and Canzanelli, (2011a:44; 2011b:445), provided practical examples on how these connections might be made in the contexts of different countries, especially through the vehicle of local and regional intermediary organisations which have national linkages that are located to address territorial development issues.

1.3.3 Local Economic Development in the North West province

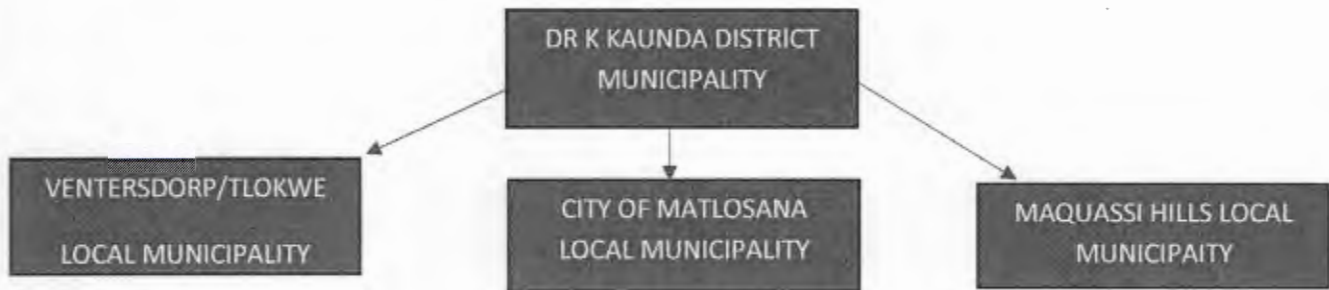
Dr Kenneth Kaunda District Municipality in the North West province is located 65km south-west of Johannesburg and borders the Gauteng province on that side. The municipality consists of three local municipalities: Tlokwe/Ventersdorp, City of Matlosana and Maquassi Hills. It is a region with a rich and diverse natural and cultural heritage, with the potential for sustained economic growth. The region is home to some of the most prominent and oldest gold mines in the world. The district is serviced by a number of primary roads, with the N12 Treasure Corridor forming the main development axis in the district and serving as a potential concentration point for future industrial,

commercial and tourism development. The main economic sectors are: mining (19.6%), trade (17.3%), finance (16.2%), government (13.8%), transport and communications (9.1%), manufacturing (8.8%), services (8.0%), construction (3.5%), and agriculture (2.3%) (Local Government Handbook, 2012).

Figure 1: Dr. Kenneth Kaunda District Municipality



Maquassi is one of the municipal entities of Dr. Dr. Kenneth Kaunda District Municipality as illustrated in Figure 1.



Source: Own compilation

1.4 PROBLEM STATEMENT

LED in South Africa is concerned with creating robust and inclusive local economies that exploit local opportunities, address local needs and contribute to natural development objectives such as economic growth and poverty eradication (Sekhampu, 2010:1). The challenge of LED in South Africa is that most local municipalities do not have adequate economic growth strategies in place that are implementable, and therefore are unable to address poverty and unemployment. For LED to be successful there should be a coherent planning process involving all stakeholders within the local area. The process takes place over time, involving all sections of the community and covers all matters that affect quality of life in a local area, particularly those that need most support (Sekhampu, 2010:1).

Ensuring that employment and training policies link to local economic development is challenging, however, when there are a plethora of local actors working on different strategies and in different partnerships at the local level (Nyama 2011:234). Policy silos remain an important issue in South African municipalities with weak support and oversight of local government (Stoquart and Schubert 2010b: 2). Employment offices, economic development agencies and local training institutions work separately from each other, following different policy objectives and working to different time scales. In the face of uncertain global economic conditions and persistently high unemployment levels, the local level is a critical focal point for job creation activities. Regional

variations in the supply and demand of skills mean that the local level needs to be equipped with the right tools and resources to develop innovative job creation strategies. It is critical to establish a local lens for development (Department of Cooperative Governance and Traditional Authorities (DCOGTA) 2009a). Large number of municipalities are poorly governed and managed, with many municipalities not functioning effectively (Stoquart and Schubert 2010b: 2).

The above means that most (if not all) municipalities in South Africa are struggling to put in place good Local Economic Development (LED) strategies and policies, so as to be able to fulfil the policy defined goals of a “developmental local government.” This is despite the fact that “Economic development has become a major local government activity in the past three decades” (Travers, 2012:222). This means that, to an extent, South African Municipalities are lagging behind global trends when it comes to LED (Cohen, 2010:13).

1.4.1 Brief literature review

The literature review addresses the objectives of the study in determining the extent to which Local Economic Development creates a conducive environment for creating employment.

1.5. Theoretical framework

According to Swanson (2013:12), theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions. The theoretical framework is the structure that can hold or support a theory of a research study. The theoretical framework introduces and describes the theory that explains why the research problem under study exists. The study will focus on some of the theories to clarify the environment that will create employment opportunities. These are: Employment theory;

Theory of unemployment and job creation; Innovation theory and Sustainable employment theory.

1.5.1. Employment theory

Employment theory relates to the ratio between the percentage change in employment and the percentage change in GDP (World Bank, 2013; Fuhrmann, 2013). According to Mouhammed (2011:224), Government can support the introduction of various inventions, and Government support should be financed by taxation. Mouhammed (2011:224), further analyzes technical unemployment due to technological change as well. The introduction of machinery would cause unemployment but the unemployed will search for new jobs, a search that will push wages downward. Hence, full employment is restored again. For the normal (fractional) unemployment, Mouhammed (2011:224) thinks that advertisements and employment agencies can reduce the normal rate of unemployment. The cyclical unemployment, as another type of unemployment, is due to the lack of effective demand, and it would be a good idea to raise wages in order for workers to buy more. But this action may cause workers to lose their jobs as a result of higher wages.

In the recovery it will be important to build new jobs from the bottom up through putting in place the right local conditions for job creation and expansion. Getting the governance right at the local level is important, and this often means better reconciling of local and national policy goals and objectives. Economic development policies, labour market policies, policies to support entrepreneurship and social entrepreneurship, and education and training policies all have a role to play (OECD 2014:27). Local Economic Development is therefore about creating the right business environment, not about controlling individual companies and entrepreneurs (Meyer, 2014:24).

Sanders and Holcombe (2008:137) express the idea of individuals and groups striving to make a living, attempting to meet their various consumption and economic necessities, coping with uncertainties, responding to new opportunities and choosing between different value positions. In standard policy frameworks, jobs may be envisaged as an outcome in themselves, or else (increasingly) as a proxy indicator of the outcome of 'a good life' that can be readily measured, for example, as strategic change indicators tracked to monitor progress in government action towards overcoming unemployment, self-employment and engagement in enterprise (SCRGSP 2007:444). The outcomes sought from government action encompass improved wealth creation and economic sustainability, safe family and community environments and positive child development. Labour force participation and unemployment are amongst a small group of readily measurable headline indicators tracked for progress to these outcomes. These are selected because "[b]eing employed leads to improved income for families and communities, which in turn has a positive influence on health and the education of children. It also enhances self-esteem, increases opportunities for self-development, influences interaction at the family and community levels and reduces social alienation." (SCRGSP 2007: 339)

The fact that worker cooperatives seem to choose jobs over income stability means that they are likely to have more sustainable jobs. Worker cooperatives may create relatively less jobs than conventional organisations in response to product price increases (since their employment level is less elastic), however, the evidence clearly implies that worker cooperatives preserve jobs better in deteriorating market conditions when other organisations are more likely to cut jobs. The probable higher overall productivity of cooperatives (Fakhfakh, Pérotin, and Gago, 2012:847) and their ploughing-back of profit, and investing at rates at least as high as conventional organisations both provide further support for the presumption that cooperative jobs will be more sustainable. In addition, recessions increase the number of organisational closures; among conventional and labour-managed organisations alike and decrease the number of jobs

created among conventional organisations, but increase creation of worker cooperatives, all else being equal (Pérotin, 2010:456).

1.5.2 Theory of unemployment and job creation

Unemployment and job creation could also be explained by supply and demand. Therefore, unemployment is the situation where the supply of labour exceeds its demand. Unemployment could also mean the price of labour is too high. Wages are very difficult to push downwards and therefore high levels of unemployment can persist in the long run. It is also possible that significant vacancy rates and high unemployment rates can co-exist due to the lack of a suitably skilled labour force, which is the case in South Africa (King, 2009:23).

The benefits of better aligning employment, skills and economic development policies are increasingly apparent in the context of the knowledge economy. One of the key advantages that a locality or region can offer a business is the quality of its human capital. In recognition of this, local economic development officials can benefit significantly from working with employment offices and using workforce development as an instrument to attract new firms and stimulate local economic development. The needs of young people may not be pressing, but they still cannot be ignored. Many young people with diplomas are forced to combine periods of employment in temporary jobs with inactivity and find it difficult to find steady employment with progression opportunities. Even those young people who typically would have been regarded as “good performers” in times of prosperity can find it difficult to obtain stable employment that corresponds to their qualifications (OECD, 2013c).

Inflation and unemployment have the most devastating impact on society, and are the cause of problems such as poverty, crime, social disunity and political uprisings. Research has indicated that education, skills training, health services, access to opportunities and transport have a positive impact on economic development and employment (Kooros, 2008). Jobs are created by the private sector within enabling

environments created by governments. Government policy should be based on three pillars namely; firstly, the provision of a foundation or fundamentals such as a macro-economic stability, rule of law and human capital development; secondly, the formulation and implementation of acceptable labour regulations; and lastly, setting of developmental priorities. Mal-functioning labour regulations will prevent economic growth and job creation. Globally the private sector creates nine out of every ten jobs. Factors such as demographics, urbanisation, globalisation, technology and macro-economic failures create job challenges. The main benefit of the creation of jobs is increased living standards (World Bank, 2013).

Traditionally, rapid and sustained economic growth has been seen as the solution to job creation. It was also thought that rapid growth would automatically lead to increased quality of life and social cohesion. But, it has been proven that economic growth, an increase in living standards, and social cohesion changes grow at different rates. Economic growth, therefore, does not necessarily lead to a reduction in poverty levels. An economic development strategy needs to ensure inclusive growth and have a “pro-poor” focus (World Bank, 2013).

According to the World Bank (2013), “The creation of jobs leads to development”. This statement is justified through the quantification of the impact of jobs on development by listing the following aspects:

- Improved living standards as a result of earnings and income
- Poverty reduction
- Improved productivity
- Increased agglomeration effects
- Global integration
- Social cohesion through the creation of social identity, networks and a sense of belonging and fairness.

The levels of education and skills are in direct relation to employment opportunities and earning. Education and knowledge assists entrepreneurship development, but a global problem is skills mismatch, which is a growing problem (World Bank, 2013). Youth unemployment is also a global problem, with youth unemployment rates usually between two to three times that of the overall unemployment rate of a country. Youth jobs are usually of poor quality, low paying and temporary in nature (World Bank, 2013).

South Africa is affected by structural unemployment in most sectors of the economy, although not in all. This type of unemployment occurs where the quantity of labour supplied exceeds the quantity of labour demanded. The unemployed may lack the necessary skills required to fill the limited jobs that are available. Structural unemployment is more permanent in nature, and can only be resolved over the long run. Due to the long-term nature of this type of unemployment, many people become disheartened, give up looking for work, and also lose their skills over time (Calvin and Coetzee, 2010).

At the point where high levels of unemployment have settled, stabilisation policies are required and can play a major role in turning the situation around. The impact of globalisation and technological changes and advancement have a huge negative impact, especially on the lower-skilled labour force. Government must monitor labour supply and demand, and should react immediately to shocks before high levels of unemployment are established. High unemployment levels require a welfare state, but such a state is not sustainable over the long run (Calvin and Coetzee, 2010).

