

Assessing the sustainability of local economic development projects in the Emakhazeni Municipality

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ABSTRACT

This study investigated the sustainability of Local Economic Development (LED) projects in the Emakhazeni Local Municipality in the Nkangala District of Mpumalanga Province. The investigation was accomplished through qualitative research methods of data collection and analysis. Semi-structured in-depth personal interviews were conducted with three different stakeholders; small business operators, mining companies supporting LED projects through their Social Labour Plans, and Officials of the Emakhazeni Local Municipality, Nkangala District Municipality involved with LED.

The research revealed that although LED encourages public, private and civil society sectors to establish partnerships to collaboratively find local solutions to common economic challenges especially the triple challenges of poverty, unemployment and, inequality there are ingrained weaknesses and challenges that negatively affect the sustainability of SMMEs and sponsored LED projects in Emakhazeni.

The study concludes that sponsorships of LED projects from government and mining companies in the area have to be backed up by efforts from municipalities, mining companies and project recipients to improve themselves. Municipalities must be adequately resourced to deliver services to SMMEs and LED recipient projects while recipients have to be adequately equipped to manage LED projects through training and mentoring. LED project sustainability is achievable if certain enabling factors are taken into consideration when implementing them.

Keywords: Sustainability, Local Economic Development (LED), Social Labour Plans (SLPs).

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ANC	African National Congress
B-BBEE	Broad-Based Black Economic Empowerment
CALS	Centre for Applied Legal Studies
CIRT	Center for Innovation in Research and Teaching
COGTA	Department of Cooperative Governance and Traditional Affairs
CSIR	Council for Scientific and Industrial Research
DMR	Department of Mineral Resources
DPLG	Department of Provincial and Local Government
DME	Department of Minerals and Energy
DFI	Development Finance Institution
DST	Department of Science and Technology
DTI	Department of Trade & Industry
ICT	Information Communications Technology
GDP	Gross Domestic Product
IDP	Integrated Development Plan
LED	Local Economic Development
NDM	Nkangala District Municipality
NCR	National Credit Regulator
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization

PPPFA	Preferential Procurement Policy Framework Act
RDP	Reconstruction Development Programme
SDGs	Sustainable Development Goals
SETAs	Sector Education Training Authorities
SME/SMME	Small Medium and Micro Enterprises
SLP	Social Labour Plan
UCLG	United Cities and Local Governments
UN-HABITAT	United Nations Human Settlements Programme
UNDP	United Nations Development Programme

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CHAPTER ONE: ORIENTATION OF THE STUDY

1.1. Introduction

This dissertation examines the sustainability of Local Economic Development (LED) Projects in Emakhazeni Local Municipality which is located in the Nkangala District Municipality of Mpumalanga Province. It seeks to interrogate the institutional factors that contribute to the high failure rate of LED projects in the subject area. The main focus for research is on LED projects that are sponsored through mining company Social Labour Plans (SLPs).

1.2. Background of the Study

In examining fifty (50) Social Labour Plans, the Centre for Applied Legal Studies (CALS) (2017) concluded that the system of Social and Labour Plans has failed. This conclusion was based on the fact that Social Labour Plans have not achieved their objective of wealth redistribution. In some extreme cases, the failure of SLPs has produced volatile and dangerous and hostile circumstances such as the 2012 Marikana Massacre, with mine workers and communities demanding better terms of engagement. In May 2017, The Lonmin Platinum mine in Johannesburg shut down, after demands for 1 500 jobs for the affected Bapo-ba-Mogale community turned violent (Mining weekly, 2017). Meyer (2014) argues that local commitment, adequate skills, and capacity are non-negotiable factors for LED success. Quoting from various literature sources, he concludes that there are challenges from policy to implementation that exist regarding the LED process in local municipalities which include the fact that policy doesn't automatically lead to implementation. He also notes that improved skills levels are required, LED staff and funding shortages need to be resolved, community involvement in LED planning and implementation has to be improved, and poor monitoring and evaluation has to be solved.

