Vol. 15(10), pp. 299-308, October 2021
DOI: 10.5897/AJBM2017.8343
Article Number: 8C668FC67955
ISSN: 1993-8233

http://www.academicjournals.org/AJBM

ACADEMIC JOURNALS
expand your knowledge

African Journal of Business Management

Full Length Research Paper

Local economic development in Nelson Mandela Bay and Buffalo City Metropolitan Municipalities: An empirical investigation

Mativenga Ngatiane*, Noluntu. S. Dyubhele and Hendrik Lloyd

Department of Economics, Faculty of Business and Economic Sciences, Nelson Mandela University, South Africa.

Received 29 May, 2017; Accepted 28 December, 2018

Albeit in its infancy, South Africa's LED practice is a benchmark of a large number of African countries in general and southern African countries in particular. The practice stand out for its massive and growing LED budgets, robust legal and a variety of LED governance structures, amongst others. This study seeks to answer three critical questions: What LED facets (particular aspects) are available in literature? Are these facets being implemented in Nelson Mandela Bay Municipality (NMBM) and Buffalo City Metropolitan Municipality (BCMM)? Besides the effort and monies invested in ingraining LED in South Africa, are the levels of LED practices of the two municipalities deeply embedded in literature? This paper utilises the purpose-built tool to measure the level at which LED practice in the two municipalities is embedded in LED theory. The analysis revealed presence of six key LED facets, namely, enterprise development, locality development, livelihoods development, workforce development, community development and LED Governance. Furthermore, the results show that NMBM's LED practice is embedded in literature across all the identified; while BCMM's LED practice is embedded across all the facets bar community development.

Key words: Local Economic Development, embeddedness, Local Economic Development, Nelson Mandela Bay Municipality, Buffalo City Metropolitan Municipality.

INTRODUCTION

Newly emerging evidences suggest that the days of conflicting conclusions on the usefulness of Local Economic Development (LED) concept and initiatives as drivers of economic development, employment creation, and poverty reduction among other developmental aims are over (Hani, 2014; Meyer; 2014; Ramafamba and Mears, 2012; Bogopane, 2012). However, beyond the usefulness or lack of LED thereof, the following are some of the new challenges emanating in the South African LED discourse: (i) besides the buzzword "Local Economic Development", what does the concept entail? Is LED solely about enterprise development? Does it encompass other facets such as workforce development, livelihoods development or locality development, amongst others? (ii) Within each LED facet, what initiatives need to be driven in order to ensure

*Corresponding author. E-mail: mngatiane@gmail.com.

realization of targeted developmental aims? (iii) What is the appropriate role of government in the bigger scheme of things? (iv) What are the policy and institutional arrangements governing international development agencies in local economic development? (v) Considering the cross cutting nature of the LED function, what skills do LED practitioners need to function effectively?

While efforts are being made by practitioners, academics and researchers to provide solutions to these and other pertinent challenges facing the discourse, a lot of that work has been on whether local economic development (LED) leads to economic development, employment creation and poverty reduction, amongst other developmental ends (Cunningham and Meyer-Stamer, 2005; Meyer, 2014; Hofisi et al., 2013). That as it may, little effort has been invested in measuring the level at which South African LED practice is embedded in LED theory, , despite the general feeling among practitioners that a number of LED initiatives are being implemented on a piecemeal basis in general or not fully implemented according to the LED theory (Thina, 2007). Even in countries where such studies have been undertaken, findings have been inconclusive, at best. This research will contribute towards broadening the knowledge base of LED embeddedness and its facets in the study area. The study employs a comparison approach of the two metropolitan municipalities of the Eastern Cape Province, namely Buffalo City Metropolitan Municipality (BCMM) and Nelson Mandela Bay Municipality (NMBM). The lack or limited work on LED embeddedness in municipalities on one hand and the ever-changing LED facets (particular aspects) on the other has prompted this study to conduct a research on these two aspect using a comparison approach of the two municipalities.

Overview of LED in South Africa

The definition of the term Local Economic Development (LED) has changed over the years. A large body of literature unanimously agrees that the concept of local economic development is both elusive and contested, and its definition changes from region to region (Pike et al., 2006; Nel and Rogerson, 2016). However, there is a consensus in literature that the LED concept originated in Europe in the early 1960s and later on spread to other parts of the world in various forms (Harvey, 1989; Valler and Wood, 2010). LED practice in developed nations and developing nations share similarities in aspects such as situational relevant, community driven and sustained. Large parts of LED from developed nations tend to focus mostly on issues of large-scale investments, corporate world support and utilisation of professional project management agencies, with both mighty financial powers and technical expertise (Judd and Parkinson, 1990; Rogerson and Rogerson, 2012).