One possible constraint on employment creation with work-sharing is that workers are sometimes not perfect substitutes for each other. Thus, the hours of one worker may not be fully transformed into jobs or more work hours for another worker (Golden and Glosser, 2012:3). This represents the so-called, "indivisibility" of labour issue. However, this may only have merit for skilled labour positions and knowledge workers, particularly in the short run period of time, and within the same organization (Kroll, 2011:33). In

industries where workers may be somewhat interchangeable and jobs or tasks often routine, such as in manufacturing, the indivisibility of labour concern may be overstated. Indeed, in their quest to dismiss potential positive employment effects, work sharing opponents often have taken this potential critique beyond the point of credibility, by claiming a belief on the part of work sharing advocates in a "lump of labour fallacy." The latter refers to the notion that at any one point in time, there is a fixed amount of work to be done in an economy, such that any increase in the amount each worker can produce would reduce the number of available jobs. Historically, this argument has been invoked to refute the truly erroneous fear that automation leads to mass unemployment. Indeed, if these structural changes are accompanied by sustained aggregate demand, there would be a displacement of job opportunities, but not necessarily unemployment (Taylor, 2011:113).

1.5.3 Innovation theory to create employment

Originally, this theory was developed by the German economist Von Mangoldt (Ekelund and Hebert 2007), providing several ways by which the entrepreneur can make profits. These ways are (1) finding particular markets, (2) acquisition of productive agents, (3) skillful combination of factors of production, (4) successful sales policy, and (5) innovations. It is therefore a well-understood proposition that entrepreneurial profits will increase employment (Mouhammed, 2010:156).

The Innovation theory of employment states that when high-quality relationships exist between the subordinates and superiors, subordinates will be rewarded with greater resources and freedom in making decisions (Yeoh, Mahmood, and June, 2013:91). Availability of resources, time and freedom are indeed essential in generating and testing of innovative ideas and increase the chances of success of innovative work behaviour (Yuan and Woodman, 2010:91). When innovation theory is linked with Intellectual Capacity (IC), it implies that the relationship is overwhelmingly positive. Since the first stages of developing IC as a management technology, innovation has been identified as "the principal determinant of competitiveness" (Dumay, 2012:630).

The concept of innovation which creates changes according to Mouhammed, (2012: 156) covers the following five areas of development: (1) the introduction of a new good or of a new quality of a good (2) The introduction of a new method of production (3) The opening of a new market (4) The conquest of a new source of supply of raw materials, or manufactured goods (5) The carrying out of the new organization of any industry, like the creation of a monopoly position or the breaking up of a monopoly position. The new combinations are usually embodied in new productive enterprises which start by utilizing the unemployed working people, the unsold raw materials, the new technologies, and the unused productive capacity. As Mouhammed (2012: 156) points out, "Development consists primarily in employing existing resources in a different way, in doing new things with them, irrespective of whether those resources increase or not." For the continuation of the process of economic development and innovations, credit and finance are important requirements.

According to the European Commission (2010:13) innovation depends eventually on people. A supply of well-equipped innovative people should be assured through training, life-long learning and the mobility that promotes transfer of knowledge and cross-fertilization. Innovation in environmental technologies is especially important because it determines the capacity to mitigate climate change and other environmental impacts. The work includes a programme on environmental innovation and sectoral systems of innovation. There is a wide range of overlapping policy instruments available to manage the environment and the different instruments have different implications. Environmental Innovations are induced by environmental regulation and, all other things being equal, effective and efficient innovation will improve the competitiveness of the organization undertaking them. The immediate objective of environmental regulation is to protect the environment in the short-term, but it is important to understand what the effects of these different instruments are on innovation and therefore on the technologies and practices available to manage environmental impacts and eventually on long-term capacity to respond in the best possible way to create employment.

Innovation assists leaders or managers in procedures a company administers prior to hiring: (i) personality test, (ii) aptitude test, (iii) personality interview, (iv) oral competence test, (v) writing competence test, (vi) IQ test, (vii) group discussion, (viii) camp/outdoor observation, (ix) internship, (x) performance test, (xi) recommendation, and (xii) letter of self-introduction. Performance appraisal can be measured by asking HRM directors to mark which of the following systems their company utilizes for employee performance appraisal: (i) balanced scorecard, (ii) management by objectives, (iii) competence appraisal, and (iv) leadership appraisal. Incentive compensation can be assessed by simply asking HRM directors whether their company offers performance-based incentives (Sung and Choi, 2012:118).

1.6 Research aim

The aim of this research is to analyse the impact of Local Economic Development as an instrument for job creation in Maquassi Local Municipality.

1.6.1 Research Questions

The study seeks to answer the following questions:

- What is the role of local economic development partnership in creating employment in Maquassi Local Municipality?
- What is the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality?
- How are various systems of governance contributing to or impeding the efforts to expedite economic development in Maquassi Local Municipality?
- What are critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality?

1.6.2 Research objectives

The objectives of this study are:

- To describe the role of local economic development partnership in creating employment in Maquassi Local Municipality.
- To identify the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality.
- To explore various systems of governance contributing to or impeding the efforts to expedite economic development in Maquassi Local Municipality.
- To identify critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality.

1.7. Methodology

According to Welman, Kruger and Mitchell (2010:52) Research Methodology is used as a technique to give logic to a study. It therefore has a much wider scope than research methods such as opinion polls, which in turn, have a wider scope than research techniques such as attitudes scale. Qualitative and quantitative research approaches will be used in this study. Most of these mixed-method studies use triangulation as a way of combining the two approaches (De Vos, Strydom, Fouche and Delport, 2010:360). The study will therefore use qualitative data analysis to monitor and report the procedure, and a quantitative approach will be used with a view to establish the concepts and the selection or construction of measuring (De Vos, et al., 2010:93). The study will use this to address the challenges of Local Economic Development as a tool to create employment in the Maquassi Local Municipality.

1.7.1 Research design

Research design is a general plan for implementing a research strategy. A research design specifies whether the study involves a group or individual participants, to make comparisons within a group, or between groups, and how many variables are included in the study (Welman et al., 2010:52). Research strategies are broad categories that classify research according to how the study is conducted (Frederick and Lori, 2011:190). This study will be conducted at the Maquassi Local Municipality with a focus group involved in local economic development. The main purpose of this study is exploratory, in the sense that it focuses on exploring the challenges faced by the Municipality. According to Naidoo (2010:37), most research objectives can be achieved using one of three types of research designs, which are exploratory, descriptive or explanatory research. This type of exploratory design is particularly useful if one wishes to clarify his understanding of a particular problem.

1.7.2 Sample population

Target population refers to a group of individuals with specific interest. Individuals in a target population share one characteristic in doing a particular function (Gravetter and Forzano, 2009:138). Aschengrau and George (2008:7) mention that the population also determines a group of people with common characteristics *inter alia* place of residence, gender, age and use of certain services. The study will use people of common characteristics with regards to addressing or working on Local Economic Development. With a population of 358 staff members, random sampling will be used.

1.7.3 Sample size

Probability sampling will be used. It is a mechanism for reducing bias in the selection of samples, such as representative sample; random sampling; non-response; population and sampling error (Blryman, 2012:207). The most basic considerations in sampling are size and representativeness. The sample size must be adequate to allow estimates about the characteristics of phenomena with reasonable precision (Gravetter and Forzano 2009:138). Different strategies can be utilised to obtain the best possible sample, and a final decision in this regard must be taken (De Vos, Strydom, Fouché and Delport, 2010:82). Each sample element is randomly drawn from the population. In addition, when it is possible to do so, relevant characteristics of the sample such as age, race, gender and social class are compared to the population to provide evidence of similarity for inferring representativeness (Welman, Kruger, and Mitchell, 2010:55).

To obtain some level of sample representation, a stratified sampling method will be used, which means sampling on the basis of different sections of the Department as strata (De Vos et al., 2010:55). In this study, 358 employees are in the following departments. Department of Finance, 91; Department of Corporate, 37; Department of Engineering, 128; Department of Community services, 69 and LED Division, 33.

In this case 20 staff members will be sampled from each department. Department of Finance twenty (20) Department of Corporate twenty (20); Department of Engineering twenty (20); Department of Community services; twenty (20) and LED Division twenty (20). The total number of respondents included in the sample will be $n=100$. (N = population; n = sample) Respondents will be selected using the random selection method backed up by a participative criterion. De Vos et al. (2010:196) state that the larger the population, the smaller the percentage of the population. In this case the total of 45% of the population is suggested.

1.7.4 Data Collection

A questionnaire will be developed as presented, and will be divided into three sections. The questionnaire will be presented in a Likert - type scale with Strongly Disagree forming one end of the continuum and Strongly Agree the other end. Data will be collected with a structured questionnaire on characteristics of creating a conducive environment to create employment.

1.7.5 Validity and reliability

The validity and reliability of the variables will be assessed using item reliability, construct reliability, and average variance extract, together with Cronbach's alpha coefficient. The results of the reliability testing highlights that the instrument utilised and the questions will determine the reliability, valid and trustworthy. At .746, Cronbach's coefficient alpha, according to the internal consistency is a good measure.

1.7.6 Data Analysis

Data will be obtained through questionnaires. The first step will be to edit especially when they relate to responses to open-ended questions. The researcher will ensure that all relevant questions have been answered and there will be a follow-up if the respondents did not understand or need clarification. The sections will be analysed using SPSS programme. Section A focuses on Demographic Information; Section B, the role of local economic development partnership in creating employment; the role of local economic development in encouraging local enterprise development; various systems of governance contributing to or impeding the efforts to expedite its economic development; critical support factors required towards the successful implementation of LED initiatives. Section C will focus on open-ended questions. The responses will be coded to facilitate entry into a computer. All questionnaires received for this study will be coded before inputting into an SPSS soft package. Variables will be categorised so as to facilitate several items measuring a particular concept being grouped together. Data from this research will be entered manually onto a computer. The results from the data analysis will be summarized.

1.7.7 Ethical Procedure

The first step the researcher will do is to obtain permission from the Maquassi Local Municipality to conduct the research. The researcher will complete forms for ethical clearance from the North West University for Compliance. Questionnaires will then be distributed to the Maquassi Local Municipality, administered by the researcher. The response and results will be treated confidentially.

1.8 Significance of the study

The analysis of employment creation by Local Economic Development in the labour market would be significant to the following:

1.8.1 Government:

- To address the key barrier to labour market integration which is lack of appropriate skills.
- More likely to report poor participation in political activities and
- Low levels of trust of other people.

1.8.2 Community

- Social background has a particular impact on literacy rates – the children of parents with low levels of education have significant lower proficiency than those whose parents have higher levels of education, even after taking other factors into account. This will assist the community to understand the importance of education and training.

1.9 Scope of the study

The study will be conducted in the Maquassi Local Municipality of the North West Province.

1.10 Chapter Outline

Chapter 1: Introduction

Chapter one outlines the introduction to the study and consists of the problem statement, the aim of the study, research objectives, research questions, significance and scope of the study.

Chapter 2: Literature Review

In chapter two a literature review on the research is detailed. The sections consist of an insight and detailed discussion on Maquassi Local Municipality.

Chapter 3: Research Methodology

Chapter three describes the research design which includes the methodology and design, Exploratory Research, Population, Sampling Strategy, Sample Design, Research Instrument, Questionnaire Construction, The Administration of the Questionnaire, Collection of the Questionnaires, Data Collection Instruments, Data Analysis, format of the study and chapter conclusion.

Chapter 4: Presentation and analysis of results

In chapter four, the research findings are presented, analysed, interpreted and discussed. The findings are split into four sections. The results from the analysis are checked if the primary research objective is met by the secondary research objectives.

Chapter 5: Summary, Conclusions and Recommendations

Chapter 5 discusses the conclusions and recommendations. The results from the research are listed and discussed. This section determines whether the primary and secondary research objectives are in agreement. The research questions are listed and the results discuss whether the questions have been answered.

1.11 Conclusion

This chapter gave the background of the study; problem statement; objectives and research design to ensure that the evidence obtained enables the researcher to answer the initial questions as unambiguously as possible. Having been provided with a theory the researcher needs to establish the evidence to test the theory in a convincing way. In research design the issue of sampling method of data collection using questionnaire document analysis, data analysis are all subsidiary evidence to what needs to be established at the logical conclusion of the entire research study. The chapter ended with the eliminations of bias and ethical considerations. The next chapter presents the literature review.