The mining industry invests in LED initiatives as part of their Social and Labour Plans (SLPs) as restorative ways to address the historical inequality in the industry though the investments are still low. According to a 2016 study by PricewaterhouseCoopers (PWC), the amount spent on community investments by 31 mining companies, with an aggregate market capitalisation of R560 billion was 1% and sometimes less (PWC, 2016). A social and labour plan is a document that mining companies are required to submit to the Department of Mineral Resources as part of their applications for mining

rights (Krause et al, 2017). These SLPs are binding legal documents that set out how the mining companies intend to share some of the benefits that flow from mining to improve the life of communities affected by mining through a variety of initiatives which include the development of the skills of their employees; upgrading local schools and roads; as well as providing housing, water and sanitation in the mining area (wits.ac.za-online). Although this study focuses on LED broadly, it gives special attention to Social Labour Plan projects which form the bulk of LED projects in Emakhazeni. The research will look into the factors which undermine sustainability of these LED projects (and therefore undermine LED). The identification of sustainability-undermining factors will then lead to recommendations on how LED projects could be made more sustainable in the area of study and beyond. The study will employ a qualitative methodology of study where community businesses including SPL recipients, Local Government Officials from Emakhazeni, Nkangala District, Exxaro Coal Northern Business Complex (NBC), Exxaro Coal Head Office Official and Umsimbithi mine houses will be interviewed.

1.3. Problem Statement

Mining operations are often located in remote, ecologically sensitive and less-developed areas that include many indigenous lands and territories (UNDP et al, 2016). When managed appropriately, mining can create jobs, spur innovation and bring investment and infrastructure at a game-changing scale over long time horizons; but if managed poorly, it can also lead to environmental degradation, displaced populations, inequality and increased conflict, among other challenges (UNDP et al, 2016). Historically, the mining industry in South Africa invested very little in LED initiatives in the areas where they carry out their mining activities. As part of their Social and Labour Plans (SLPs) mining companies are now voluntarily or as required by statute involved in restorative ways to address the historical inequality in the industry (though the investments are still low at 1% and sometimes less according to a 2016 study by PricewaterhouseCoopers (PWC, 2016). There is realisation that mining companies need to contribute more broadly to the developmental aspirations of the countries and communities in which they work and there is a trend towards corporate social investment reaching beyond what is commonly become known as the social performance remit (Dodd et al, 2015). The Department of Mineral Resources' (DMR) Mining Charter sets out guidelines for mining companies to share the benefits of mining activities with local communities affected by their mining activities. Mining companies are required to submit to the Department of

Mineral Resources a Social Labour Plan as part of their applications for mining rights (Krause et al, 2017). These SLPs are binding legal documents that set out how the mining companies intend to share some of the benefits that flow from mining to improve the life of communities affected by mining through a variety of initiatives which include the development of the skills of their employees; upgrading local schools and roads; as well as providing housing, water and sanitation in the mining area (wits.ac.za-online). Mining companies are usually given the discretion to develop LED project proposals in collaboration with the relevant local community which is usually represented by the Local Municipality. Although mining companies have met the requirements for SLPs since 2002, LED projects sponsored through these SLPs are poorly implemented and the mortality rate of the projects is high, resulting in high job losses and lost investment opportunities. Across the country, most SLP projects have not been successful and others are struggling to survive (CALS, 2017) and Emakhazeni is no exception. This study will therefore investigate the underlying causes of the failure of LED projects in Emakhazeni Local Municipality especially those sponsored by mining houses in the area as part of their SLPs.

1.4. Research Question (s)

This research was guided by the following main research question: 'To what extent is sustainability achieved after implementation of LED projects in Emakhazeni Local Municipality?' Sub-questions were formulated to provide deeper understanding of the sustainability of LED projects in the study area as follows:

- i. To what extent do mining companies, small business and Government work together on LED?
- ii. What is currently being done to ensure that LED projects are sustainable?
- iii. What areas should be improved to ensure LED projects are sustainable?

1.5. Study Objective (s)

- a. To determine the current status of LED projects in the study area
- b. To examine sustainability features of LED projects and project proposals
- c. To establish the way in which LED projects are implemented
- d. To determine the extent in which sustainability is achieved after implementation of the LED projects
- e. To propose areas of improvement for implementation of LED initiatives

- f. To examine the partnerships between large companies (especially mining companies) and Government in ensuring sustainable LED

1.6. Location of Study

The study will be located in Emakhazeni Local Municipality (formerly Highlands Local Municipality), which is one of the six Local Municipalities (LMs) of the Nkangala District Municipality. The LM seat is in Belfast [Emakhazeni]. In the East, it shared a border with Mbombela and Steve Tshwete borders it in the West. It is the largest by geographical area [at 4 736km²] of the six local municipalities in NDM, and takes up a third of the District. The main settlements or urban centres in the LM are Dullstroom, Emthonjeni, Emgwenya (Waterval Boven), Emakhazeni (Belfast), Airlie, Kwaggaskop, eNtokozweni (Machadodorp), Dalmanutha, Laersdrif, Nederhost, Stoffberg, and Wonderfontein.