In developing world, focus is mainly on small-scale, mostly community based initiatives utilising indigenous knowledge and skills with the bias towards ensuring survival of participants while threatened by lack of both financial power and technical expertise (Taylor and Mackenzie, 1992). Most of the LED projects implemented in South Africa in general were pro-poor, the two metropolitan municipalities, Buffalo City Metropolitan Municipality and Nelson Mandela Bay Municipality, initiated LED interventions similar to those implemented in large parts of Europe and America. In general, the South African LED practice is a mix of both the developing and developed world LED, with large metropolitan municipalities resembling more of developed nations while the small rural municipalities resemble developing nations.

The South African LED practice stands out on the continent for, massive and growing LED budgets, robust legal frameworks varied LED governance structures, amongst others. All the 278 municipalities in South Africa, comprising of 8 metropolitan municipalities, 44-district municipality and 226 local municipalities have separate and funded LED directorates, whose mandate are to facilitate the implementation of LED initiatives by various LED stakeholders. While the sizes of municipalities vary, there are various LED governance structures in all municipalities, namely LED fora, District Support Teams, Provincial Working group, amongst others. These structures are used as LED practitioners learning, networking and information sharing platforms. In order to ensure coordinated implementation of LED, all the municipalities in South Africa have credible LED strategies, which are reviewed in 5-10 years. Even if a number of LED directorates in some municipalities are not sufficiently manned, there are efforts by the government to ensure full capacitation of these LED departments (COGTA, 2014).

METHODOLOGY

The complex nature of the Local Economic Development (LED) concept necessitates that both quantitative and qualitative research methods be utilised, with the latter being employed in large parts. It is for this reason that the majority of work on LED made use of qualitative research methodology (Nel, 2001; Meyer-Stamer, 2008; Corona, 2012:123; Bogopane, 2012; Ramafamba and Mears, 2012). Ramafamba and Mears, (2012) suggest that main advantage of qualitative research is the depth that can be reached not only by answering descriptive research questions (that is what, when, which, where) but also analytical questions (that is how and why). The qualitative aspect of the research would be key in attempting to define the particular aspects (facets) of LED.

In an attempt to quantify the variation described by the qualitative research, this research made use of survey questionnaire to quantify (gauge) the level at which LED practice in the two metros is embedded in LED theory. The survey questionnaire built around the LED facets identified in literature was used to collect data on LED practice in the two metros and was used to gauge the level of embeddedness of these facets in LED theory. This argument resonates with academics who argued that the failure of LED practice in most developing countries was due to either lack of funds or lack of grounded implementation of LED as pronounced

by theory.

In measuring the level at which LED practice in the two metros is embedded in LED theory, the study made use of the purpose-built tool partly-similar to the one utilised by German Technical Co-operation (GTZ) to measure embeddedness of LED across a number of municipalities/councils world-wide. The purpose-built tool assigns a score or weight per each question in the questionnaire from the value of zero to a possible maximum of four. This method was chosen for its unique ability to measure an attribute (embeddedness) that has proved elusive to measure in contemporary LED literature. The scores or weight from all questions associated with a facet for instance general LED, enterprise development or locality development were added up. The total recorded scores or weights where then divided by the maximum achievable score or weight and then multiplied by 100, to convert the scores into percentages. For example if the recorded mark is 20 and the maximum achievable is 30, then, converting the mark into a percentage would yield $20/30 * 100 = 66.67\%$. According to the purpose-built tool, the score of less than 75% was considered not embedded enough and vice-versa. Conclusion of embeddedness was summed up under each facet for instance enterprise development or locality development. The data collected from the questionnaires was coded in excel and analysed using Statistical Package for Social Sciences (SPSS).

Research design and data collection method

The survey questionnaire was used as the main data gathering tool for this research. Justification on the choice of the approach was based on the idea that the survey questionnaire captured the complexity of the subject under investigation relatively better and more so, the embeddedness of LED in theory in selected municipalities. The survey questionnaire made use of closed ended questions with a mix of both dichotomous questions and multiple answer questions. The survey questionnaire was composed of seventy-seven questions with forty-four questions dichotomous and thirty-three multiple-choice questions. The survey questionnaire has been the most frequently utilised data collection tool for studies on Local Economic Development (LED) and other related subjects nationally and internationally ((Meyer-Stamer, 2008; Nel, 2001; Bogopane, 2012; Ramafamba and Mears, 2012).

The development process of the survey questionnaire utilised in this study was influenced by research objectives and the reviewed literature on Local Economic Development. Other considerations made during the process were, the type of data to be collected; the method used to ask questions, for instance verbally, telephonically or email; the flow of the questions and their themes in order to guarantee that each respondent receive the same stimuli and ensure that respondents provide accurate; unbiased and complete information; and the length of the questionnaire as well as the response spaces for answers.

