

## **THE ROLES OF BUSINESS CHAMBERS IN LOCAL ECONOMIC DEVELOPMENT: THE PERCEPTIONS OF BUSINESS CHAMBERS IN THE VAAL TRIANGLE REGION**

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### **—Abstract —**

Local economic development (LED) has been identified as a prominent tool in the facilitation of the development of local regions. The so-called “LED-triangle” of partners has been identified on the local level as business, government and communities. Business chambers represent business and need to play a leading role in the coordination of, in many cases, stagnating local economies. The objective of this study was to analyse the roles of business chambers in the development of local regions. The Vaal Triangle in South Africa was selected as the study region with its three functional business chambers: the Vanderbijlpark Business Chamber (VBC), the Sasolburg Business Chamber (SBC) and the National African Federated Chamber of Commerce (NAFCOC), Sedibeng branch. The management committees of the three business chambers were interviewed by means of semi-structured interviews and questionnaires which included both quantitative and qualitative assessments. Some of the results indicated that the role of a business chamber should be to allow flow of information, promote network opportunities, assist with the creation of an enabling environment and facilitate entrepreneurship training. Business chambers, together with other role players such as government, play a major role in the facilitation of economic development.

**Key Words:** *Local economic development, small business development, business chamber, best practice, roles, Vaal Triangle region, South Africa.*

**JEL Classification:** M10, O10.

## 1. INTRODUCTION

Economic development at the local or regional level is known as Local Economic Development (LED) and is a sub-field of development economics (Meyer-Stamer, 2006). LED has as its ultimate goal the economic development of a demarcated region (Blakely & Leigh, 2013). Van Zyl (1994) states that the process of economic development of a specific region includes aspects such as improvement of people's quality of life, small business development, reduction of poverty, structural and institutional transformation of society in terms of politics, culture and the economy.

The growth of small business is important for economic development and the coordination of the small business sector through formal organisations such as business chambers is vital to the process (Crouch & Traxler, 1995; Clark & Radwan, 2010). Dammert (2015) argues that business chambers contribute to economic development, prosperity, development of entrepreneurship and the creation of jobs. According to Kongolo (2010) small business contributes 91 percent of all formal businesses, constituting approximately 57 percent of the gross domestic product (GDP) and providing close to 60 percent of job opportunities in South Africa. Business chambers, if well managed, could assist small business development and ultimately, the creation of jobs (International Chamber of Commerce, 2016). The three main role players in local economic development are local government, local business and local communities. These role players must have one vision and work together in order to achieve economic development success (Mountford, 2009).

Business chambers, as formal business formations, comprise the collective coordination mechanism behind entrepreneurship and small business development (Kongolo, 2010). A business chamber can be defined as “*an organization of businesses seeking to further their collective interests, while advancing their community and region. Business owners voluntarily form these local societies/networks to advocate on behalf of the community at large, economic prosperity and business interests*” (Association of Chamber of Commerce Executives, 2016). Over the years these chambers have developed expanding roles

in support of the development of local economies and have also become the voice of business (Geneva Analytics, 2011).

The primary objective of this research is to analyse the roles of such chambers in LED with a focus on the perceptions of local business chambers in the Vaal-Triangle region, South Africa. The research is important in that, although the research is localised to a specific region in South Africa, the results could be useful on a wider scale in developing regions.

## **2. LITERATURE REVIEW**

Trousdale (2005) defines LED as a process of participation where local people, including formal business organisations, from all sectors within a specific area, work together to activate and stimulate local economic activities, with the aim of ensuring a resilient and sustainable local economy. Helmsing and Egziabher (2005) and Swinburn (2006) have stated that LED is a process in which partnerships between local government, local communities and local business lead to improved management of existing local resources, to increase economic activities in a well-defined geographical territory. According to Swinburn (2006) LED is a process whereby public, businesses and non-governmental sectors collaborate collectively as partners to create a better quality of life for local residents through economic development. The LED process should assist with the improvement of local institutions and local partnerships through dialogue and actions. Blakely and Leigh (2013) remark that LED is a process by which local government and local business manage their existing resources and enter into new partnership arrangements to create jobs and stimulate local economic activities. The role of local business chambers are important in achieving LED. The success of LED regarding implementation is dependent on a few key issues, according to Trousdale (2005): local leadership by government and business; the creation of an enabling economic environment by all role players; involvement of youths in development programmes; job creation projects and initiatives; availability of capacity and skills on all levels of the local economy and lastly, an improvement in the quality of life.