In terms of % contribution to the local economy, the leading sectors are mining [28.7%], transport [25.1%], community services [14.2%], finance [8.5%], trade [7.7%], manufacturing [6.9%], and agriculture [3.8%]. Mining has remained the biggest contributor to GDP. Tourism plays a key role in the LM which is known as a nature-lover's paradise and South Africa's premier fly-fishing hub. It also hosts some of the subcontinent's rarest birds.

The local municipality is situated in the Highveld region of Mpumalanga Province and Gauteng on the Steenkampsberg Plateau. There are a number of significant rivers in the municipal area that includes the Elands, Olifants, Komati, Crocodile and Steelpoort Rivers. There are various small dams throughout the municipality and numerous wetlands and sensitive environmental areas associated with the above-mentioned rivers. The area's vegetation types can be divided into various categories. These are mainly bush, tropical, and savannah. Minerals found in the area include gold, copper, iron deposits, nickel, platinum, cobalt, arsenic, silver, flint clay and black granite among others. The area has four nature reserves: Tullach-Mohr, Dullstroom nature reserve, Verloren Valley Nature reserve and the Ntsinini Nature. Important reserves of coals and power stations like Komati, Wilge, Camden, Hendrina and Kriel are part of the Nkangala District Municipality commonly called the Energy Mecca of South Africa because of its reserves. Given the importance of its power stations not being operational for the last few years, new interest from Eskom is likely to invigorate the stations in order to start supplying energy in the areas it covers and beyond.

1.7. Significance of the Study

Research has profound economic, societal, and academic impacts. The findings of this study will redound to the benefit of the Emakhazeni community (and the country) in finding solutions to improve the performance and sustainability of LED projects. The study has been conceptualized from the context that LED should act as a key catalyst in a number of desirable economic developmental outcomes that encompass the creation of job opportunities, poverty alleviation, and closing the inequality gap. Studies that are localised add more value to the body of knowledge in these communities since they are more relevant to the community's circumstances and the environment in which LED projects in these communities operate. It facilitates the transfer of researched information among universities, business and their communities which is critical for future planning. The study contributes to the knowledge base about LED projects for which the government and mining companies invest significant amounts of money annually. The research results engender the expansion of knowledge that is critical for the development of sound business plans by business and better government economic development policies. Business in the area, especially the mining houses, will be better enabled to invest in projects that exhibit minimal traits that are identified by the research as major causes of failure by SLP projects. The information generated is important to academe through the introduction of new researched knowledge and perspectives on important local economic development matters. The research should therefore be seen as an investment in the stock of knowledge that is beneficial to the Emakhazeni community, business in the area especially mining houses and the local government. Increasing the stock of useful knowledge.

1.8. Justification for the Study

Several LED projects that have been initiated in the Emakhazeni Local Municipality by government and the mining companies domiciled there have failed to survive beyond the support of the project sponsors' funds. The aim of this study was therefore to investigate the causal reasons LED projects in Emakhazeni Local Municipality have not been sustainable. The study was expected to contribute to the existing body of knowledge by identifying these underlying reasons so that they can be mitigated in future LED and SLP plans. The findings of this study will help to improve LED practices and the survival chances of LED projects in Emakhazeni Local Municipality. The mining

companies will be embarking on development of the 2018-2022 SLPs, therefore these findings will be critically used to inform the process going forward.

1.9. Chapters Outline

The chapters of this dissertation are outlined as follows:

Chapter One

It gives the overall interpretation of the research laying out the background, the problem statement, the research questions, the significance of the study, the justification for the study and the chapters' breakdown.

Chapter Two

It offers a review, evaluation, and analysis of the available literature on LED theory and practice and its impacts on community livelihoods locally and internationally. This is used as the basis for the data collection.

Chapter Three

It provides an outline of the research design and methodology used in the research and details the choice of the research design.