The survey questionnaire was used to elicit information from the Local Economic Development (LED) practitioners and or from other LED related sub-directorates like Small, Medium and Micro Enterprises (SMME) or Cooperatives etc. A purposive sampling technique utilising both maximum variation sampling and typical case sampling was used. The maximum variation sampling was considered to ensure a fair balance of information between top managers in LED and those in the middle echelons level of respective LED functions. The study did not only consider senior (by rank) LED practitioner but also middle management level employees who are involved in the day-to-day implementation of LED programmes and projects. This was done to enable the extraction of all relevant information that was likely to be withheld or tailored by senior LED practitioners for various reasons. Typical case sampling was used to ensure that the same sample or type of personnel or practitioners interviewed in both the municipalities was identical in terms of positions or degree of knowledge on LED.

In order to complement the information collected by the survey questionnaire, this study also employed the use of the in-depth semi-structured interviews to elicit information from LED practitioners from sector departments mandated to drive LED in the province. These departments included Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and Department of Cooperative Governance and Traditional Affairs (COGTA). South African Local Government Association (SALGA), one of the key role players in driving LED across the province and has dedicated staff members assigned to the two metropolitan municipalities was also considered for the in-depth interviews. In order to gain better insight and understanding, open-ended question, grouped into themes (embeddedness and facets) were used and interviews conducted through face-to-face method.

Empirical analysis and findings of local economic development in Buffalo City Metropolitan Municipality and Nelson Mandela Bay Municipality

The research findings revealed presence of 6 LED facets, namely, enterprise development, locality development, livelihoods development, workforce development, community development and LED Governance. However, this study discovered that the aforementioned facets fail to cover other general items like the availability or unavailability of LED strategy, functional location of LED within municipal directorates and availability of a budget to drive the LED functions.

In light of this, we decided to group all the other key LED functions that we felt were not finding expression under the 6 facets identified in LED literature. This, then, led to the introduction of “General LED” facets. This facet, besides presenting a pre-cursor to the 6 other facets, manages to capture some key factors that are equally behind the success or failure of LED for instance the LED strategy factor, a factor which a number of sources name “The heart” or “guiding compass” of successful LED implementation. The “General LED” facet contained other factors like other plans that aided LED, experience of LED practitioners, budget allocation of the LED function, amongst others. The research found that all the 7 facets were being implemented in both municipalities, albeit to varying degrees.

Enterprise development facet

Evidence from the survey revealed that both municipalities prioritized enterprise development as one of their Local Economic Development (LED) facets, albeit to varying degrees. At the core of Enterprises Development of the two municipalities was the Business Development Services (BDS) function offering business training, assistance in sourcing of business opportunities and business information dissemination, business incubators amongst a host of other business development services. The embeddedness tool revealed that both municipalities’ enterprise development

initiatives were fully embedded in local economic development theory with an 82% total score. The results showed that besides providing a number of business development services, both municipalities, fund the expenses of conducting market research studies through either internal or external finance, for selected key local products from their areas of jurisdiction. Although the results reveal that market research studies have not been conducted in Buffalo City Metropolitan Municipality since 2010, there is evidence of such studies having been conducted prior to that period. On the other hand, Nelson Mandela Bay Municipality outsourced the development of these studies, and funds are only made available on demand.[1] In order to ensure that local enterprises benefit fully from services offered by various (private and public) institutions, the two municipalities have a number of initiatives that seek to encourage institutions supporting SMMEs to locate within their areas of jurisdiction. These findings are consistent with the finding of Hani (2014) who argues that most municipalities interpreted LED as purely centered on enterprise development. Hani (2014) findings imply that the majority of municipalities in the Eastern Cape Province prioritized enterprise development above all other facets.

The need to grow the entrepreneurial capacity of locals has been mentioned in a large number of developmental literature. In Rostow and Rostow (1990) precondition for take-off stage is Harrod Domar's productivity of investment; Prebisch (1950) article advocates the need for countries to stop exporting raw materials but rather produce entrepreneurs capable of converting local raw materials into finished products and Lewis (1954) opines for structurally aligning the economy from traditional to industrial amongst other theories.