CHAPTER TWO: LITERATURE REVIEW

2. LITERATURE REVIEW

A literature review is regarded as an essential process in an academic discourse because it enables the researcher to discover what is contained in the body of knowledge. In this instance, knowledge on local economic development (LED) as a tool or instrument to create employment. Furthermore, a literature review involves the identification of inconsistencies and the gaps in the knowledge of the phenomenon investigated (Badenhorst, 2008:117). This could be obtained through the theoretical framework.

According to Swanson (2013:12), theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions. The theoretical framework is the structure that can hold or support the theory behind a research study. The theoretical framework introduces and describes the theory that explains why the research problem under study exists. The study will focus on some of the theories to clarify the creation or creating environment that will create employment opportunities. These are: Theories of Economic Development; Employment theory; Theory of Unemployment and Job Creation; Innovation Theory and Sustainable Employment Theory.

2.1.1 Theories of economic development

Beer (2009:34) highlights the fact that many LED programmes are based on one or more theories of economic development. The multiplicity of theoretical perspectives in LED can result in confusion among practitioners regarding the purpose of its programmes. However, all theoretical approaches have implications for LED practice. Beer (2009:34) says different cities use the regional economic development theory for economic growth. This theory maintains that regional economic development, or LED, if

properly implemented, can attract foreign and local investment and can create employment. However, Beer (2009:34) maintains that proper service delivery is important, as it markets the region in which LED is to be applied. Beer (2009:35) uses San Diego in California, Sheffield in England, and Winnipeg in Manitoba, Canada, as examples of economic growth and regional theory. For example, Winnipeg had poor infrastructure services to support LED. With the implementation of the LED programme, adequate infrastructure services were provided and an improvement was seen in many economic sectors in the area. Moreover, Le Heron (2009:2) argues that the main proposition embodied in regional growth and development theory is stimulated from several directions. The directions are, firstly, the recognition that national development and investments have major regional and local effects. Secondly, it shows that national scoping of regional problems in response to popular and political pressures can have an influence on the sustainability of LED.

The goal of economic development in its simplest form is to create the wealth of a nation (Todaro and Smith 2009:175). Economic performance is measured by an annual increase in gross national product (GNP1) [an alternative measure is gross domestic product (GDP)]. The World Bank still uses GDP in many other featured economic indicators (World Bank 2011:14). The indicator is a measure of well-being and development exclusively based on material wealth. Improvements in welfare such as better health care, education and more housing for large parts of the poor population have not been captured. There are clearly some benefits of economic growth. These benefits are most visible for low income countries. Economic growth enables the possibility to deal with many serious problems of poverty, homelessness and lack of basic amenities (Burtless, 2007:115).

This is likely why many economic development professionals come from very diverse academic backgrounds (EDAC, 2007:17). From this understanding of trade and investment, economic developers are able to effectively create business retention and expansion programmes. Business retention and expansion is essentially a strategy development process which involves short term and long term goals.

In the short term the economic development professional wants to:

- Build relationships with existing businesses
- Provide support for local business
- Address urgent business concerns and issues
- Improve communication between the government agency and local business
- Retain jobs where there is a risk of closure

In the long term the economic development professional seeks to:

- Increase the competitiveness of local business
- Find new ways of job creation and business development.
- Establish and implement strategic action for business development
- Aim to keep a strong and vibrant local economy

Source: EDAC, 2007

The overall focus of these goals is to take care of, nurture, and support business development within the community. Supporting the economic development process and the overall role business retention and expansion is where the other 6 core competencies come into play.

The first supporting core competency of the profession is that economic development professionals must have an idea of the governance and organizational structure in which they operate. This varies at the local regional and provincial level. Structures of the main goal of business retention and expansion also vary depending on the role of the organization. Within this structure, economic development professionals are also expected to set relative priorities and develop comparative performance measures. There are four operational levels of governance and organizational structure in the field of practicing economic development.

2.1.2 Employment theory

Employment theory relates to the ratio between the percentage change in employment and the percentage change in GDP (World Bank, 2013; Fuhrmann, 2013). According to Mouhammed (2011:224), Government can support the introduction of various interventions, and Government support should be financed by taxation. Mouhammed (2011:224) further analyzes technical unemployment due to technological change as well. The introduction of machinery would cause unemployment but the unemployed will search for new jobs, a search that will push wages downward. Hence, full employment is restored again. For the normal (fractional) unemployment, Mouhammed (2011:224), thinks that advertisements and employment agencies can reduce the normal rate of unemployment. The cyclical unemployment, as another type of unemployment, is due to the lack of effective demand, and it would be a good idea to raise wages in order for workers to buy more. But this action may cause workers to lose their jobs as a result of higher wages.

In the recovery it will be important to build new jobs from the bottom up through putting in place the right local conditions for job creation and expansion. Getting the governance right at the local level is important, and this often means better reconciling local and national policy goals and objectives. Economic development policies, labour market policies, policies to support entrepreneurship and social entrepreneurship, and education and training policies all have a role to play (OECD 2014:27). Local Economic

Development is therefore about creating the right business environment, not about controlling individual companies and entrepreneurs (Meyer, 2014:24).

Sanders, and Holcombe (2008:137) express the idea of individuals and groups striving to make a living, attempting to meet their various consumption and economic necessities, coping with uncertainties, responding to new opportunities and choosing between different value positions. In standard policy frameworks, jobs may be envisaged as an outcome in themselves, or else (increasingly) as a proxy indicator of the outcome of 'a good life' that can be readily measured, for example, strategic change indicators tracked to monitor progress in government action towards overcoming unemployment, self-employment and engagement in enterprise (SCRGSP 2007:444). The outcomes sought from government action encompass improved wealth creation and economic sustainability, safe family and community environments and positive child development. Labour force participation and unemployment are amongst a small group of readily measurable headline indicators tracked for progress to these outcomes. These are selected because: "Being employed leads to improved income for families and communities, which in turn has a positive influence on health and the education of children. It also enhances self-esteem, increases opportunities for self-development, influences interaction at the family and community levels and reduces social alienation." (SCRGSP 2007: 339)

The fact that worker cooperatives seem to choose jobs over income stability means that they are likely to have more sustainable jobs. Worker cooperatives may create relatively fewer jobs than conventional organisations in response to product price increases (since their employment level is less elastic), however, the evidence clearly implies that worker cooperatives preserve jobs better in deteriorating market conditions, when other organisations are more likely to cut jobs. The probable higher overall productivity of cooperatives (Fakhfakh, Pérotin, and Gago, 2012:847) and their ploughing-back of profit and investing at rates at least as high as conventional organisations both provide further support for the presumption that cooperative jobs will be more sustainable. In addition,

recessions increase the number of organisational closures among conventional and labour-managed organisations alike and decrease the number of jobs created among conventional organisations, but increase the creation of worker cooperatives, all else being equal (Pérotin, 2010:456).

2.1.3 Theory of unemployment and job creation

Unemployment and job creation could also be explained by supply and demand. Therefore, unemployment is the situation where the supply of labour exceeds its demand. Unemployment could also mean the price of labour is too high. Wages are very difficult to push downwards and therefore high levels of unemployment can persist in the long run. It is also possible that significant vacancy rates and high unemployment rates can co-exist due to the lack of a suitably skilled labour force, which is the case in South Africa (King, 2009:23).

The benefits of better aligning employment, skills and economic development policies are increasingly apparent in the context of the knowledge economy. One of the key advantages that a locality or region can offer a business is the quality of its human capital. In recognition of this, local economic development officials can benefit significantly from working with employment offices and using workforce development as an instrument to attract new firms and stimulate local economic development. The needs of young people may not be pressing, but they still cannot be ignored. Many young people with diplomas are forced to combine periods of employment in temporary jobs with inactivity, and find it difficult to find steady employment with progression opportunities. Even those young people who typically would have been regarded as “good performers” in times of prosperity can find it difficult to obtain stable employment that corresponds to their qualifications (OECD 2011).

Inflation and unemployment have the most devastating impact on society, and are the cause of problems such as poverty, crime, social disunity and political uprisings. Research has indicated that education, skills training, health services, access to opportunities and transport have a positive impact on economic development and employment (Kooros, 2008). Jobs are created by the private sector within enabling environments created by governments. Government policy should be based on three pillars, namely; firstly the provision of a foundation or fundamentals such as a macro-economic stability, rule of law and human capital development; secondly, the formulation and implementation of acceptable labour regulations, and lastly, setting of developmental priorities. Mal-functioning labour regulations will prevent economic growth and job creation. Globally the private sector creates nine out of every ten jobs. Factors such as demographics, urbanisation, globalisation, technology and macro-economic failures create job challenges. The main benefit of the creation of jobs is increased living standards (World Bank, 2013).

Traditionally, rapid and sustained economic growth has been seen as the solution to job creation. It was also thought that rapid growth would automatically lead to increased quality of life and social cohesion. But it has been proven that economic growth, an increase in living standards, and social cohesion changes grow at different rates. Economic growth, therefore, does not necessarily lead to a reduction in poverty levels. An economic development strategy needs to ensure inclusive growth and have a “pro-poor” focus (World Bank, 2013).

According to the World Bank (2013), “The creation of jobs leads to development”. This statement is justified through the quantification of the impact of jobs on development by listing the following aspects:

- Improved living standards as a result of earnings and income
- Poverty reduction
- Improved productivity
- Increased agglomeration effects

- Global integration
- Social cohesion through the creation of social identity, networks and a sense of belonging and fairness.

The levels of education and skills are in direct relation to employment opportunities and earning. Education and knowledge assists entrepreneurship development, but a global problem is skills mismatch, which is a growing problem (World Bank, 2013). Youth unemployment is also a global problem with youth unemployment rates usually between two to three times that of the overall unemployment rate of a country. Youth jobs are usually of poor quality, low paying and temporary in nature (World Bank, 2013).

South Africa is affected by structural unemployment in most sectors of the economy, although not in all. This type of unemployment occurs where the quantity of labour supplied exceeds the quantity of labour demanded. The unemployed may lack the necessary skills required to fill the limited jobs that are available. Structural unemployment is more permanent in nature, and can only be resolved over the long run. Due to the long-term nature of this type of unemployment, many people become disheartened, give up looking for work, and also lose their skills over time (Calvin and Coetzee, 2010).

At the point where high levels of unemployment have settled, stabilisation policies are required and can play a major role in turning the situation around. The impact of globalisation and technological changes and advancement has a huge negative impact, especially on the lower-skilled labour force. Government must monitor labour supply and demand, and should react immediately to shocks before high levels of unemployment are established. High unemployment levels require a welfare state, but such a state cannot be sustainable over the long run (Calvin and Coetzee, 2010).

One possible constraint on employment creation with work-sharing is that workers are sometimes not perfect substitutes for each other. Thus, the hours of one worker may not be fully transformed into jobs or more work hours for another worker (Golden and Glosser, 2012:3). This represents the so-called, "indivisibility" of labour issue. However, this may only have merit for skilled labour positions and knowledge workers, particularly in the short run period of time, and within the same organization (Kroll, 2011:33). In industries where workers may be somewhat interchangeable and jobs or tasks often routine, such as in manufacturing, the indivisibility of labour concern may be overstated. Indeed, in their quest to dismiss potential positive employment effects, however, work-sharing opponents often have taken this potential critique beyond the point of credibility, by claiming a belief on the part of work sharing advocates in a "lump of labour fallacy." The latter refers to the notion that at any one point in time, there is a fixed amount of work to be done in an economy, such that any increase in the amount each worker can produce would reduce the number of available jobs. Historically, this argument has been invoked to refute the truly erroneous fear that automation leads to mass unemployment. Indeed, if these structural changes are accompanied by sustained aggregate demand, there would be a displacement of jobs opportunities, but not necessarily unemployment (Taylor, 2011:113).