Chapter Four

The presentation and analysis of data is presented in this chapter

Chapter Five

This gives recommendations as well as the final conclusion of the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter puts LED into context. It looks at LED in South Africa and globally. It looks at aspects that contribute to the success and failure of LED in local communities in general and in Emakhazeni Local Municipality in particular. Emphasis is placed on the factors that affect the sustainability of mine-backed LED initiatives in the municipality.

2.2. Definitions of Local Economic Development

The term ‘Economic Development’ has been defined from a policy perspective, as ‘efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base’ (SVBIC-online). It is the qualitative measure of economic progress, and generally refers to the adoption of new technologies, transition from an agro-based to an industry-based economy, and general improvement in living standards (Business Dictionary-Online). Leigh and Blakely (2016:87-88) have identified three different ways of defining ‘economic development’ as follows:

- (a) Firstly, economic development has to create a community way of living that is standardised and help grow decent life of communities over a long term period. This includes aspects related to the creation of good jobs that contribute in the alleviation of poverty over a well-defined period of time;
- (b) The second takes into consideration the development of the economy dealing with the reduction of social disparities. To a certain extent, it means that this aspect includes both prosperity and possessions, but also focuses on reducing dissimilarities between demographic social groups. The decrease in inequality is also felt in other parts such as cities, townships, countryside and municipal areas.
- (c) The third aspect of LED specifies the fact that it is necessary that attention is given to goals that encourage sustainability so as to avoid the growth of inequality in the future. Also, economic development suggests that there is recurrent recycling of goods with policies regulating consumption of goods.

No universally accepted definition of the concept of Local Economic Development exists. LED can be understood as an emerging global tendency that is focused on a lively “place-based” scheduling strategy that takes place at the home-grown and provincial economic development level (Barca, et al. 2012: 144) and symbolizes a “place-based” development strategy getting momentum in importance for the contribution it brings, which is mostly increasing in both developed and developing nations (Tomaney, et al. 2010: 775). Some researchers believe that predominant traditional definitions of LED are inadequate given the fact that several new aspects have come into force. Therefore, defining LED in the 21st century requires that one complies with specific dynamic elements that strengthen development within society. Rogers and Rogerson reveal that there has been a widespread multifaceted approach that has contributed to the way people understand the concept due to a lack of a well-defined hypothetical type of how LED works (2010). However, LED has become one of the most important trends of development in the present-day era. The following are examples of definitions in current usage, and can be of great contribution in understanding what LED stands for:

- (a) **Cogta South Africa:** An approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development, thereby bringing economic benefits and improved quality of life for all residents in a local municipal area (Cogta, 2016-Online)
- (b) **United Nations Human Settlements Programme (UN-HABITAT):** It is a participatory process in which local people from all sectors work together in unison to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a way to create decent jobs and improve the quality of life for everyone involved, including the poor and marginalised. It encourages public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges. (UN-HABITAT, 2005).
- (c) **World Bank:** LED it is the process by which public, business and non-governmental sector partners work collectively and collaboratively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all. (World Bank Urban Development Unit 2003:4)

(d) **Applied Fiscal Research Centre:** A multi-dimensional and multi-sectoral process through which the skills, resources and ideas of local stakeholders are combined to stimulate local economies to respond innovatively to changes in the national and global economic environment to attain as an end result, job creation, poverty alleviation and the redistribution of wealth (Applied Fiscal Research Centre [S.a]:5) quoted by (Koma, 2012:2).

The global contribution of LED is a diverse and localized economy that is relatively robust to changes in international financing systems (UCLG, 2015). LED must therefore be understood as aimed at fighting local level joblessness, poverty and inequality.

2.3. Local Economic Development in South Africa

The history of the country has shaped LED over the years. The apartheid system had a defined regional planning policy that was racially segregated. Most South Africans were displaced and had to live in marginalised townships (Patterson, 2008). The architecture of the apartheid system had solid central government control which blocked local autonomy and the appearance of LED interventions in towns and cities in the country (Patterson, 2008). Democracy in 1994 changed this state and a new national developmental vision took its place. Over the years, the idea of LED has attracted great attention from policymakers in to a point where it is now an explicit government priority (Patterson, 2008).

Locally, LED is perceived to be of paramount importance for employment creation and poverty reduction. This naturally widens the tax base and gives people the ability to pay for services which in turn enables the municipality to improve service delivery and the provision of facilities. (International Republican Institute and National Business Initiative 1998:3 as quoted by Koma 2012:4). LED took a high turnout in the period that followed 1994 which is commonly known as the transition. From the form of development at the local level practiced previously in remote areas, policies shifted with regards to constitutional provisions into the management of LED in local authorities.