Locality development

Locality development was identified as one of the focus areas of LED practice of the two municipalities. Evidence shows that the two municipalities were implementing various initiatives to create a conducive environment. These initiatives included (i) streamlining business processes through ensuring presence of conducive legal, regulatory and administrative frameworks, (ii) establishment of one-stop-shops (one-stop shops acting as "single entry windows" providing integrated business functions and the development or review of business regulatory by-laws), (iii) development of credible (council adopted) business expansion, attraction and retention strategies (which forms the basis of how businesses are attracted and retained within the two municipalities, (iv) the development of both point infrastructure (land and buildings) and network infrastructure. As part of the efforts to ensure the establishment of point infrastructure in their respective municipalities, both municipalities have established special economic zones, namely, Coega and East London Industrial Zone (ELIDZ) in Nelson Mandela Bay Municipality and Buffalo City Metropolitan Municipality, respectively. These efforts also included the development of informal traders' vending stalls and sheds, with Buffalo City Metropolitan Municipality in the process of erecting such stalls in Fort Jackson, Berlin and Zwelitsha while Nelson Mandela Bay has successfully built such structures in Port Elizabeth Central and Motherwell.

Due to these efforts, the embeddedness score revealed that the respective LED practices (with respect to locality development) of both municipalities are deeply embedded in local economic development literature with scores of 80 and 75% for Nelson Mandela Bay Municipality and Buffalo City Metropolitan Municipality, respectively. The need to develop conducive localities came to the fore in the work of Rostow and Rostow (1990) in the precondition for take-off stage when articulating the need for good infrastructure. Prebisch (1950) challenged governments to create conducive environment for industrial production, rather than benefiting solely from natural endowments and neoclassical counterrevolutionary models, which advocated for government to provide a conducive environment for business to thrive through "non-selective" interventions like providing physical and social infrastructure, security and legal framework.

Community development

From the locality development facet, certain trends and patterns linking into community development and livelihoods are beginning to emerge. Locality development is thus an important variable insofar as it determines the manner in which community and livelihoods facets benefit. When locality development provides a conducive environment for local economic development to take off, chances are high that communities benefit and livelihoods are provided. It then follows that there is an intricate level of interconnection between the identified LED facets. The results from both municipalities demonstrate that efforts are being made to foster the participation of marginalized groups (mostly women, youth and disabled) into the mainstream economy. These efforts included (i) helping members from identified marginalized groups to identify business opportunities, (ii) joint business plan development with interested locals, and (iii) offering business advice. The embeddedness score revealed that Nelson Mandela Bay Municipality performed well, in the community development facet with a score of 86%, while Buffalo City Metropolitan Municipality recorded a score of 71%, a mark that is considered poorly embedded in local economic development literature. Although there are a number of initiatives and programs to ingrain community

[1] The need to conduct any market research is an outcome of mainly the LED Forum.

development facets in Buffalo City Metropolitan Municipality, the embeddedness score reveals that the initiatives are not adequate.

Livelihoods development

The livelihoods development facet seeks to gain an accurate understanding of the LED directorates endeavor to convert its capabilities and assets into creating positive (present and future) livelihoods outcomes for the inhabitants of their respective municipality and the globe at large (Chambers and Gordon, 1992). Our descriptive statistics showed that all the respondents agree to the availability of livelihoods development facets in their respective municipal LED offerings. In order to ensure that the livelihoods of local residents are improved, both municipalities have two similar programmers to enable participation of locals in the mainstream economy. These initiatives include (i) Promoting joint ventures and Public – Private Partnerships (PPP) - The two municipalities have policies and guidelines that are aligned to both the national treasury guidelines on municipal service delivery and public-private partnership and municipal services partnership. (ii) Conducting Value Chain Analyses for Local Products - respondents felt that beneficiation of locals on local resources was restricted due to limited participation by locals in value chain processes. As result, and where possible, both municipalities fund the development of value chain analyses that help inform locals on where to invest and take advantages of value chain opportunities.

The products to target in the two municipalities are informed by discussions in various LED governance forums. Due to the complexities[2] required to perform value chain analyses, this function is outsourced. As a result, these value chain analyses are conducted with less frequency due to budgetary constraints. The gathered demonstrate very high level of understanding and appreciation of the livelihoods facets. Respondents were willing to substantiate most of their responses with practical examples of where certain projects or initiatives are/were rolled out by their respective municipality. On the embeddedness scale, both municipalities recorded a 100% mark. When interpreted, the score represents the maximum level of LED embeddedness that any municipality can score. The LED embeddedness results proved that both municipalities had their LED practices, about livelihoods, highly embedded in LED literature.

The importance of livelihoods development, as an LED facet, resonates well with the work of Lewis (1954) -the model advocated for the need for government to ensure that during the envisaged growth development process, from traditional to industrial that the agricultural sector is not neglected, considering the huge numbers of people who drew a living from it. The Prebisch (1950) model also highlighted the need for economic development to ensure that the living conditions of countries exporting raw material are improved through locals participating in manufacturing product developed from their raw materials.