Lukas (2013) emphasises that business chambers are required for the economic development of a region. According to Bennett (1998) these chambers are defined as collective bodies of local businesses with voluntary membership, with the purpose of developing local business and improving business competitiveness. Their primary aim, according to Keith (2011) is to protect the interests of the

business community and to represent and promote the local economy, encourage investment, broaden the local tax base and create employment. Business chambers function as intermediary organisations between individual firms and local role players, such as local government. In small business dominated economies, the argument is that small businesses may benefit from associations leading to supplier benefits and economies of scale (Bennett, 1998). Blakely and Leigh (2013), declare that local businesses, through local business chambers, have the following main economic development roles: 1) *Facilitator*: The creation and provision of an environment for LED by providing systems, processes and facilities through land use planning, provision of services and infrastructure, signage, safety and security, attracting investment, reduction of regulations and effective policy and strategy formulation. 2) *Co-ordinator*: The LED process creates a key programme for co-ordination with local communities. Business networks through business chambers and partners need to be established. 3) *Enabler*: To provide expert advice, assistance and support, information, training, and business planning. 4) *Stimulator*: Stimulate business to grow and expand and attract new business. Tools include incentives, grants, and facilities at low rental, tourism development, and business incubators. 5) *Developer*: Provision of basic infrastructure to stimulate private sector development such as electricity, water, road, and sewers.

In addition, business chambers have a role in ensuring collaboration with local government by means of conveying resources, knowledge and experience to the local economy; assisting in the de-politicising of the economic development process and projects; assisting with achieving consensus between partners; facilitating the increased understanding of the local economy and including impoverished and informal groups to ensure a pro-poor focus (Swinburn, 2006; Flint, 2014). In 2009, the “Afrikaanse Handelsinstituut” (AHI) conducted a survey that included most business chambers in South Africa, regarding economic development in their specific areas (Rogerson, 2009). Research survey findings included firstly, that the working relationships between business chambers and municipalities are largely negative. It was stated that local government is not interested in working with business chambers; secondly, areas of co-operation were listed as limited. Poor governance and lack of trust between the private sector and local municipalities exist. Problems include the lack of leaders willing to take responsibility, lack of skills and capacity, tender irregularities, high staff turnover, lack of quality participation, political agendas,

lack of funding and the fact that municipal staff are not available to the public. Coordination and good cooperation between local business and local government is vital for success (Travers, 2012). It was also noted by Lanzaloco (1993) that business chambers which focus just on partnerships and collaboration with local government have endemic, small and unstable memberships.

According to Geneva Analytics (2011) business chambers have many roles to play in a local economy. In successfully accomplishing these roles, such chambers could achieve a value proposition to local firms through providing value-added services and in so doing, attract and retain members (Lukas, 2013). Some of these value-adding roles include business counselling, business skills training by linkages with local higher education institutions (Dammert, 1999; Keith, 2011), assistance with statutory requirements for opening and operating a business, business network development by means of events, assistance with finance and funding, and information (Flint, 2014) and data flow on the local economy (Dammert, 1999). Networking could also be formal, by means of negotiating contracts within the supply chain process (Curran & Blackburn, 1994). Information on the local economy could include the current business climate, consumption patterns and sectoral analysis of critical sectors such as manufacturing, retail and service industries as well as advice on exports. Such knowledge could also improve the linkages between local firms, which could improve competitiveness of local firms, but even more so the competitiveness of the total local economy (Lane & Bachman, 1995; Bennett, 1998). Additional roles of business chambers include the promotion and showcasing of members and ongoing communication by means of monthly newsletters (Dammert, 1999; Flint, 2014).

Dammert (1999) notes that a number of problematic issues face business chambers in modern society which include low membership numbers (of small businesses in particular), poor leadership, shortage of skilled staff, inadequate finance, lack of partnership with government, and poor organisational management. According to Keith (2011), business chambers are increasingly becoming more involved in non-commercial activities. Such activities could include education, human relations, environmental initiatives, cultural and government issues. By getting involved in such activities, business chambers can play a leading role in finding solutions to growing social issues which affect economic development. The key priority for a business chamber is to show strong leadership to drive this development. Business chambers should however, keep

their primary focus on the development of the local economy and must refrain from becoming too involved just in social activities and an ‘events only’ mind-set (Lukas, 2013). For Keith (2011) the influence of business chambers on the local economy is still relevant and even more important in challenging economic conditions. Business chambers can stay relevant by re-inventing themselves through serving the needs of local business communities and by creating business opportunities for local members (Flint, 2014).