LED in South Africa has been for best practices been shaped by both law-making and strategy, taking into consideration numerous aspects of the issues that affected the country (Sibanda, 2013:660). LED has had mixed outcomes in country since 1990 (Nel

and Rogerson, 2007), with municipality areas achieving better results than remote ones. As a strategy, LED is accepted as one of the ways that South African authorities have used to create strong local economies meant to fight the spread of unemployment and poverty in the country. Unfortunately, there is a huge absence of visionary leadership to play the important role of taking ahead the challenges of development at the local community level (Moyo, 2007: 222). Therefore, the issue of leadership as it stands in the South African LED context has affected the efforts to implement sustainable development strategies to respond to the needs of the communities.

LED cannot achieve most of the outcomes singularly because of the different types of expertise required in the achievement of projects. It is, therefore, important that it partners with other structures like the Department of Provincial and Local Government (DPLG). Rogerson (2008: 153) suggests that for LED activities to be completed, there is need for top team leadership to the bottom leaders to work in collaboration with LED. Such activities include:

- a. The introduction of developing the assessment of the policy to improve how things work,
- b. Making provisional and continued support to local and provincial structures,
- c. Implementation of supervision of support based on technical issues with a follow-up structure to coordinate and monitor programmes to be implemented,
- d. Encouraging a LED aptitude building procedure.

An emphasis must be raised to underline the fact that the end of the apartheid system and the new privilege that South Africa went through brought an ideal shift of governance that gave priority to the alleviation of poverty, provision of good education, health- free access etc. in favour of the communities. All the changes were legally developed according to the provisions of the Constitution in 1996 to address these socio-economic issues. In terms of the governance at the local, provincial, and national level; the changes affected the population as new policies had to deal with the suffering of communities differently. At the provincial level for instance, two types of periods could be observed in the implementation of LED. While the apartheid era privileged policy that consisted in settling communities according to the racial profile within the suburbs resulting in moving populations in poor and demoted towns, new practices

implemented LED initiatives by central government in many municipalities (Patterson, 2008:22).

The impact of LED can be tracked in different ways globally. Coming in the form of donations, international bodies and nations contribute differently to support development initiatives. In South Africa, Patterson (2008: 16-38) talks about the following LED initiatives: European Union LED Support Programmes, Learning Monitoring and research Facility, Department of Provincial and Local Government, Department of trade and Industry, Local Government SETA, LED Agencies, German Agency for Technical Cooperation to mention just a few.

The post-apartheid regime revived hope in people's lives because of the high concern of the new leaders to use strategic means to alleviate poverty. As a way forward, the government initiated strict plans that considered action as a priority. For instance, in 1999 a LED Development Fund meant to support the reduction of poverty through LED was implemented and supervised by the DPLG. Unfortunately, numbers of projects implemented in the communities failed because of the shortage of local business support (Heideman, 2011:91). The reason behind the failure was that municipality LED staff without any expertise and experience grabbed the opportunity to run LED projects at the local level as their private businesses. Therefore, very low level performance of LED projects on the ground vis-à-vis the implementation of well-being projects damaged the integrity and importance that many people; including the local leaders; devoted to them (Rogerson, 2010: 489).

2.4. Definitions and Historical Debates on LED in South Africa

As alluded to earlier, as a development strategy, LED was not conceived locally as a new and innovative concept. It originated in 1960's Europe and has been practised successfully through different developmental stages for many decades around the world. Opinions among developmental experts suggest that defining LED as pro-poor or pro-market in terms of development should focus on aspects such as conducting a serious evaluation of the elements of research to measure the impacts of LED. Development or growth generally contributes to the alleviation of paucity from time to time, while on the other hand it might increase poverty. Thus, the definitions of pro-poor growth and pro-market growth as viewed by experts are hereby discussed:

- **Pro-poor growth:** It is an upsurge in GDP that decreases poverty (Ravallion, 2004). Given the vagueness of the definition, its best understanding may indicate that ‘pro-poor growth are pro-poor’ meaning that whether there has been a decrease of poverty only marginally and the distribution of revenue deteriorates in the period of high development. Moreover, a better way of approaching pro-poor is to further observe that while there is alleviation of poverty, dissimilarity goes together with it. A certain opinion also believes that development becomes pro-poor in the condition that its ratio is greater for the underprivileged rather than for non-poor unless discrimination falls apart.
- **Pro-market:** It is a conventional financial ideology based on pro-market-activism meant for government involvement into the friendly-market in order for the fiscal system or sector to comply with the regulation addressing the downfalls of the market ‘while the fruits of ongoing institutional reform are still unripe’ (De la Torre et al. 2007). Different from the previous notion of market activism, pro-market is believed to find its foundation in the hypothesis that marketplaces can widen easy entrance to funding, reducing the government institution interventions aiming at emerging markets rather than substituting them (Beck, et al. 2009).