2.1.4 Innovation theory to create employment

Originally, this theory was developed by the German economist Von Mangoldt (Ekelund and Hebert 2007), providing several ways by which the entrepreneur can make profits. These ways are (1) finding particular markets, (2) acquisition of productive agents, (3) skillful combination of factors of production, (4) successful sales policy, and (5) innovations. It is therefore a well-understood proposition that entrepreneurial profits will increase employment (Mouhammed 2010:156). Innovation theory of employment states that when high-quality relationships exist between the subordinates and superiors, subordinates will be rewarded with greater resources and freedom in making decisions (Yeoh, Mahmood, and June, (2013:91). Availability of resources, time and freedom are indeed essential in generating and testing of innovative ideas and increase the chances

of success of innovative work behaviour (Yuan and Woodman, 2010:91). When innovation theory is linked with Intellectual Capacity (IC), it implies that the relationship is overwhelmingly positive. Since the first stages of developing IC as a management technology, innovation has been identified “as the principal determinant of competitiveness” (Dumay, 2012:630).

The concept of innovation which creates changes according to Mouhammed, (2012: 156) covers the following five areas of development: “(1) the introduction of new good or of a new quality of a good. (2) The introduction of a new method of production (3) The opening of a new market (4) The conquest of a new source of supply of raw materials, or manufactured goods (5) The carrying out of the new organization of any industry, like the creation of a monopoly position or the breaking up of a monopoly position.” The new combinations are usually embodied in new productive enterprises which start by utilizing the unemployed working people, the unsold raw materials, the new technologies, and the unused productive capacity. As Mouhammed (2012: 156) points out, “Development consists primarily in employing existing resources in a different way, in doing new things with them, irrespective of whether those resources increase or not.” For the continuation of the process of economic development and innovations, credit and finance are important requirements.

According to the European Commission (2010:13) innovation depends eventually on people. A supply of well-equipped innovative people should be assured through training, life-long learning and the mobility that promotes transfer of knowledge and cross-fertilization. Innovation in environmental technologies is especially important because it determines the capacity to mitigate climate change and other environmental impacts. The work includes a programme on environmental innovation and sectoral systems of innovation. There is a wide range of overlapping policy instruments available to manage the environment and the different instruments have different implications. Environmental innovations are induced by environmental regulation and, all other things being equal, effective and efficient innovation will improve the competitiveness of the organization undertaking them. The immediate objective of environmental regulation is to protect the

environment in the short-term, but it is important to understand what the effects of these different instruments are on innovation and therefore on the technologies and practices available to manage environmental impacts and, eventually, on long-term capacity to respond in the best possible way to create employment.

Innovation assists leaders or managers in procedures of company administration prior to hiring: (i) personality test, (ii) aptitude test, (iii) personality interview, (iv) oral competence test, (v) writing competence test, (vi) IQ test, (vii) group discussion, (viii) camp/outdoor observation, (ix) internship, (x) performance test, (xi) recommendation, and (xii) letter of self-introduction. Performance appraisal can be measured by asking HRM directors to mark which of the following systems their company utilizes for employee performance appraisal: (i) balanced scorecard, (ii) management by objectives, (iii) competence appraisal, and (iv) leadership appraisal. Incentive compensation can be assessed by simply asking HRM directors whether their company offers performance-based incentives (Sung and Choi, 2012:118).

Superior economic performance depends on innovative enterprise - the development and utilization of productive resources to generate higher quality, lower cost goods and services. Government policies to support the achievement of superior economic performance must be based on a theory of how an innovative enterprise evolves, operates and performs. Innovative enterprises in which social conditions (summarized as strategic control, organizational integration, and financial commitment) are central to the development and utilization of productive resources. The need for these social conditions derives from the uncertain, collective and cumulative character of the innovation process (Lazonick 2010b:317).

2.1.4.1 Local economic development agencies

Koma (2013:140) argues that the concept of a development agency is an approach for generating jobs in local communities using local knowledge and mechanisms. It involves strategic planning and research, using available tools and resources, and building partnerships among different spheres of government, the private sector and the non-profit sector. The primary objectives of these agencies are: to promote and develop economic potential on a local and regional basis by building on the unique competitive strengths of each region's economy and assets; to leverage public and private resources for development opportunities; to foster the innovative thinking and entrepreneurial activity which support and drive economic growth; and to manage the spatial organisation of the area in a socially efficient manner and through the use of public land and targeted private projects in particular (Patterson 2008:28). Development agencies have been created as alternative institutions to promote public-private partnerships that will advance the ideals of economic development in an area (Xuza 2007:120).

Local economic development agencies, as municipal entities, are established either in a district or a local municipality. In South Africa, these agencies are a new intervention to counteract the excessive dependence of municipalities on national and provincial economic initiatives that are invariably inconsistent with the needs and aspirations of local communities and often appear locally irrelevant. Local economic development agencies are set to respond to socio-economic challenges, growing concern over economic growth and development, poverty and the poor performance of municipal sector departments in economic development. Their economic development mandate is founded on the premise that traditional municipal structures cannot optimally respond to the socio-economic challenges in local communities (Malefane, and Khalo 2010:138).

2.2 Benefits of Local Economic Development

Local economic development requires collaboration among sectors and institutions, individuals and organizations. Success is possible when collaboration is effective, accountable and coordinated (Habitat 111 issue paper 12, 2015:2). It requires a positive and predictable context in which to do business, where conditions related to policy, institutions, regulations, infrastructure and culture lay the foundations for markets to work (Behrens, Duranton and Robert-Nicoud, 2014:502). LED is important to promote a sustainable and inclusive urban economy and consequently to improve the quality of life in cities, as well as rural areas, and address inequalities between rich and poor and also gender inequalities. LED is also important to make cities more resilient and ready to address crises. During crises, connection to regional, national and the global economies are particularly difficult (Rogerson, 2010:122).

A comprehensive LED strategy requires a portfolio of instruments that include:

- Tools for planning and land management, development rights, investments in human capital and innovation. Examples include supporting a business-enabling environment through policy and regulatory reform and effective public investment. Integrating training and education into LED activities (Rogerson, 2010:113).
- Support for emerging industries and entrepreneurs through job training tools, to create a skilled labour force, advice and support services for potential entrepreneurs for example, incubators, one-stop business service centres and extension services to help businesses modernize and export (Meyer and June 2014:10)
- Tools to support youth employment creation, linking programmes specifically designed to match the needs of local industry and connect students with potential employers (World Bank, 2008a:118)

- Tools on how financing, including microfinance, and other types of investment can be targeted to achieve larger objectives (Cohé, 2010:114).
- Identifying the best instruments to enhance efficiency while ensuring equity and minimizing costs is a key input to LED. (Wekwete, 2014:11).

Although short term results are important to build momentum, the ultimate goal of the LED approach is to create a territorially-based development project that is sustainable in the long run (Rogerson, 2009). While national or regional government, international organization, or NGOs, are capable of contributing to the economic, environmental and socio-cultural capacity of LED, the time of funding may be fixed, and for a short period of time. The local leaders will need to find alternative ways to finance the effort after the original source of funding runs out (Rogerson, 2009). To attain sustainable LED, increasing local economic potential and sustainable employment through giving local governments the tools to devise locally customized strategies in cooperation with private sector, community, NGOs and international stakeholders must be involved as main actors of LED (ILO, 2010). Sustainability is not just about keeping the LED process going, but also about creating sustainable outcomes in the economic development of the community (Rodriguez-Pose and Tijmstra 2009). In order to reach the goals of sustainable development and good work opportunities for all, collective action of Public, private, community and NGOs is needed at the local level. By balancing economic, social, and environmental needs, successful LED projects can help to create green and decent job opportunities that may bear fruits for generations to come. Currently, to access funds for LED, municipalities can either employ funds generated locally to implement municipal-led activities, such as through the levying of rates and taxes, or funding can be derived from higher tiers of government. LED has no secure funding sources and often relies on charitable donation and public grants where available. The role of private sector, community, local and international NGOs and donors is of great importance in accessing and making available funds for local development projects (Patterson, 2008).

2.3 Barriers to employment

A key barrier to labour market integration for some is a lack of appropriate skills. The OECD Survey of Adult Skills found that those with low literacy skills are twice as likely to be unemployed (OECD, 2013c), while also being more likely to report poor health, poor participation in political activities and low levels of trust of other people. In some countries, such as England/Northern Ireland, Germany, Italy, Poland and the United States, social background has a particular impact on literacy rates; the children of parents with low levels of education have significant lower proficiency than those whose parents have higher levels of education, even after taking other factors into account. Furthermore the survey found that higher levels of inequality in literacy and numeracy skills are associated with greater inequality in the distribution of income. In countries where educational disadvantage appears to pass from generation to generation, early-years education can be an important tool for helping children break out of the cycle of a low level of investment in skills – carrying out preventative action at this stage in the lifecycle can be more cost-effective than attempting to effect a “cure” later on, when young people are already disengaged from the educational system (Patterson, 2008).

Local outreach can be an important way of ensuring that the most disadvantaged communities benefit from this type of investment. Low-skilled adults are generally less likely to access training later in life compared with those with higher skills, including training provided by employers (OECD 2013c). Local outreach services to help people to access education and training programmes can again be important. Actions to raise people’s skills while they are already in employment can also help low-skilled workers to break out of the “labour market churn”, and increase their attachment to the labour market. An initiative from the United Kingdom (called Union Learn) has delivered training in a number of settings, building and enhancing skills for those who are both in, and out of, employment.

Private-sector apathy towards local government-led LED has been further enhanced by its experience of local government bureaucracy, red tape and unproductive ‘talk shops’

where much is promised but little of benefit to the private sector is actually produced (Lawrence and Hadingham 2008: 44). The inherent tensions between public and private sectors are compounded by the need to transcend the apartheid legacy of a mainly white-owned and controlled private sector and predominantly black public sector. The core problem is a need to construct "the necessary 'soft factors' of cooperation, trust and social capital" which internationally are considered as essential for effective cooperation between state and non-state actors (Ruecker and Trah 2007: 47).

2.4 Conclusion

The theories of LED confirms that a conducive environment would assist in creating employment. There are strategies, benefits and barriers involved in creation of employment. The next chapter relates the methodology that has been used in this study to achieve objectives set for this study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on clarifying the methodology employed in the study and to reflect the research questions by providing a thorough explanation of research methodology and research design, the target population of the study, the research sample size, the sampling technique employed and data collection methods. Data analysis procedures and technique are also explained.

3.2 Research Methodology and design

3.2.1 Research Methodology

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically (Frederick and Lori, 2011:190). Researchers not only need to know how to develop certain indices or tests, how to calculate the mean, the mode, the median or the standard deviation or chi-square, how to apply particular research techniques, but they also need to know which of these methods or techniques are relevant for the study (Frederick and Lori, 2011:190).

Both qualitative and quantitative research approaches were employed, and the major issues analysed are:

- To describe the role of local economic development partnership in creating employment in Maquassi Local Municipality.
- To identify the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality.

- To explore various systems of governance contributing to or impeding the efforts to expedite economic development in Maquassi Local Municipality.
- To identify critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality.

Quantitative and qualitative methods were employed to analyse the extent to which LED creates sustainable employment. In determining this, officials were asked to indicate the most important role played by Maquassi Local Municipality.

The questionnaire is divided into three sections. The questionnaire is presented in a Likert - type scale with Strongly Disagree forming one end of the continuum and Strongly Agree the other end. According to Maree (2008:167), the Likert scale is the most widely used scale in research and is convenient when the researcher wants to measure a construct.

3.2.2 Research design

The approach of the design used was a survey research which comprises a cross sectional design. Data was collected predominately by use of a research instrument of a self-administered questionnaire at a single point in time in order to collect a body of quantitative data.

Four (4) questions were prepared to use for the purpose of qualitative analysis in addition to the questionnaire used in the department, administered by the researcher.

3.2.3 Study Population and Sample Size

Twenty (20) staff members were sampled from each section. Twenty (20) from Finance; and Corporate; twenty (20) from Engineering; twenty (20) from Community services; and twenty (20) from LED. The total number of respondents included in the sample will be $n=100$. (N = population; n = sample) Respondents will be selected using the random selection method backed up by a participative criterion. De Vos et al. (2010:196) state

that the larger the population, the smaller the percentage of the population needed as a sample. In this case the total of 45% of the population is suggested.