### **3. METHODOLOGY**

#### **3.1 Research objectives of the study**

The objective of this study was to analyse the roles of business chambers in the development of local regions. In addition, the perceptions of the various chambers on factors that create an enabling environment for business to prosper, and on service delivery, were also obtained.

#### **3.2 Research design**

Qualitative and quantitative aspects were included in the research design. A literature review was conducted to establish a framework for this study. The research instrument was developed from this framework and from previous studies (Meyer, 2014; Meyer & Meyer, 2016). Data was obtained using this pre-designed questionnaire. Semi structured interviews were conducted with the management committees of the three business chambers (Vanderbijlpark Business Chamber, the Sasolburg Business Chamber and the National African Federated Chamber of Commerce, Sedibeng Branch), who were requested to complete a questionnaire. The data acquired was reported on in a descriptive quantitative and qualitative manner.

#### **3.3 The study area and sample**

The Vaal Triangle in South Africa with its three functional business chambers: the Vanderbijlpark Business Chamber (VBC), the Sasolburg Business Chamber (SBC) and the National African Federated Chamber of Commerce (NAFCOC), Sedibeng branch was selected as the study region. VBC and NAFCOC is situated in the Emfuleni municipal area and SBC in the Metsimaholo municipal area. The region is under economic pressure, while all three chambers are active in the

region. The business chambers have, over time, developed strong mutual cooperative linkages.

### **3.4 Research Instrument and Procedure**

A descriptive quantitative and qualitative design was employed for the study using a pre-designed questionnaire. Although a questionnaire of this type was used, semi-structured interviews were also held. Following a review of the literature, items were generated to determine the business organisations perceptions regarding cooperation with other entities such as other business organisations, local and regional government, challenges, creation of an enabling environment and important success factors. Questions ranged from basic yes/no questions to open ended questions that allow more in-depth responses. Likert Scale questions as well as questions to determine order of importance were also included. These resulted in a discussion-type interviews, yielding in-depth responses from the participants. Interviews were held with the three management committees of the business organisations to explain the process and reasons for the study. This specific instrument has been successfully used in other similar studies undertaken by these researchers prior to this study (Meyer & Meyer, 2016).

For the qualitative section of the study, open ended discovery-oriented questions were presented to the respondents. This approach aimed at gaining a deeper understanding of the research topic. Responses were not guided in a specific direction but were aimed at gaining a better understanding through first-hand experience and obtaining truthful and reliable quotations and reporting of discussions (Maseko & Surujlal, 2011). Some benefits of qualitative research include, *inter alia*, (1) sensitivity, (2) flexibility, (3) improved opportunities to develop, explore and discover the relevance of a topic and (4) ability to gain deeper social meaning (Ospina, 2004).

### **3.5 Data analysis**

Data were analysed in two ways. Questions with a quantitative response were captured and analysed in a descriptive manner by calculating means and rankings. The second section of the questionnaire contained open ended questions. During the interview procedure, the responses were recorded, with the consent of the participants. The said responses were then transcribed and analysed. This was performed by all three researchers listening, reading, rereading and compiling a

summary of the content independently, through a collaborating and recursive method (Miles & Huberman, 1994). The main goal for doing this was to determine meaningful categories from the information. The various themes identified were then linked and discussed.

### 3. RESULTS AND DISCUSSION

Based on the analysis, a number of aspects are highlighted. All three business chambers indicated that their membership trend over the past few years had showed a marginal increase in numbers. The business chambers agree that the local municipalities (Emfuleni and Metsimaholo) are not creating an enabling environment for business to prosper. This aspect has a negative impact on LED (Trousdale, 2005). The general consensus is that service delivery by the local municipalities is also below an acceptable standard. All three business chambers agreed that they would be interested in partnering with the local municipalities to assist business development and train local unemployed people. In this respect training of unskilled and unemployed people is an important role of business chambers (Blakely & Leigh, 2013). These chambers are willing to partner with the local municipalities on community projects and LED. Partnership development is likewise an important role of a business chamber (Clark & Radwan, 2010). The Vanderbijlpark business chamber is the most active of the three business chambers and has built up a relatively good working relationship with Emfuleni local municipality. All three chambers indicated that they would be willing to partner with local government to improve entrepreneurship development in the area. All three also indicated that they are currently actively involved in the LED processes. These chambers are actively developing entrepreneurship in the region with support from government agencies and the higher education institutions in the region including North-West University (NWU) and Vaal University of Technology (VUT). This type of involvement in entrepreneurship development is one of the main roles of business chambers (Blakely & Leigh, 2013).