Historically, since the advent of democratic rule in the country, great changes have happened making it different from the viewpoint of tackling development based on the good understanding of principle-based objectives between state and the business world. Unfortunately, financial prosperity that could enable the new start was obliterated by unprofessional handling of some LED categorical principles. As a result, the economy could not grow, keeping communities in acute poverty and failing to reduce their social suffering.

Research reveals that while the event of democratic rule came to birth, people were satisfied and believed they will be able to overcome the inequalities they lived during the apartheid era. Jeremy and Nicoli (2011: 342) suggest that ‘the poor were franchised, the pro-poor and black ANC was elected into office, the de-racialisation of public policies was completed, and even private practices were subject to a degree of de-racialisation’. Most interestingly, research concluded that while the nation enjoyed the new move for the country; there appeared some kind of ‘new forms of poverty during the ‘Mandela Decade’ 1990-2000 (Çelick, 2011: 82).

There is a substantial linkages among the management of the state, the Non-Governmental Organisations (NGOs), churches, industries etc. dealing with the issues of poverty that affect communities. The increase of social movements in the country for instance was motivated by the continued exploitation of the working class. And (Sitas, 2010) to indicate that the core concerns of the ‘new pro-poor’ were not adequately addressed by the trade unions or the representatives of the public, leading to the creation of different platforms in forms of political or social groupings. A further discussion on the issue of trade unions’ performance will be done in the coming points.

2.5 The Important Role of Local Government in LED in South Africa

The national Constitution of 1996 (Section 152) involves municipalities in playing an important role in financial and social improvement of citizens. Despite the positive statistics showing that since 1994 some important developmental goals have been achieved; the government is still in the hot spot of the population facing serious challenges. Local government is viewed as integral to the growth and development objectives underpinning national and provincial development frameworks; and it is obligated to play a critical role in promoting social and economic development in line with constitutional imperatives (Koma, 2012). Through local economic development policy, local municipalities have increasingly assumed a core role in job creation and poverty alleviation to boost local economies (Koma, 2012:2).

The major role LED played by local government in LED is the establishment of a conducive enabling environment in which LED initiatives can thrive. Other roles include facilitation and co-ordination through programmes such as the Integrated Development Planning (IDP) process and an economic ‘stimulator through tools such as incentives, grants, facilities provided at low rental, tourism development and business incubators, and a developer by the provision of basic infrastructure to stimulate private sector development such as electricity, water, roads, and sewers’. (Meyer, Venter; 2013). The role of Local and Regional Governments in LED are diagrammatically depicted in Figure 2 below.



Figure 1: The Role of Local and Regional Government in LED

Source: UCLG, 2015

Research suggests that prior to 1994, LED forecasting in South Africa was restricted in space because its areas of functionality were narrowed to address the issues in the local sphere in terms of the improvement of interventions spearheaded by local dignitaries. Improved local governance requires cooperation and partnerships. The service delivery triangle relating to LED is made up of three stakeholders working in partnership. This involves government, the private sector and local communities as illustrated in the service delivery triangle for LED depicted below. Appropriate municipal institutional structures and arrangements in the local sphere are paramount in ensuring success for local economic development, policy development and implementation but due to

funding, capacity and skills limitations as well as deficiencies in policies, local government has not had much success in fulfilling its developmental mandate. (Meyer, Venter, 2013).