3.2.4 Data Collection

A questionnaire (as presented in appendix A) was developed for the Maquassi Local Municipality in the North West Province and administered by the researcher. Kumar (2014:178) defines a questionnaire as a written list of questions, which are supposed to be answered by the respondent being researched. It is recommended that questions should be structured in a simple and easy way for respondent to understand as the researcher would normally not be around to explain or assist in completing it.

3.2.5 Data Analysis

Data analysis is the process of identifying the main themes that come from descriptions given by respondents in answer to questions. Kumar (2014: 297) states that once the main themes are identified, they can be dealt with in one of the following ways:

- i. Examine verbatim responses and integrate them into the text of the report to either support or contradict your argument.
- ii. Assign a code to each theme and count how frequently each has occurred, or
- iii. Combine both methods to communicate the findings.

However prior to all these, the raw data that was collected required some kind of processing to ensure that it is free from inconsistencies and incompleteness, and this is called editing, as explained by Kumar (2014:296). The editing addressed challenges such as respondents 'wrongly classifying response' or 'writing only half a response' or writing illegibly. After editing, the data was then coded. The quantitative information had to go through a process that is primarily aimed at transforming the information into numerical values, called codes, which makes it easy for analyses, either manually or by computer.

All these editing, coding and analysis are steps that can be started and completed on a computer using various software that are available, including statistical packages for social sciences or SAS or E-view and many others as might be applicable to the study. The data analysis was done using Statistical Package for Social Sciences (SPSS). The independence of variables was tested using an inferential statistical technique called chi-square test. In addition a descriptive statistics technique was also used to design frequency tables and graphs.

3.2.6 Chapter Summary

The aim and objective of a research design is to ensure that the evidence obtained enables the researcher to answer the initial questions as unambiguously as possible. Having been provided with a theory the researcher needs to establish the evidence to test the theory in a convincing way. In research design the issue of sampling method of data collection using questionnaire document analysis, data analysis are all subsidiary evidence to what needs to be established at the logical conclusion of the entire research study. The chapter ended with the eliminations of bias and ethical considerations. The next chapter presents the results, discussion and interpretation of findings of the study.

CHAPTER 4: RESULTS AND DISCUSSION

4.1 Introduction

The chapter highlights the results obtained by a questionnaire administered to employees of the Maquassi Local Municipality, in the North West Province. The results from the questionnaire is organised and analysed in the order of the research objectives presented earlier in chapter one. The questionnaire was divided into the following three sections namely; Section A, B, and C.

4.2 Section A: Demographic Information

Demographic section consists of response rate and demographic analysis. Demographic analysis is further subdivided into gender, age group, job status, highest qualification, number of years employed at the organisation and sections employees are working in.

4.2.1 Response rate

A total number of 100 questionnaires were distributed to the respondents at the Maquassi Local Municipality, in the North West Province. Out of the total of 100 questionnaires distributed, 62 were completed and returned, which is a 62% response rate by employees of the Maquassi Local Municipality.

4.2.2 Demographic information

This section is depicting the personal data of the respondents.

Figure 4.1 illustrates the gender of respondents from the Maquassi Local Municipality.

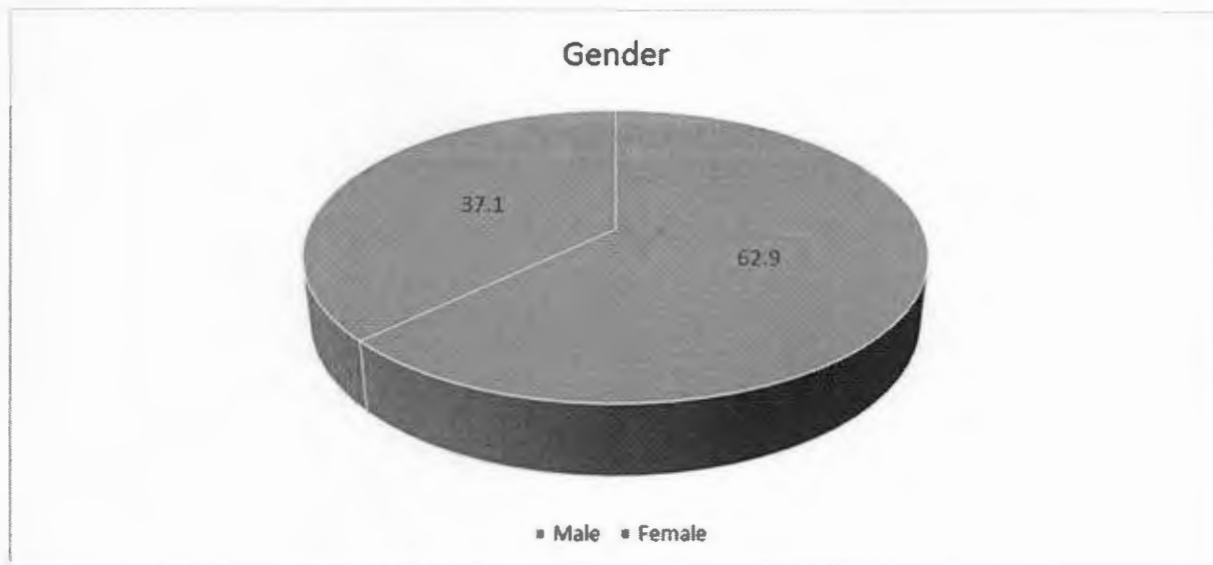


Figure 4.1 Gender distribution of respondents

Figure 4.1 depicts that of the respondents, 62.9% were males and 37.1% were females. This implies that the Maquassi Local Municipality is male dominated because of the types of jobs involved, which implies that there is lack of gender equality in the organisation. This is supported by Stats SA (2015) report on gender equality which states that a third of officials holding municipal management posts in 2015 were women (3 612 of 11 014 posts): that calculates to 33%. This implies that there is a clear gender disparity in the municipalities across South Africa. Women were less represented in directorship posts in all provinces compared with lower management, with the exception of Free State (Statistics South Africa, 2015).

Figure 4.2 illustrates the age groups of the respondents from the Maquassi Local Municipality.

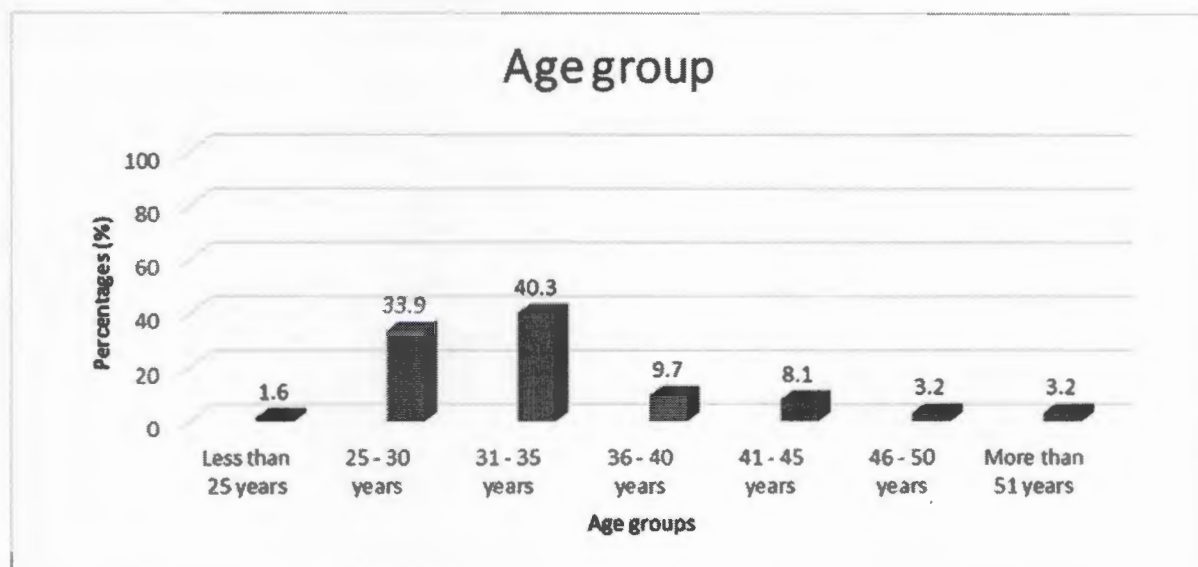
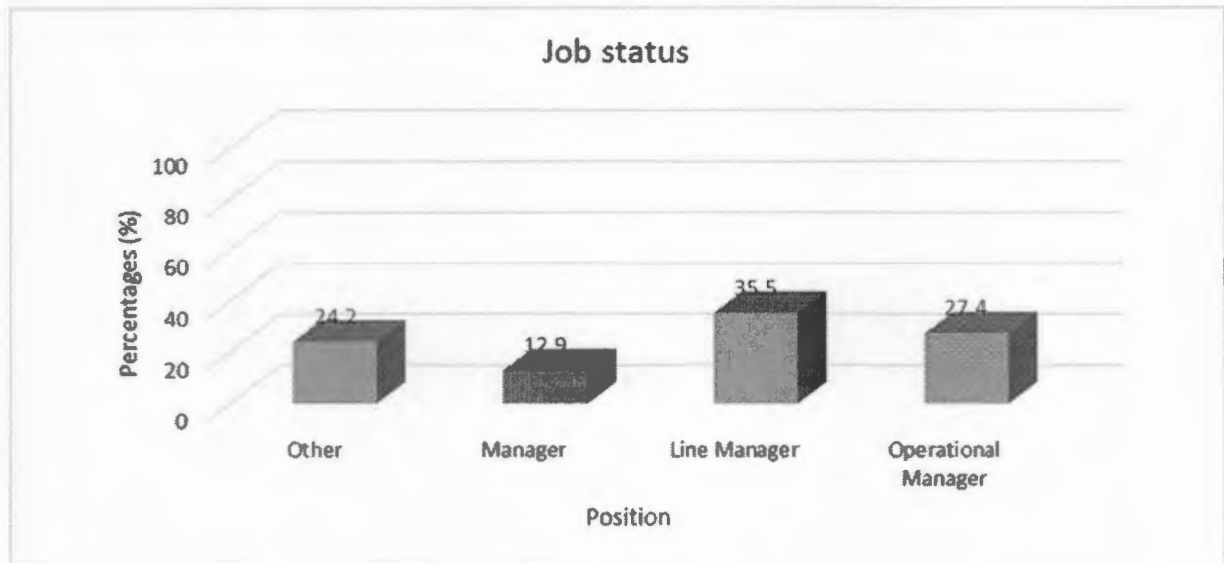


Figure 4.2 Age groups of respondents

Figure 4.2 shows that the majority of respondents were in the age groups of 31 – 35 years with 40.3% and 25 – 30 years old with 33.9%; the minority were in the 46 -50 years and more than 51 years with 3.2% each respectively and the least were in the less than 25 years age group. This implies that most of the employees at the Maquassi Local Municipality are relatively still young, which means the municipality can sustain itself through proper employee development; this can enhance the municipality's growth and sustain its service delivery objectives.

Figure 4.3 highlights the job status of the respondents from the Maquassi Local Municipality.



4.3 Job status of employees at the Maquassi Local Municipality

As shown in figure 4.3, the majority of the respondents are Line Managers with 35.5%, 27.4% of the respondents are Operational Managers and the minority (12.9%) are Managers. Moreover it is imperative to highlight that 24.2% of the respondents were in positions other than management.

Figure 4.4 highlights the highest qualifications of the respondents from the Maquassi Local Municipality.