The analysis of the qualitative data collected during the in-depth interviews, revealed various themes on the subjects pertaining to the role, effectiveness and cooperation of the business chambers. Table 1 explains these themes.

**Table-1: Identified themes based on information received from interviews**

<b>Theme</b>	<b>Operational definition</b>	<b>Responses from interviewee (Business Chamber code)</b>
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Improved cooperation	The aim was to determine what is needed from other organisations such as national business organisations to ensure improved cooperation and whether business chambers should attempt to work with other organisations	<i>Must create a platform for joint ventures. Facilitate meetings to discuss collaboration. Share knowledge and experience. Business chambers should work together by having regular meetings and to engage with government as a collective (NAFCOC). Must sign a Memorandum of Agreement (MOA) between parties to actively work together. Create a cultural and local platform. With a focus on Broad Based Black Economic Empowerment (BBBEE) and creating business opportunities (VBC). Be involved in business related issues. Collaboration between business chambers similar to the collaboration between NAFCOC, VBC and SBC (SBC).</i>
Effectiveness	The aim was to determine which factors contribute to a good, effective and successful business chamber	<i>Good environment for local businesses to operate, good practice and good marketing (NAFCOC). Network opportunities, flow of communication, education and training (VBC). Good communication, sharing of information and funding (SBC).</i>
Purpose and role	The aim was to establish what the chambers consider the main purpose of a business chamber to be	<i>To encourage businesses to organise themselves. To be the voice of business to government. To look for opportunities (NAFCOC). Align business with opportunities. Educate members. Networking opportunities (VBC). Assist to develop an environment for business. Assist members by sharing information and facilitating relevant training. Create an environment for business to grow (SBC).</i>

The business chambers were not always in agreement with each other in their responses to the three themes as listed in Table 1. In terms of their expectations of the role of national business support organisations, NAFCOC and VBC agreed that national organisations must assist in creating a platform for joint ventures and collaboration. All three concurred that national organisations must assist local chambers to work together actively. The three business chambers expressed different opinions as to what makes a good, effective and successful business chamber. VBC and SBC agreed that good communication and information flow are critical factors and that provision of information is one of the main roles of a business chamber (Bennett, 1998). NAFCOC and VBC were of the opinion that to improve cooperation, a platform for joint ventures must be created and that chambers must share knowledge and experience. Regular joint meetings must take place and chambers must engage with government as a collective. VBC and SBC

want a formal (MOA) between the different chambers. The views expressed by the different business chambers confirm that even though they have slightly different focus areas, all three regarded regular joint meetings and joint engagement with local government as important. The chambers consider the following factors as important to run a good, effective and successful business chamber: 1) *Assist in the creation of an enabling environment and marketing (NAFCOC)*. 2) *Regular networking opportunities, regular communication and creating an enabling environment by offering entrepreneurial training and education (VBC)*. 3) *Assistance with funding and good communication and information sharing (SBC)*.

Each chamber voiced a slightly different opinion on what the main purpose of a business chamber is. The common themes between the three business chambers were to:

- Assist members to find business opportunities and to grow their business
- Educate members on relevant entrepreneurial topics
- Create networking opportunities for members
- Be the collective voice to local government.

Table 2 indicates the rating of the local municipalities by the management of the business chambers, in terms of the 12 factors for creating an enabling environment by local government to enable local business to prosper. The factors as developed by Meyer (2014) were rated on a Likert scale from 1 (very poor) to 5 (very good).