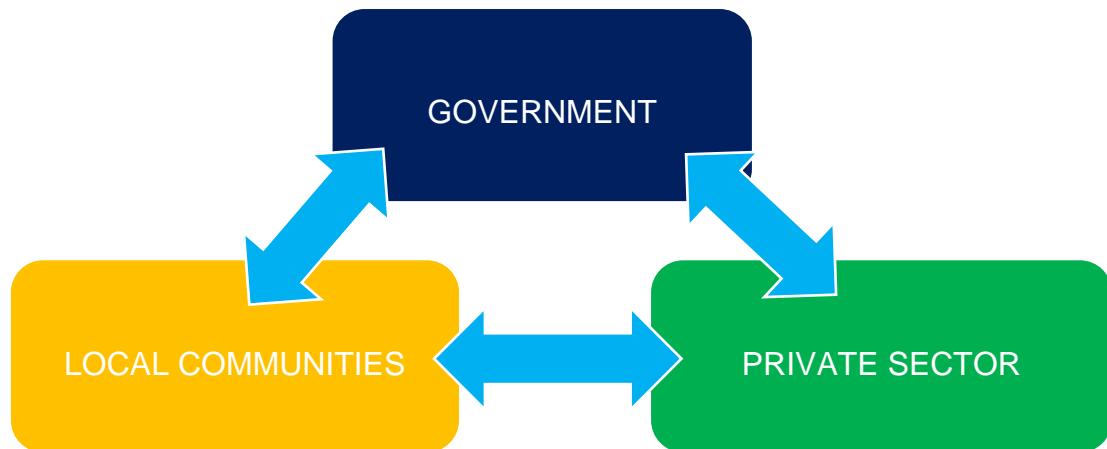


Figure 2: Service delivery triangle relating to LED

Source: Meyer, (2013).

Communities have rated local government in South Africa according to the services and the types of issues they address without failure. In some of the challenges that local government faces, the following can be quoted:

- Financially, municipalities fail to sustain themselves making them unable to address some challenges according to their needs;
- The delivery of services to the communities remain non-constant;
- The non-respect of the guidelines to remain focused on the recommendations of their mandate and duties.

2.6 Regulatory and Legislative Framework for LED Practice in South Africa

South African development programmes and initiatives are in a broad sense directed by a number of laws and policies. The Constitution of the country provides the foundation for a developmental model for local government in the planning, coordination and implementation of development initiatives. (Olivier; van Zyl; Williams, 2010). Legislation and policies (and institutions) are important to create a conducive environment for successful LED strategy formulation and implementation. LED touches a variety of areas that impact the development of local communities. As a result laws and policies that impact on it are many. To add to current legislation, there is additionally

a range of local, provincial and national development policies and plans to further guide and steer LED in the country. This framework outlines key national, provincial, district and local laws and policies that enable or hinder LED.

The history of the legal procedure of the LED framework can be traced from the mid-1990s after the 1994 election. The South African National Civics Organisation (SANCO) drafted a LED strategy focused on the development of the grassroots, including minor commerce. The implementation of the LED policy framework document started taking strong roots from 2009-2010 as one of the key development component strategies in public administration. In the new agenda, the government has willingly involved itself by committing to implement ‘long term planning and coordination replicating the conception of a National Planning Commission and the adoption of the New growth Path’ (Turok, 2010: 499).

In the local governance legislative and policy context; local municipalities are constitutionally directed to assume a developmental approach in implementing policies and programmes. Local municipalities exercise powers and functions that maximize the impact of social development, meeting the needs of the poor and ensuring the growth of local economies. Accordingly, these varied functions are designed to meet the basic needs of people, create an environment that will create jobs and alleviate poverty in a sustainable manner, engage actively with spheres of government and partners, co-operate and align policies and programmes and assume that external processes (e.g. the changes in the global economy, NEPAD, Growth and Development Summit) are irrelevant to the municipality.

The South African LED framework known as: “Stimulating and Developing Sustainable Local Economies” aims to stimulate a ‘robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives’ (DPLG, 2006:8).

2.7 LED and Mining in South Africa

The field where LED may leave its significant impact is not limited to a particular domain of social life. Whether it is in a school environment where the investment to improve the lives of teachers or in a hospital to assess the health competence or knowledge of the

nurses or any other field, project implementers judge their project objectives by the types of outcomes they receive.

The mining industry has a very positive and long history of investment in the country and has played a crucial role in terms of the development and enhancement of people's lives. Mabuza (2009) reveals that for nearly 50 years, mining took responsibility of ensuring the role of a national economy principal driver. Mining remains one of the sectors that makes a great contribution to the gross national product. Even in the times when there is a relative decline, mining stays largely stable by playing an important role in the South African financial situation (Department of Mineral and Energy, 2009).