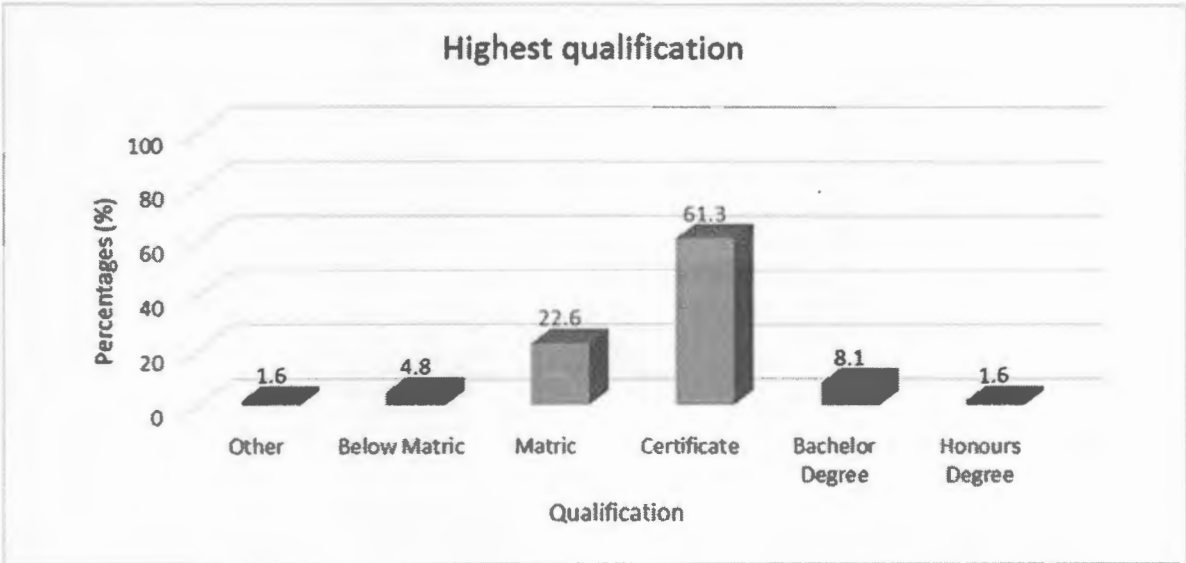


Figure 4.4 Highest qualifications of employees at Maquassi Local Municipality

As Illustrated from Fig 4.4, the majority of the respondents in the municipality are graduates from tertiary institutions and vocational colleges (TVET). From the 62 responses received, 61.3% are respondents holding Certificates; 22.6% have Matric and the minority, which is 1.6%, have either other qualifications such as diplomas and Honours Degrees respectively. This implies that the majority of the respondents are educated, but there is a need for proper tertiary qualification in order for the municipality to grow and create more job opportunities whilst sustaining adequate service delivery to communities.

Figure 4.5 highlights the number of years the respondents have worked at the Maquassi Local Municipality.

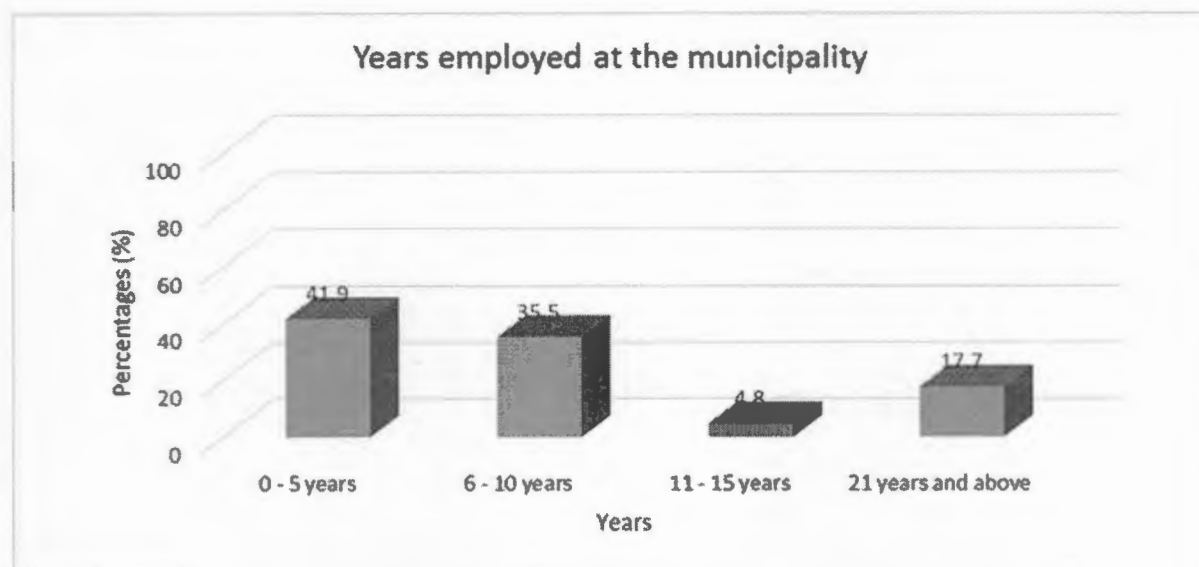
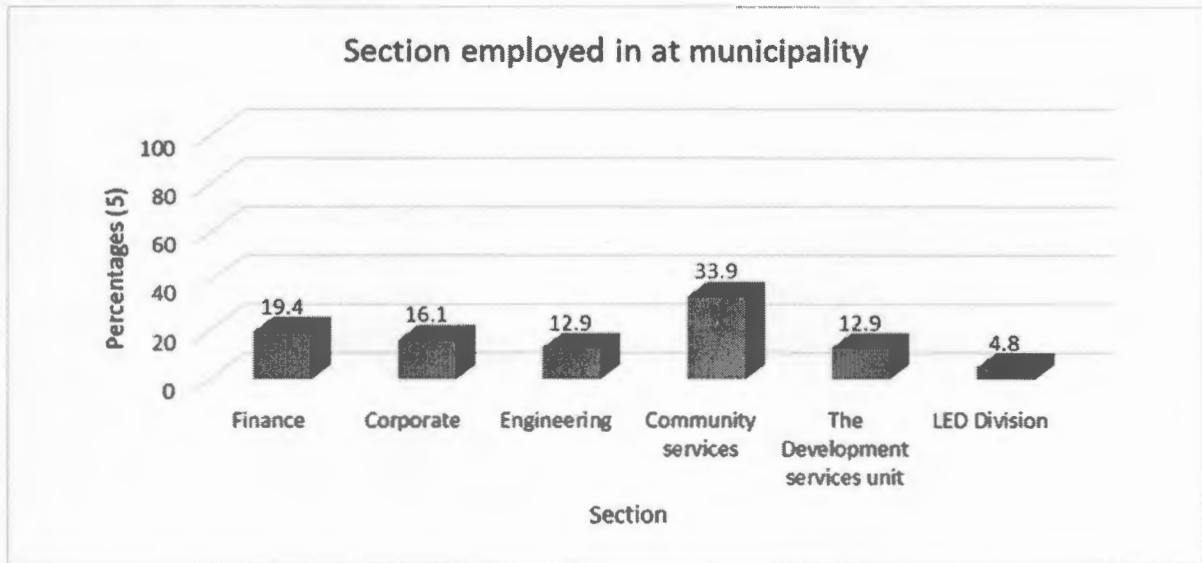


Figure 4.5 Number of years employed at Maquassi Local Municipality

Figure 4.5 reflects that the majority of the respondents (41.9%) have worked at the municipality between 0 – 5 years, some 35.5% of the respondents worked in the municipality between 6 – 10 years and the least number of respondents (4.8%) worked at the municipality between 11 – 15 years. This implies that the majority of employees have less experience in municipal processes and procedures, which might hinder the municipality in creating adequate employment and sustain service delivery objectives to the community.

Figure 4.6 highlights the sections employees are working in at Maquassi Local Municipality



4.6 Sections respondents are working in at the Maquassi Local Municipality

Figure 4.6 reflects that the majority of the respondents (33.9%) work in the Community Development Services, some 19.4% of the municipal respondents work in Finance and the minority of the respondents with 4.8% are from the LED Division.

4.3 Section B: Role of local economic development partnerships in creating employment in Maquassi Local Municipality.

This section mainly analyses the role of local economic development partnerships in creating employment in Maquassi Local Municipality.

Table 4.1 this table summarises the role of local economic development partnerships in creating employment in Maquassi Local Municipality (n=62).

STATEMENTS	STRONGLY	AGREE	UNCERTAIN	DISAGREE	STRONGLY
	AGREE				DISAGREE
	1	2	3	4	5
Attracting new investments through place marketing	(15) 24.2%	(15) 24.2%	(16) 25.8%	(10) 16.1%	(6) 9.7%
Through proactive planning	(9) 14.5%	(18) 29.0%	(23) 37.1%	(9) 14.5%	(3) 4.8%
Rezoned for new development	(12) 19.4%	(23) 37.1%	(14) 22.6%	(8) 12.9%	(5) 8.1%
Growing of existing business	(16) 25.8%	(27) 43.5%	(11) 17.7%	(5) 8.1%	(3) 4.8%
Support to small, medium and micro enterprises	(20) 32.3%	(23) 37.1%	(12) 19.4%	(3) 4.8%	(4) 6.5%
Fostering new innovation,	(15) 24.2%	(17) 27.4%	(22) 35.5%	(7) 11.3%	(1) 1.6%
Promoting start-ups,	(17) 27.4%	(20) 32.3%	(17) 27.4%	(7) 11.3%	(1) 1.6%
Coordination infrastructure investments	(13) 21.0%	(13) 21.0%	(20) 32.3%	(10) 16.1%	(6) 9.7%
Attract foreign and local investment	(16) 25.8%	(8) 12.9%	(26) 41.9%	(7) 11.3%	(5) 8.1%
To create the wealth of a nation	(18) 29.0%	(17) 27.4%	(15) 24.2%	(8) 12.9%	(4) 6.5%
Jobs are created by the private sector	(16) 25.8%	(17) 27.4%	(10) 16.1%	(11) 17.7%	(8) 12.9%

Table 4.1 presents the responses to the statements relating to the role of local economic development partnerships in creating employment in Maquassi Local Municipality. The respondents were requested to respond to eleven statements. They were asked to rate each item on a scale of 1 to 5 (1 = strongly agree; 2 = agree; 3 = uncertain, 4 = disagree and 5 = strongly disagree).

The study also investigated the role of local economic development partnerships in creating employment in Maquassi Local Municipality. Out of 62 responses received, 69.4% of the respondents agreed that support to small, medium and micro enterprises can play a vital role in employment creation in Maquassi Local Municipality; 69.3% of the respondents indicated that growing of existing businesses will enhance employment creation in Maquassi Local Municipality; 59.7% of the respondents highlighted that promotion of start-up businesses will encourage employment creation; 56.5% of the respondents indicated that rezoning for new development will be key to employment creation in Maquassi Local Municipality.

Some 41.9% of the respondents highlighted that they were uncertain whether attracting foreign and local investment will encourage employment creation in Maquassi Local Municipality; 37.1% of the respondents were not clear whether proactive planning will boost employment creation; 35.5% of the respondents were not sure whether fostering new innovation will be vital to employment creation.

A total of 30.6% of the respondents indicated that jobs are not created by the private sector; 25.8% of the respondents disagreed that attracting new investments through place marketing and coordination of infrastructure investments will not boost employment creation in Maquassi Local Municipality; 21.0% of the respondents disagreed that rezoning for new development will not enhance the creation of employment in Maquassi Local Municipality.

Tables 4.2. What is the role of economic development in encouraging local enterprise development in Maquassi Local Municipality? (n=62)

STATEMENTS	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	STRONGLY DISAGREE
	1	2	3	4	5
Re-engineer the rural economies to make them more productive	(13) 21.0%	(23) 37.1%	(17) 27.4%	(5) 8.1%	(4) 6.5%
Responding to new opportunities	(17) 27.4%	(21) 33.9%	(15) 24.2%	(7) 11.3%	(2) 3.2%
Enable the possibility to deal with many serious problems of poverty,	(15) 24.2%	(15) 24.2%	(21) 33.9%	(7) 11.3%	(4) 6.5%
Homelessness and lack of basic amenities	(11) 17.7%	(20) 32.3%	(19) 30.6%	(9) 14.5%	(3) 6.5%
Build relationships with existing businesses	(14) 22.6%	(31) 50.0%	(11) 17.7%	(4) 6.5%	(2) 3.2%
Provide support for local business	(18) 29.0%	(20) 32.3%	(15) 24.2%	(7) 11.3%	(2) 3.2%
Addresses urgent business concerns and issues	(12) 19.4%	(20) 32.3%	(22) 35.5%	(7) 11.3%	(1) 1.6%
Coping with uncertainties of business	(7) 11.3%	(23) 37.1%	(20) 32.3%	(9) 14.5%	(3) 4.8%
New source of supply of raw materials, or manufactured goods	(6) 9.7%	(15) 24.2%	(23) 37.1%	(9) 14.5%	(9) 14.5%
The introduction of a new method of production	(7) 11.3%	(23) 37.1%	(22) 35.5%	(6) 9.7%	(4) 6.5%
The opening of a new market	(17) 27.4%	(16) 25.8%	(16) 25.8%	(11) 17.7%	(2) 3.2%
Creation of a monopoly	(11) 17.7%	(12) 19.4%	(20) 32.3%	(11) 17.7%	(8) 12.9%

Table 4.2 presents the responses to the statements relating to the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality. The respondents were requested to respond to twelve statements. They

were asked to rate each item on a scale of 1 to 5 (1 = strongly agree; 2 = agree; 3 = uncertain, 4 = disagree and 5 = strongly disagree).