**Table-2: Factors creating an enabling environment for business to prosper**

<b>Factor</b>	<b>VBC</b>	<b>SBC</b>	<b>NAFCOC</b>	<b>Mean (Max 5)</b>
Partnership formation	2	3	1	2.0
Structures, capacity and policies	2	3	2	2.3
Leadership	2	2	1	1.7
Poverty alleviation and social development	1	1	2	1.3
Economic development initiatives	1	3	2	2.0
Environmental and spatial planning	3	3	3	3.0
Infrastructure development and maintenance	2	2	1	1.7
Human Resource development	2	2	1	1.7
Entrepreneurial development	2	2	2	2.0
Improved access and transport	3	2	2	2.3
Agricultural and rural development	3	2	1	2.0

<b>Factor</b>	<b>VBC</b>	<b>SBC</b>	<b>NAFCOC</b>	<b>Mean (Max 5)</b>
Safety and security	2	3	2	2.3
Average score	2.08	2.33	1.67	2.03

NAFCOC and VBC are both located in the Vanderbijlpark area. Members of NAFCOC chamber are mostly businesses located in the traditionally black township areas; for example, Sebokeng, Sharpeville and Tshepiso. Members' businesses of the VBC are mostly located in the central business district and surrounding business districts of Vanderbijlpark and Vereeniging. The Emfuleni local municipality is responsible for these areas. The demographics and socio-economics of the areas differ substantially. Vanderbijlpark is a more affluent area with better infrastructure, while the infrastructure in Sebokeng and surrounding areas is sub-standard. The SBC is located in the Metsimaholo local municipality in the Northern Free State. Businesses of the members of the SBC are located in Sasolburg central business district and surrounding industrial areas, such as Naledi.

Table 2 depicts the factors creating an enabling environment for business to prosper and the ratings by the various business chamber out of a maximum score of 5. The factor that received the highest score by the chambers was "Environment and spatial planning" with 3 out of 5, while the factors that scored the lowest were "Infrastructure development" and "Human resource development". The three business chambers agreed on only two of the factors: Environmental and spatial planning (3/5) and Entrepreneurial development (2/5). The low score on "Entrepreneurial development" is concerning. The Vaal Triangle reports an above average unemployment rate of more than 30 percent (Global Insight, 2016) while a focus on entrepreneurial development could have a significant impact on this unemployment rate. Dammert (1999) concurs that a business chamber should focus on small business development and entrepreneurial skills development. The fact that VBC and NAFCOC agree on just two of the factors is an indication that areas such as Sebokeng still do not receive enough attention from the local government to eradicate historical backlogs.

All three business chambers reported that they were of the opinion that the local municipalities were not creating an enabling environment for business to prosper. The municipalities received a below average overall score from the business chambers, scoring an average of all combined factors of merely 2.03 (out of a maximum of 5). This indicates that the business chambers, as representatives of

their members, are not satisfied with the level of service received from the local municipalities.

In terms of the main stumbling blocks for economic and business development in the Vaal Triangle area, all three business chambers agreed that poor service delivery by the local municipality was a stumbling block. When compared to the results of similar research undertaken on the Western Cape business chambers (Meyer & Meyer, 2016), poor service delivery by the municipality, high production costs as well as labour regulations and labour costs were also listed amongst the top three stumbling blocks by these business chambers. The following additional service delivery issues were also experienced by VBC, SBC and NAFCOC business chambers: lack of financing and funding, procurement and tender processes, lack of information, support and training for local businesses, vague and uncertain policies, lack of water, sewer and electricity capacity as well as maintenance and incorrect municipal accounts, with increases above inflation.

Table 3 reflects the opinions of the three business chambers regarding the development potential of the region they operate in. They were asked to score the level of resources available out of a possible 10, where 0 = resource capacity does not exist, 5 = average resource capacity and 10 = high level of resource capability. The regional development scale was developed by Meyer (2016).

**Table-3: Regional development potential (resources and capacity)**

<b>Resource</b>	<b>VBC</b>	<b>SBC</b>	<b>NAFCOC</b>
Natural	6	5	5
Strategic locality	9	5	6
Labour	5	6	4
Investment	3	5	2
Transport	6	4	4
Communications	4	7	3
Industrial composition	8	2	5
Export	3	7	1
Government spending	4	7	3
Markets	8	7	8
Finance	4	6	3
<b>Total score (average score with 10 maximum score)</b>	<b>5.5</b>	<b>5.5</b>	<b>4.0</b>
<b>Capacity</b>	<b>VBC</b>	<b>SBC</b>	<b>NAFCOC</b>
Governance	3	5	4
Business	7	5	7