Workforce development

The need to develop particular workforce has been a key pronouncement in the Harrod-Domar model, Lewis model, balanced growth, Rostow model, Kramer model, amongst others. The models traced the importance of workforce development on the ability of individuals to secure decent jobs, increase productivity and to a lesser extent, catapult individuals into being entrepreneurs. Of which, all of these are important ingredients of both economic growth and economic development. There is a huge shortage of sought-after 'artisan and vocational' type of skill in South Africa (Department of Labour, 2014). This proves that in some instances, there are job opportunities that cannot be filled by available locals due to either mismatch of skill or sheer lack of skills. The survey results revealed that both municipalities are rolling out various workforce development programmes in partnership with a number of stakeholders. The results show that similar workforce development initiatives are rolled across the two municipalities; these initiatives included participating in Extended Public Works Programmed (EPWP) and Community Works Programme (CWP). A number of internal workforce development programmes, namely: internships, graduate placement, job shadowing, apprenticeship and various community training programmes (skilling cooperative members) are evident in the two municipalities.

In order to harness their workforce development efforts, the two municipalities developed unemployed people's databases, with a target of extracting personnel when recruiting for various development initiatives. However, results demonstrate a lack of uniform understanding of the regularity at which the unemployment databases are updated. About 44% of the respondents reveal that they were not aware of database-updating intervals. Nonetheless, there was significant evidence of a number of initiatives on the workforce development facet being rolled out in the two metropolitan municipalities. As a result, the LED practice in Buffalo City Metropolitan Municipality and Nelson Mandela Bay Municipality, with respect to the workforce development facet, was found to be highly embedded in LED theory across the two municipalities, with scores of 81.25 and 87.5%, respectively.

LED Governance

The role of government differs on the extent of governance across a number of theories, namely: the

[2] The high degree of specialization required to perform value chain analysis dictates that the two municipalities source services of external service provider to perform this function.

Kramer model, Neo classical counterrevolution model, Baran model, Coordination failure theory, Prebisch hypothesis, Lewis model, Harrod-Domar etc. However, all these models agreed that government should play critical roles in development. The roles identified across the theories include but limited to ensuring coordination of developmental efforts and ensuring that that a robust legal, institutional and political framework was in place, including its relations with the market and the community.

There is a huge presence of active LED governance structures in Nelson Mandela Bay Municipality and Buffalo City Metropolitan Municipality. What comes to the fore is that most of the Eastern Cape municipalities had the same LED governance structures harmonized during the Thina Sinako LED initiative[3]. Although the structures of LED governance in the two municipalities are not exactly the same, there are signs of similarities in a number of regards. The results show that the two municipalities have LED Action Teams (also known as LED Forum); the two municipalities participate in a District Support Team (although the Buffalo City Metropolitan Municipality's DST has been dysfunctional for close to two years), and both municipalities participate in Provincial Working Group. In order to ensure proper operalisation of these structures, the structures have meeting schedules and enforced work plans.

The results revealed that matters of discussion across the two municipalities are, to a degree, the same, with the following prominent subjects: Continuous learning, Innovation, Cluster Enhancement, LED performance reporting and LED institutional memory issues. The two metropolitan municipalities have built Information Technology (IT) into their institutional memory management system in order to safeguard loss of valuable LED documents and knowledge. The results reveal that the level at which LED practice in Nelson Mandela Bay Municipality and Buffalo City Metropolitan Municipality (with respect to LED governance) is highly embedded in LED theory with scores of 100 and 84% respectively.

General LED facet

As discussed earlier, the "General LED" facet was introduced out of the need to accommodate aspects we deemed vital but were not finding expression in the six already existing facets. Among these aspects were availability or unavailability of LED strategy in respective municipality, the inter-link between LED functions and other key municipal organs, amongst others. The results showed presence of credible LED strategies in the two municipalities. Henceforth, literature on LED strategy emphasizes the need for periodic review of LED strategy/ plan (World Bank, 2003).

During the research process, it emerged that the general LED facet of the two metropolitan municipalities had a number of sector-specific plans (for instance tourism master plan, SMME strategy, business retention, expansion, and attraction strategy and procurement policies). This is aimed at aiding their respective LED strategies and standalone LED budgets of approximately 25% of the total municipal budgets, set to fund LED initiatives. The spending patterns for the LED budgets for the 5-year period (2009/2010-2013/2014) were estimated to be greater than 75% for the two municipalities, while no cases of under expenditures were recorded during the same period. The results also revealed presence of highly varied and packaged general LED initiatives in the two metropolitan municipalities. As a result, the embeddedness score proved that the two municipalities have LED practices (with regard to general LED) that are well embedded in LED theory with scores of 94% each. Notable challenges across facets are shown in Table 1. Table 2 tabulates the level of respective LED practices embeddedness in LED theory.