The study also investigated the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality. Out of 62 responses received, 72.6% of the respondents indicated that building relationships with existing businesses would encourage the development of local enterprises; 61.3% of the respondents highlighted that responding to new opportunities and providing support for local businesses would encourage the development of local enterprises; 58.1% of the respondents indicated that re-engineering the rural economies to make them more productive was key for LED to encourage local enterprise development; 53.2% of the respondents were in consensus that the opening of new markets will enable LED to encourage the development of local enterprises.

Some 37.1% of the respondents highlighted that they were uncertain whether new sources of supply of raw materials or manufactured goods would play any role in allowing LED to encourage the development of local enterprises in Maquassi Local Municipality; 35.5% of the respondents were not clear whether addressing urgent business concerns and issues, as well as introduction of a new method of production will enable LED to play a role in encouraging Local Enterprise Development in Maquassi Local Municipality; 33.9% of the respondents were not sure whether enabling the possibility to deal with many serious problems of poverty will allow LED to play a key role in encouraging local enterprise development.

A total of 30.6% of the respondents disagreed that creation of a monopoly will enable LED to play a key role in local enterprise development in Maquassi Local Municipality; 29.0% of the respondents indicated that it is impossible for new sources of supply of raw materials or manufactured goods to enable LED to encourage local enterprise development in Maquassi Local Municipality; 20.9% of the respondents disagreed that opening of new markets cannot ensure that LED encourages local enterprise development in Maquassi Local Municipality.

Tables 4.3. How are various systems of governance contributing the efforts to expedite its economic development in Maquassi Local Municipality? (n=62)

STATEMENTS	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	STRONGLY DISAGREE
	1	2	3	4	5
By the introduction of new good or of a new quality of a good	(8) 12.9%	(29) 46.8%	(18) 29.0%	(4) 6.5%	(3) 4.8%
The introduction of a new method of production	(10) 16.1%	(29) 46.8%	(18) 29.0%	(5) 8.1%	(0) 0.0%
The opening of a new market	(13) 21.0%	(23) 37.1%	(17) 27.4%	(8) 12.9%	(1) 1.6%
The conquest of a new source of supply of raw materials, or manufactured goods	(13) 21.0%	(15) 24.2%	(20) 32.3%	(14) 22.6%	(0) 0.0%
Building partnerships among different spheres of government	(24) 38.7%	(20) 32.3%	(9) 14.5%	(4) 6.5%	(1) 1.6%
Support to emerging industries and entrepreneurs through job training tools,	(24) 38.7%	(24) 38.7%	(9) 14.5%	(4) 6.5%	(0) 0.0%
To create a skilled labour force	(22) 35.5%	(28) 45.2%	(8) 12.9%	(4) 6.5%	(0) 0.0%
Tools to support youth employment creation, linking programmes	(24) 38.7%	(22) 35.5%	(8) 12.9%	(3) 4.8%	(5) 8.1%

Table 4.3 presents the responses to the statements relating to how various systems of governance contribute to the efforts to expedite its economic development in Maquassi Local Municipality. The respondents were requested to respond to eight statements. They were asked to rate each item on a scale of 1 to 5 (1 = strongly agree; 2 = agree; 3 = uncertain, 4 = disagree and 5 = strongly disagree).

The study also investigates how are the various systems of governance contributing to the efforts to expedite economic development in Maquassi Local Municipality. Out of the 62 responses received, 80.7% of the respondents agreed that creating a skilled labour

force as a system of governance will contribute to the efforts in expediting economic development in Maquassi Local Municipality; 77.4% of the respondents indicated that supporting the emerging industries and entrepreneurs through job training tools as other governance systems can expedite the efforts to contribute to economic development in Maquassi Local Municipality; 74.2% of the respondents highlighted that tools to support youth employment creation, linking programmes can contribute to the efforts to expedite economic development in Maquassi Local Municipality.

Some 32.3% of the respondents highlighted that they were uncertain whether the conquest of new source of supply of raw materials or manufactured goods as a governance system contributes efforts to expedite economic development in Maquassi Local Municipality; 29.0% of the respondents were not clear whether the introduction of a new good or of a new quality of a good as a governance system can contribute efforts to expedite economic development in Maquassi Local Municipality.

A total of 22.6% of the respondents disagreed that the conquest of a new source of supply of raw materials or manufactured goods as a governance system contributes efforts to expedite economic development in Maquassi Local Municipality; 14.5% of the respondents indicated that opening of new markets cannot contribute to efforts to expedite economic development in Maquassi Local Municipality.

Tables 4.4 How are various systems of governance impeding or blocking the efforts to expedite economic development in Maquassi Local Municipality? (n=62)

STATEMENTS	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	STRONGLY DISAGREE
	1	2	3	4	5
Lack of appropriate skills	(27) 43.5%	(18) 29.0%	(7) 11.3%	(8) 12.9%	(2) 3.2%
Poor participation in political activities	(19) 30.6%	(21) 33.9%	(12) 19.4%	(4) 6.5%	(6) 9.7%
Low levels of trust of other people.	(23) 37.1%	(23) 37.1%	(10) 16.1	(5) 8.1%	(1) 1.6%
The children of parents with low levels of education	(21) 33.9%	(26) 41.9%	(10) 16.1%	(4) 6.5%	(1) 1.6%
Red tape and unproductive 'talk shops'	(20) 32.3%	(19) 30.6%	(16) 25.8%	(6) 9.7%	(1) 1.6%
Improved living standards as a result of earnings and income	(18) 29.0%	(27) 43.5%	(12) 19.4%	(5) 8.1%	(0) 0.0%

Table 4.4 presents the responses to the statements relating how various systems of governance are impeding or blocking the efforts to expedite economic development in Maquassi Local Municipality. The respondents were requested to respond to six statements. They were asked to rate each item on a scale of 1 to 5 (1 = strongly agree; 2 = agree; 3 = uncertain, 4 = disagree and 5 = strongly disagree).

Out of the 62 responses received, 75.8% of the respondents agreed that the children of parents with low levels of education is impeding or blocking the efforts to expedite economic development in Maquassi Local Municipality; 74.2% of the respondents indicated that the low levels of trust of other people is a hindrance to the efforts of expediting economic development in Maquassi Local Municipality; 72.5% of the respondents highlighted that lack of appropriate skills and improved living standards as a result of earnings and income can be an impediment or block the efforts to expedite economic development in Maquassi Local Municipality.

Some 25.8% of the respondents were uncertain whether red tape and unproductive talk shops can impede or block efforts to expedite economic development in Maquassi Local Municipality; 19.4% wondered whether poor participation in political activities and improved living standards as a result of earning and income as an impediment or blockage to efforts to expedite economic development in Maquassi Local Municipality.

A total of 16.2% of the respondents disagreed that poor participation in political activities can impede the efforts to expedite economic development in Maquassi Local Municipality; 16.1% of the respondents clearly did not think that lack of appropriate skills can be a hindering factor to efforts of expediting economic development in Maquassi Local Municipality.

Tables 4.5 What are critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality? (n=62)

STATEMENTS	STRONGLY	AGREE	UNCERTAIN	DISAGREE	STRONGLY
	AGREE				DISAGREE
	1	2	3	4	5
Through the use of public land	(28) 46.7%	(26) 43.3%	(4) 6.7%	(2) 3.3%	(0) 0%
Private projects	(21) 35.0%	(36) 60.0%	(2) 3.3%	(1) 1.7%	(4) 6.7%
Local economic development agencies,	(18) 30.0%	(34) 56.7%	(8) 13.3%	(0) 0%	(0) 0%
Municipal entities	(28) 46.7%	(26) 43.3%	(4) 6.7%	(2) 3.3%	(0) 0%
Effective cooperation between state and non-state actors	(16) 26.6%	(36) 60.0%	(4) 6.7%	(4) 6.7%	(0) 0%
Social cohesion through the creation of social identity,	(19) 31.7%	(38) 63.3%	(3) 5.0%	(0) 0%	(0) 0%
Restructuring and technological transformation					
Government policies to support the achievement of superior economic					
Networks with three spheres of government.					

Table 4.5 presents the responses to the statements relating to critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality. The respondents were requested to respond to nine statements. They were asked to rate each item on a scale of 1 to 5 (1 = strongly agree; 2 = agree; 3 = uncertain, 4 = disagree and 5 = strongly disagree).

Out of the 62 responses received, 70.9% of the respondents agreed that government policies to support the achievement of superior economic is one of the critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality. 66.2% of the respondents indicated that the use of public land can be a critical support factor towards the successful implementation of LED initiatives in the municipality; 66.1% of the respondents highlighted that local economic development agencies are key factors required towards successful implementation of LED initiatives; 64.5% of the respondents agreed that continuous networking with the other spheres of government is critical to the successful implementation of LED initiatives in Maquassi Local Municipality.

Some 35.5% of the respondents were uncertain whether effective cooperation between state and non-state actors was a critical factor for the successful implementation of the LED initiatives in Maquassi Local Municipality; 33.9% wondered whether private projects were critical to successful implementation of LED initiatives in Maquassi Local Municipality and a total of 27.4% of the respondents were not sure whether restructuring and technological transformation are critical factors towards successful implementation of LED initiative in Maquassi Local Municipality.

A total of 19.3% of the respondents disagreed that social cohesion through the creation of social identity is not critical towards successful implementation of LED initiatives in Maquassi Local Municipalities; 17.7% of the respondents clearly did not think that restructuring and technological transformation are key to successful implementation of LED initiatives in Maquassi Local Municipality.

4.4 Section C: this section allows respondents to highlight their understanding of local economic development, whether they have adequate technological skills to assist LED in creating jobs, whether LED has a potential to create jobs, does LED recognise rural community over urban community in creating employment.

4.4.1 Understanding of Local Economic Development

Most of the respondents indicated that Local Economic Development can be understood as the strengthening the local economy, through creation of jobs and promotion of new enterprises, in turn leading to economic freedom of communities in Maquassi Local Municipality. Moreover, LED is seen as one of the ways of alleviating poverty, as it is aimed at encouraging job creation, enhancing local economy development and accelerating business and factory development to develop the local municipality. Furthermore, respondents indicated that it is a government function, whose sole role is to enhance the municipality, local businesses and community working together in enabling sustainable economic development in the municipal area. One of the respondents indicated that LED is imperative as it is seen as the power to develop SMMEs by municipalities. Most importantly, respondents indicated that LED has to ability to empower local youth to develop their own businesses. However, there were respondents who highlighted that they did not have a clue what LED meant, what its role was to Maquassi Local Municipality in developing the community and the municipality.

4.4.2 Technological skills

The majority of the respondents highlighted that they do not have the relevant skills to assist Maquassi Local Municipality in implementing the LED programme and also help to promote economic development, poverty alleviation and sustainability. Most of the respondents indicated that there was nothing happening at the municipality in relation to LED, hence there were no proper skills in the municipality. Moreover, the majority indicated that there was lack of understanding in the municipality with regard to LED.

Most of the respondents in the LED division highlighted that they lack practical skills and knowledge of LED and the municipality does not have any training mechanisms in place to create the necessary skills needed by the employees of the municipality. The majority have completely different skills, which frustrates them in achieving proper economic development in the municipality. Only a few indicated that they have the necessary skills; in the process they highlighted that the municipality needs to invest in the creation of the necessary skills in order to develop the community.