<b>Resource</b>	<b>VBC</b>	<b>SBC</b>	<b>NAFCOC</b>
Infrastructure development and maintenance	4	4	3
Social services	3	4	5
Technology	8	6	6
Innovation	8	6	5
Education	8	7	6
Political	4	3	4
Entrepreneurship	5	4	4
Size of economy	7	5	6
Community	6	5	5
Partnerships	5	5	2
<b>Total score (average score with 10 maximum score)</b>	<b>5.7</b>	<b>4.9</b>	<b>4.8</b>
<b>Final index score (resource X capacity with 100 as maximum score)</b>	<b>31.4</b>	<b>26.9</b>	<b>19.2</b>

The three business chambers indicated that the region has a low development potential, with index scores of 19.2 recorded by NAFCOC and 31.4 by VBC in the Emfuleni region and 26.9 by SBC in the Metsimaholo region. In terms of resources, the chambers agreed that the region enjoys an excellent locality in close proximity to Gauteng Province, the economic hub of South Africa. In addition to the locality, the availability of a large market – the total Gauteng Province – is also a resource that needs to be exploited. Resources that are lacking in the region are government and private sector investment, well developed transportation systems and export arrangements. If the results of the capacity potential index are analysed, aspects displaying strong capacity are business development, technology and innovation, education, and the size of the regional economy. Problematic issues that exert a negative impact on development capacity include infrastructure development, social facilities, political stability, entrepreneurship development and partnership formation. Local government and business chambers must work together to address the stumbling blocks that have been identified. The chambers will have to take the initiative to engage with local government; both entities will have to develop a strategic plan to address the lack of investment in infrastructure and infrastructure maintenance to create an enabling environment for small business in the region. Both local universities in this area (NWU Vaal Triangle Campus and VUT) have entrepreneurial development and training projects in place. These two tertiary institutions are already collaborating with the business community in the area to enhance entrepreneurial training. However, the impact of these initiatives is not yet extensive enough and needs to be enlarged. A formal partnership between local government, business chambers and the two

tertiary education institutions in the Vaal Triangle would help to increase the reach and impact of the entrepreneurial training.

The overall purpose or role of a business chamber is the facilitation of the development of the local region. Within this overall purpose, four secondary roles were identified. Firstly, coordination of role players through leadership, with partnership formation, networking and continued communication. Secondly, the promotion and marketing of the region is required. Local businesses need to be retained and new business development must be attracted to the region. Thirdly, the provision of information regarding the local economy, new business opportunities, research and surveys and regular newsletters are required. Lastly the provision of business support and training by means of business advice, entrepreneurship training and development are needed. The coordination of all role players in the region will allow for economic development, leading to new business development and job creation.

## **5. CONCLUSION**

The objective of the research was to analyse the role of business chambers in LED and to specifically analyse the perceptions of the business chambers in the Vaal Triangle. Specific roles were identified for effective business chambers, of which the facilitation of economic development was found to be the overall objective. Within this overall objective, the main roles of a business chamber are: leadership in coordination of local role players, formation of partnerships, networking and promotion of members, communication and information flow and business support and training. Linkages with tertiary education institutions are also critical for success.

The main findings from the empirical part of the study are that the three local business chambers in the Vaal Triangle agreed that service delivery by the local municipalities in the region is below acceptable standards, while the chambers appreciate the value of engaging with local government as a collective. The chambers also agreed that the main purpose of a business chamber is to facilitate LED and within this overall purpose, business chambers should assist members to find business opportunities and to grow their business; educate members on relevant entrepreneurial topics; create networking opportunities for members and be the collective voice to local government. The business chambers will need to put pressure on the local government to improve on service delivery and investment in infrastructure development and infrastructure maintenance to create

an enabling environment for small business. The Vaal Triangle region has a strategic locality in Gauteng Province. Business and local government must partner to unlock the full potential of the area.

The research limitations are that just one region's business chambers' perceptions were included in the study. The Vaal Triangle region has experienced low growth with high unemployment levels; future research would need to include chambers from other regions in South Africa, to determine whether other chambers agree with the perceptions of those in the study region.

The formation of partnership between local government and local business is essential for sustained LED and both role players have equally important parts to play. Local government should support local business by providing: entrepreneurship development and training, information on the economy with a focus on specific growth sectors, export opportunities and comparative advantages of the region as well as pro-developmental policies with incentives and lastly, support for the poor and youth in the region.

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