RECOMMENDATIONS

The following recommendations are germane:

General LED

i) Ensure that no LED initiatives fall outside the implementation plans and budgets of respective LED strategies.

Local economic development literature is littered with a number of LED initiatives that collapsed or went unimplemented due to falling outside the implementation plans of respective LED strategies. The majority of these initiatives or projects fail to secure funding outside the municipal coffers, as they seem to lack legitimacy in the eyes of funders. In instances, where these initiatives are funded, they [initiatives] tend to compete for other resources besides finance, with projects and programmes on the implementation plan, thereby compromising their and or others' implementation.

LED practitioners need to ensure that all LED initiatives are contained in the implementation plan of their strategies/plans for easy resource mobilization and management or they risk seeing those initiatives fail.

ii) Develop sector plans that are informed by the configuration of economic drivers.

Literature on LED strategies recommends that there should be relevant sector-specific plans complementing respective LED strategies/plans, for it is in these sector-specific plans that there is more detail on programmes, projects and other related interventions (See World Bank, UN-Habitat). The same literature emphasizes that the

[3] Thina Sinako was an LED initiative driven in partnership between the South African Government and the European Union. The partnership was meant to ingrain LED practice across municipalities in three beneficiary provinces of Eastern Cape, Kwazulu Natal and Limpopo.

Table 1. Challenges observed across facets.

Facet	Area	Comment
General LED	There is need for LED practitioners to understand the need to timely review respective LEDs.	There was an inconsistent understanding of LED strategy review timelines.
Enterprise Development	Conducting market research for key local product	Although the majority of respondents agreed that their municipalities conducted market research for certain "key" local products, most practitioners could not substantiate their responses with examples of where these researches were conducted.
Locality Development	General understanding to locality development facet.	There is a lack of a shared understanding of what locality development is and, consequently its offerings
Community development	General understanding of community development	A number of respondents felt that this function belonged to other municipal functions outside LED for instance Social Development or Community Services.

Source: Survey results.

Table 2. Level of LED practice embeddedness in LED Theory.

LED facet	MUNICIPALITIES		Top performer
	BCMM	NMBM	
General LED	Embedded	Embedded	Equal
Enterprise Development	Embedded	Embedded	Equal
Locality Development	Embedded	Embedded	Nelson Mandela Bay Municipality
Community Development	Not embedded	Embedded	Nelson Mandela Bay Municipality
Livelihood	Embedded	Embedded	Equal
Workforce	Embedded	Embedded	Nelson Mandela Bay Municipality
LED Governance	Embedded	Embedded	Nelson Mandela Bay Municipality

Source: Survey results.

available sector plans need to be informed by the configuration of economic drivers of respective municipalities. It is against this reason that we feel that Buffalo City Metropolitan Municipality, an industrial hub of the Eastern part of the province, needs to have an Industrial Development Plan/Strategy to inform how its industrial initiatives are rolled out.

iii) Ensure a shared and uniform understanding of LED, as well as planning and implementation by LED practitioners.

There was an apparent lack of uniform and shared understanding by respondents (most survey questionnaire respondents) on a number of aspects for instance LED strategy review timelines, the rationale behind reviewing respective LED strategies and frequency at which unemployment databases are updated, amongst others. The in-depth semi-structured interviews revealed that the displayed lack of uniform and shared understanding of the same concept by different practitioners in the same organization breeds a feeling of "dynamic policy inconsistency" among community members where none exists.

However, the same results revealed that the aforementioned lack of uniform and shared understanding that exist among municipal LED practitioners also exist among some sector department officials assisting municipalities. We feel that that for maximum results, there is need for a uniform and shared understanding of how certain LED functions or initiatives are rolled out among practitioners, within municipalities LED directorates and across sector departments supporting implementation.

iv) Ensure availability of sufficient and full utilization of the budget on fruitful expenditures.

Limited funding has been likened to an Achilles heel of the local economic development concept in South Africa (Nel and Rogerson, 2005; Thina Sinako, 2007; Meyer, 2014). Similarly, Meyer (2014:10) contends that external funding requires skills and expertise on how to lobby for such funding. Meyer (2014) brings to the fore the importance of qualified LED practitioners, with the ability to raise funds. Therefore, it is also important for LED practitioners to be well capacitated in order for them to package proposals that bring funding to their respective municipalities.

Although the two municipalities have huge overall

budgets running into billions, their LED budgets are minute components of the overall budgets, with a number of LED initiatives remaining unfunded. It is against this background that this research recommends that sufficient budgets be made available for LED initiatives. Similarly, these budgets need to be spent on initiatives that have huge multiplier effects on the respective economies, while, fruitless and wasteful expenditures need to be curbed.