4.4.3 Potential of LED in job creation

The majority of the respondents indicated that LED in Maquassi Local Municipality has the potential to create jobs and alleviate poverty. Moreover, the government policies should be drafted in such a way that encourage economic development, which in turn will boost job creation. The municipal strategies and planning should be carried out in such a way that creates opportunities for practical solutions to economic development and job creation, but this can only be achieved through the concerted efforts of the provincial government to complement the municipality in its endeavours for LED implementation. However, this potential can only be realised through collaboration between municipality and the private sector, by offering on-the-job training to ensure that there will be sustainable jobs in the future. Lastly to ensure that when there are tender contracts, the majority of the people taking part are local people; this will also ensure that there are more jobs created even though they will be temporary. However, there were some who indicated that LED has no potential of creating jobs in Maquassi Local Municipality, because nothing was taking place in the municipality.

4.4.4 LED's recognition of rural community over urban community in creating employment

The majority highlighted that there is more LED visibility in rural areas, because most of the initiatives are carried out in rural areas, even though poverty and lack of job creation is the order of the day. Furthermore, there are more raw materials in rural areas, hence

it is imperative for the municipality to ensure that there is more recognition of rural areas through LED. The municipality's development initiatives are carried out in rural areas to offset the disparities of the past; LED projects such as piggery, poultry are implemented in rural areas only.

The minority of the respondents indicated that LED recognises urban areas over rural areas in terms of development because most of the work and projects are carried out in urban areas. Local Economic Development is more visible in the urban community because that is where there are more industries and businesses, whereas in rural areas there is nothing taking place, as the mandate of the Maquassi Local Municipality is to enhance development in urban areas. Furthermore, as a result of invisibility in recognition of urban over rural, there are no jobs created in rural areas.

4.5 Reliability, validity and trustworthiness

The validity and reliability of the variables were assessed using Cronbach's alpha coefficient. The results of the reliability testing highlights that the instrument utilised and the questions were reliable, valid and trustworthy. Cronbach's alpha coefficient, at .943, is a good measure of the internal consistency.

4.6 CONCLUSION

The chapter presented the findings on the demographics of the respondents, as well as key analyses looking at the role of local economic development partnerships in creating employment, the role of economic development in encouraging local enterprise development in Maquassi Local Municipality, various systems of governance which can contribute to the efforts to expedite economic development, how the various systems of governance impede or block efforts of expediting economic development and lastly the critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality.

The respondents were in consensus that support to small, medium and micro enterprises, as well as growing existing businesses, can play a vital role in job creation in Maquassi Local Municipality. Furthermore, the respondents indicated that building relationships with existing businesses and responding to new opportunities would encourage the development of local enterprises in Maquassi Local Municipality. The respondents further indicated that Local Economic Development can be understood as the strengthening the local economy, through creation of jobs and promotion of new enterprises, in turn leading to economic freedom of communities in Maquassi Local Municipality.

Chapter 5 will focus on summary, findings, recommendations and conclusion to the study.

CHAPTER 5: SUMMARY, FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Summary

Local Economic Development (LED) is an outcome-based local initiative, and driven by local stakeholders. It involves identifying and using primary local resources, ideas and skills to stimulate economic growth and development. LED is an ongoing process, rather than a single project or a series of steps to follow. LED encompasses all stakeholders in a local community, involved in a number of different initiatives aimed at addressing a variety of socio-economic needs of that community. Local Economic Development initiatives always take place in the context of the regional national and global economies. There are no physical boundaries to LED hence these larger changes impact on local economies in different ways. It is therefore important to design LED initiatives in such a way which assists the local area to respond to the context creatively for employment.

5.2 FINDINGS

5.2.1 Major findings of the study

The findings were based on the objectives of the study:

- To describe the role of local economic development partnership in creating employment in Maquassi Local Municipality.
- To identify the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality.
- To explore various systems of governance contributing to or impeding the efforts to expedite economic development in Maquassi Local Municipality.
- To identify critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality.

The first objective was to investigate the role of local economic development partnerships in creating employment in Maquassi Local Municipality. Out of 62 responses received, 69.4% of the respondents agreed that support to small, medium and micro enterprises can play a vital role in employment creation in Maquassi Local Municipality; 69.3% of the respondents indicated that growing of existing business will enhance employment creation in Maquassi Local Municipality; 59.7% of the respondents highlighted that promotion of start-up businesses will encourage employment creation; 56.5% of the respondents indicated that rezoning for new development will be key to employment creation in Maquassi Local Municipality.

The second objective was to investigate the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality. Out of 62 responses received, 72.6% of the respondents indicated that building relationships with existing businesses would encourage the development of local enterprises; 61.3% of the respondents highlighted that responding to new opportunities and providing support for local businesses would encourage the development of local enterprises; 58.1% of the respondents indicated that re-engineering the rural economies to make them more productive was key for LED to encourage local enterprise development; 53.2% of the respondents were in consensus that the opening of new markets will enable LED to encourage the development of local enterprises.

The third objective was to investigate various systems of governance contributing to or impeding the efforts to expedite its economic development in Maquassi Local Municipality. Out of the 62 responses received, 80.7% of the respondents agreed that creating a skilled labour force as a system of governance will contribute to the efforts in expediting economic development in Maquassi Local Municipality; 77.4% of the respondents indicated that supporting the emerging industries and entrepreneurs through job training tools as another governance system can expedite the efforts to contribute to economic development in Maquassi Local Municipality; 74.2% of the respondents highlighted that tools to support youth employment creation, linking

programmes can contribute to the efforts to expedite economic development in Maquassi Local Municipality.

The fourth objective investigated the critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality. Out of the 62 responses received; 70.9% of the respondents agreed that government policies to support the achievement of superior economic are one of the critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality; 66.2% of the respondents indicated that the use of public land can be a critical support factor towards the successful implementation of LED initiatives in the municipality; 66.1% of the respondents highlighted that local economic development agencies are key factors required towards successful implementation of LED initiatives; 64.5% of the respondents agreed that continuous networking with the other spheres of government is critical to the successful implementation of LED initiatives in Maquassi Local Municipality

5.3 RECOMMENDATIONS

LED intends to develop the key economic sectors within an economy, for the purpose of increasing the economic activity of that sector and seeks:

- To grow the numbers and improve the competitiveness and productivity of small, medium and micro enterprises.
- To increase the numbers and productive capacity of SMME's and large enterprises in the specific sectors of the economy.
- To improve the quantity and quality of jobs created by SMME's and large enterprises.
- To increase the contribution of the targeted sectors in terms of employment.

5.4 CONCLUSION

Local economic development (LED) is seen as one of the most important ways of decreasing poverty. Local economic development must aim to create jobs by making the local economy grow. This means that more businesses and factories should be started in the municipal area. As part of the IDP, key stakeholders in a municipality must come together to reach agreement and take decisions to make the economy grow and create income opportunities for more people, especially the poor. National government makes policy and provides funds, research and other support for local economic development. Municipalities decide on LED strategies and the process of arriving at a LED strategy must be part of the Integrated Development Planning (IDP) process.

The LED strategies should be based on the overall vision outlined in the IDP and should take into account the result of the analysis done to identify problems and prioritise development projects. They should also look at things like integrating residential and work areas, building development corridors between areas and supporting the economy with good public transport. National and Provincial government should provide support for municipalities in developing local economic strategies.

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APPENDIX A

QUESTIONNAIRE: TO MAQUASSI LOCAL MUNICIPALITY

I am **MZWANDILE ABEL FELETI** an MBA Master's student at the North West University (MAFIKENG CAMPUS) and I am conducting a research study on the topic below:

LOCAL ECONOMIC DEVELOPMENT AS AN INSTRUMENT FOR JOB CREATION: THE CASE OF MAQUASSI LOCAL MUNICIPALITY

Kindly assist in the completion of this study by furnishing the information as requested in the questionnaire. Your honest response will contribute to addressing the challenges encountered by the Maquassi Local Municipality in the North West Province. Responses will be treated with the utmost confidentiality.

Please read the statements carefully and mark with a cross (X) in the appropriate block.

SECTION A

1. Demographic Information

1.1 Gender

Male	
Female	

1.2 Age group

Less than 25 years	
25 – 30 years	
31 – 35 years	
36 – 40 years	
41 – 45 years	
46 – 50 years	
More than 51	

1.3 Job status

Manager	
Line manager	
Operational manager	

1.4 Highest qualification

Below Matric	
Matric	
Certificate	
Bachelor Degree	
Honours Degree	
Master's Degree	
Doctorate Degree	

1.5 Number of years employed at the your organisation

0 – 5 years	
6 – 10 years	
11 – 15 years	
16 – 20 years	
21 years and above	

1.6 Which Section are you employed in?

Finance	
Corporate	
Engineering	
Community services	
The Development Services Unit	
LED Division	

SECTION B

This section analyses the role of local economic development partnership in creating employment. Please put a cross (X) or tick (✓) in the applicable box to rate your level of agreement or disagreement. Mark one box only per statement:

What is the role of local economic development partnership in creating employment in Maquassi Local Municipality?

No	Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
2.1	Attracting new investments through place marketing					
2.2	Through proactive planning					
2.3	Rezoned for new development					
2.4	Growing of existing business					
2.5	Support to small, medium and micro enterprises					
2.6	Fostering new innovation,					
2.7	Promoting start-ups,					
2.8	Coordination infrastructure investments					
2.9	Attract foreign and local investment					
2.10	To create the wealth of a nation					
2.11	Jobs are created by the private sector					

What is the role of local economic development in encouraging local enterprise development in Maquassi Local Municipality?

No	Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
2.12	Re-engineer the rural economies to make them more productive					
2.13	Responding to new opportunities					
2.14	Enable the possibility to deal with many serious problems of poverty,					
2.15	Homelessness and lack of basic amenities					
2.16	Build relationships with existing businesses					
2.17	Provide support for local business					
2.18	Address urgent business concerns and issues					
2.19	Coping with uncertainties of business					
2.20	New source of supply of raw materials, or manufactured goods					
2.21	The introduction of a new method of production					
2.22	The opening of a new market					
2.23	Creation of a monopoly					

How are various systems of governance contributing to the efforts to expedite economic development in Maquassi Local Municipality?

No	Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
2.24	By the introduction of new good or of a new quality of a good					
2.25	The introduction of a new method of production					
2.27	The opening of a new market					
28	The conquest of a new source of supply of raw materials, or manufactured goods					
	Building partnerships among different spheres of government					
2.29	Support to emerging industries and entrepreneurs through job training tools,					
2.30	To create a skilled labour force					
2.31	Tools to support youth employment creation, linking programmes					

How are various systems of governance impeding or blocking the efforts to expedite its economic development in Maquassi Local Municipality?

No	Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
2.32	Lack of appropriate skills					
2.33	Poor participation in political activities					
2.34	Low levels of trust of other people.					
2.35	The children of parents with low levels of education					
2.36	Red tape and unproductive 'talk shops'					
2.37	Improved living standards as a result of earnings and income					

What are critical support factors required towards the successful implementation of LED initiatives in Maquassi Local Municipality?

No	Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
2.38	Through the use of public land					
2.39	Private projects					
2.40	Local economic development agencies,					
2.41	Municipal entities					
2.42	Effective cooperation between state and non-state actors					
2.43	Social cohesion through the creation of social identity,					
2.44	Restructuring and technological transformation					
2.45	Government policies to support the achievement of superior economic					
2.46	Networks with three spheres of government.					

SECTION C:

3. In your opinion what do you understand by Local Economic Development?

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.....

4. Do you think you have technological skills to assist LED in creating jobs?

If you answered YES, please explain

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.....

If you answered NO, please indicate why

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5. In your opinion do you think LED has potential of creating jobs?

If you answered YES, please explain

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.....

If you answered NO, please explain why

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.....

6. Does LED recognise rural community over urban community in creating employment?

If you answered YES, please explain how

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.....
.....

If you answered NO, please explain why

.....
.....
.....

THANK YOU FOR YOUR TIME AND CO-OPERATION