Enterprise development

i) Develop Business Development Services (BDS) that comprehensively address the needs of existing business.
Our results show that a number of business development services are being provided through one-stop-shops established in the two municipalities. While all the respondents labeled the one-stop-shop as a "single entry window" providing several integrated functions such as business information and issuing various licenses', the research found that the one-stop-shops in the two municipalities failed to provide a number of services that are a characteristic of one-stop-shops worldwide. These services include business registration and other post-registration formalities such as issuing of relevant licenses, documents and permits, amongst others. The researcher feels that there is need for these one-stop-shops to expand their services in line with what the same establishments are offering globally.

Locality development

i) Widely and regularly promote business attraction and retention strategy offerings.
The research findings show that the business attraction and retention strategies of the two municipalities, with their number of incentives, are known by mostly big businesses and a small group of Small, Medium and Micro Enterprises (SMMEs), with the latter being mostly members of the SMEE indaba. It is recommended that marketing efforts be improved to raise awareness of available business attraction and retention incentives. Investment conferences could be used to bring businesses to the attention of these incentives or distribute newsletters directly to business and investors via email or by simply posting on respective municipal websites.
ii) Establish a single economic development website. Rather than only relying on the established one-stop-shops, each municipality needs a web-based point of interaction where businesses, inter-governmental, international bodies, civil society and non-governmental organization can access the information they need in an expeditious manner. However, the usefulness of these websites resides on how regularly they are maintained and updated in order to provide real time information.
iii) Increase the number of point infrastructure – informal trading stalls.
While there are a number of informal vendors' stalls or trading facilities in the two metropolitan municipalities, a huge number of respondents felt that there is need for these facilities to be constructed, especially in the townships where none exists. The researcher feels that there is need for the two municipalities to construct more of such facilities in the areas that are needy for Instance township and rural villages.

Community development

There is proof from the results that efforts are being made by the two metropolitan municipalities to help members of marginalized communities to enter the mainstream economy through initiatives such as business plan development, joint opportunity identification, amongst others. However, sector department officials interviewed during the in-depth interviews felt that these noble efforts need to be intensified, considering the huge numbers of community members living outside the mainstream economy.

LED Governance

i) Ensure fully functional LED Governance structures.
Although the two municipalities have a number of operational LED governance structures in place, the researcher feels that these structures need to be kept fully functional if their benefits are to be maximized. Failure to maintain these structures will lead to the reversal of the benefits already accrued by these structures.

Workforce development

i) Make concerted efforts to produce a workforce ready to participate in the mainstream economy.
The socio-economic profiling of the two municipalities show two municipalities besieged by high numbers of unemployed, regardless of the two metropolitan municipalities boosting sophisticated economies, built around the automotive industry and agro-processing. While this research perceives high levels of unemployment in the two metros from a number of factors, mismatch of skills has been identified as one of those. This research feels that it is important to create a workforce that is capable of meeting the evolving needs of the economy.

This task requires a multi-stakeholder approach involving economic development practitioners, champions of industry, politicians, leaders of basic education and tertiary institutions, non-governmental organizations as well as the government. It is important for LED practitioner to harness the efforts of various

stakeholders in order to provide their respective economies with a skilled workforce.

Livelihood development

Results revealed that there was limited work being done by municipalities concerning formation of joint ventures and public-private partnerships. In light of the huge roles that these two initiatives can play in bringing the majority of individuals into the mainstream economy, this research recommends that, the two municipalities ensure formation of joint ventures and public-private partnership in most of their huge projects in order to safeguard the beneficiation of locals.

There is also need for developments of coherent value chain integration models that goes beyond tokenism and ensure participation of locals beyond extraction into production of final products.

Conclusion

Although there are national policy imperatives directing municipalities to offer LED in a uniform manner, the way in which LED is being implemented in Buffalo City Metropolitan Municipality and Nelson Mandela Bay Municipality is not exactly the same. This research found out there are six LED facets in literature namely enterprise development, locality development, workforce development, community development, livelihoods development and LED governance (Hindson and Vicente, 2005; Meyer-Stamer, 2008; Rodriguez-Pose and Tijmstra, 2005; Arend, 2006; Lambert, 2008; Lambert and Schwieterman, 2012).

Furthermore, the study discovered that there is an array of “LED aspects” that lie outside the facets identified in literature. These include aspects such as: availability or unavailability of LED strategy, LED strategy review process, the inter-link between LED functions and other key municipal organs. The “General LED” facet was introduced to capture these aspects amongst others bringing the total number of LED facets to seven.

Equipped with the identified facets, the research proceeded to measure the level at which LED practice in Buffalo City Metropolitan Municipality and Nelson Mandela Bay Municipality was embedded in LED theory. The research results showed similarities in the LED facets being implemented by the two municipalities and to a certain degree, identical challenges and successes. However, the research findings revealed varying levels of LED practice embeddedness in theory across the identified facets in the two municipalities. Furthermore, the results showed that NMBM’s LED practice was embedded in literature across all the 7 facets; while, BCMM’s LED practice was embedded across all the facets bar community development.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

REFERENCES

Arend RJ (2006). SME–supplier alliance activity in manufacturing: contingent benefits and perceptions. Strategic Management Journal 27(8):741-763.

Bogopane LP (2012). Qualitative Analysis of local economic development (LED) Strategy in the Ngaka Modiri Molemo District, North West Province, South Africa. Journal of Social Sciences 30(1):1-10.

Chambers R, Gordon C (1992). Sustainable rural livelihoods: practical concepts for the 21st century. Institute of Development Studies (UK).

Cunningham S, Meyer-Stamer J (2005). Planning or doing local economic development? Problems with the orthodox approach to LED. Africa Insight 35(4):4-14.

Corona PIE (2012). Local Economic Development in Mexico: The contribution of the bottom-up Approach: A Thesis Submitted in fulfillment of the Requirements of The London School of Economics and Political Science for the Degree of Doctor of Philosophy, London: London School of Economic and Political Science.

Hani TNS (2014). LED Strategy Assessment Report. In Provincial Working Group (PWG), East London, Thursday 21 November to Friday 22 November 2013. East London.

Harvey D (1989). From managerialism to entrepreneurialism: the transformation in urban governance in late capitalism. Geografiska Annaler: Series B. Human Geography 71(1):3-17.

Hindson D, Vicente V (2005). Wither Local Economic Development in South Africa: A Commentary on the Poilcy Guidelines for Implementing Local Economic Development in South Africa. Department of Economic Development, Kwazulu Natal.

Hofisi C, Mbeba R, Maredza A, Choga I (2013). Scoring local economic development goals in South Africa: Why local government is failing to score. Mediterranean Journal of Social Sciences 4(13):591.

Judd DR, Parkinson M (1990). Leadership and urban regeneration: Cities in North America and Europe (Vol. 37). Sage Publications, Incorporated.

Lambert DM (2008). Supply chain management: processes, partnerships, performance. Supply Chain Management Institute.

Lambert DM, Schwieterman MA (2012). Supplier relationship management as a macro business process. Supply Chain Management: An International Journal 17(3):337-352.

Lewis WA (1954). Economic development with unlimited supplies of labour. The Manchester School 22(2):139-191.

Meyer-Stamer J (2008). Systemic competitiveness and local economic development. Large Scale Systemic Change: Theories, Modelling and Practices. Alemania, Duisburg.

Meyer DF (2014). Local economic development (LED), challenges and solutions: The case of the northern Free State region, South Africa. Mediterranean Journal of Social Sciences 5(16):624.

Nel E (2001). Local economic development: A review and assessment of its current status in South Africa. Urban Studies 38(7):1003-1024.

Nel E, Rogerson CM (2005). Pro-poor local economic development in South Africa’s cities: Policy and practice. Africa Insight 35(4):15-20.

Nel E, Rogerson CM (2016). The contested trajectory of applied local economic development in South Africa. Local Economy 31(1):109-123.

Nelson Mandela Bay Municipality (2015). Nelson Mandela Bay Municipality Integrated Development Plan 2015/16. Port Elizabeth: Buffalo City Metropolitan Municipality.

Pike A, Rodríguez-Pose A, Tomaney J (2006). Local and regional development. Routledge, Taylor and Francis Group. London: Taylor and Francis.

Prebisch R (1950). The Economic Development of Latin America and its Principal Problems. Economic Bulletin for Latin America 7(1):1-22.

Ramafamba E, Mears R (2012). The role of service delivery in local economic development: A case study of Mamelodi Township. African Journal of Business Management 6(4):1564-1572.

Rodriguez-Pose A, Tijmstra SA (2005). Local economic development in sub-Saharan Africa. Environment and Planning C: Government and Policy 25(4):516-536.
Republic of South Africa. Department of Cooperative Governance and Traditional Affairs – Eastern Cape (COGTA) (2014). Local Economic Development Handbook. Bisho: Government Printers.
Republic of South Africa Department of Labour (2014). Annual Report 2013/14. Pretoria: Government Printers.
Rogerson C, Rogerson J (2012). Business development and local economic development in South Africa: Addressing the disconnect. Acta Academica 44(2):41-69.
Rostow WW, Rostow WW (1990). The stages of economic growth: A non-communist manifesto. Cambridge university press.
Taylor DRF, Mackenzie F (1992). Development from Within: Survival in Rural Africa. London: Routledge.