The mining sector accounts for 7% of South Africa's GDP, notwithstanding that 'indirect multiplier effects take the contribution to about 18.4% in total (DME, 2009). In 2006 for instance, mining was assessed to having contributed about R140 billion to exports, constituting 32.3% of the general merchandise exports and 25% of foreign exchange incomes. The mining industry remains the third principal sector in the South African economy in terms of financial provision after farming and manufacturing. The contribution of new technologies has abundantly contributed to the minerals industry in terms of mineral exploration, ore mining, environmental stewardships, efficiency in mineral processing and beneficiation, as well as occupational health and safety issues.

According to the UNDP, the mining industry has both the opportunity and potential to positively contribute to about 17 SDGs and 'can impact positively and negatively across the SDGs' (UNDP et al, 2016). Mining can nurture economic development through the provision of decent employment, business development, increased fiscal revenues, and infrastructure linkages with many of the minerals vital for new technologies, infrastructure, energy and agriculture (UNDP, 2016). However, the industry has a checkered history and has in history given rise to many of the challenges that the UNDPs SDGs are attempting to address. These challenges include 'environmental degradation, displacement of populations, worsening economic and social inequality, armed conflicts, gender-based violence, tax evasion and corruption, increased risk for many health problems, and the violation of human rights' (UNDP et al, 2016). The mining industry has made significant advances in mitigating and managing these impacts and risks, by improving how companies manage their environmental and social impacts, protect the health of their workers, achieve energy efficiencies, report on

financial flows, and respect and support human rights (UNDP et al, 2016). The Department of Science and Technology (DST) (2016) gives some of the objectives of the mining industry aims to attain. They are as follows:

- a. 'Efficient, safe and competitive production: use advanced technologies to improve process efficiency from exploration to final product and reduce worker exposure to hazards as well as maintain a competitive mining sector';
- b. 'Environmental and health management: support the upgrading of technologies to minimise the impact of mining activities on its workforce, the environment and the community';
- c. 'Minerals upgrading and value addition: support the upgrading and value addition of South Africa's minerals, also by encouraging local manufacturing and production'.

From the perspective of how the community may benefit from mining investment, experts indicate that the regulations require that parties agree to the 'social license', which is an agreement instrument that allows given communities to accept the extraction project to be implemented in an identified area. It is a kind of social responsibility that concerned parties (here parties are the autochthones of the land, the investors, the government authorities etc.) exercise their rights to agree or disagree.

Mining investments is always a source of tensions between communities as many conflicts and tension between mining companies, local communities, and local central government are motivated by reckless, poor communication amongst the partners in conjunction with the consequence that will be generated by the ecosystem, and the sharing of the welfares (Campero and Barton, 2015: 167). For the mining objectives of exploiting minerals and contributing to the economic development of communities that own the space, there needs to be peaceful talks that should strengthen the relationships among stakeholders.

There are significant examples of conflict around the mining industry that culminate in violence and the death of innocent people. For most of these cases, such situations are worsened by a lack of positive listening between parties as underlined in previous paragraphs. We are one of the countries where the recurrent disputes over wages and other benefits of the employees have portrayed this country as the most violent place

to exploit minerals. The most notorious example of all is the 34 miner strikers that were massacred on 6 August 2012 in Marikana. The peaceful gathering of the workers on the premises of the Lonmin Mine requested the managers to hear their social claims based on earning a decent wage (Alexander, et al. 2013: 20). Unfortunately, the peaceful protest threatened the entrenched profitable labour system for Lonmin that had protected the privileges of the National Union of Mineworkers (NUM) as the dominant union. As a result, maximum force was used against the protesters resulting in a number of deaths and injuries.

What should be inferred from the Marikana massacre of these peaceful mineworkers? With reference to other industries around the world, besides the massacre of Marikana, the social environment of the investment and the conditions are likely the same in many nations. The historical tensions portrayed by the Marikana incident have the same background with the communities of Oruro and Potosi in Bolivia, Latina America (Campero and Barton, 2015:167). These communities were also portrayed as suffering from high levels of poverty, which differences existing between the high mineral earnings and the poverty levels in the settings of the extraction are blatant. In the case of Marikana, one of the interviewee of one mineworker summarised: ‘poverty drove our interviewees to work at Lonmin, and fear of losing their jobs means they tolerate some of the most arduous and dangerous working conditions imaginable’ (Alexander, et al. 2013: 20). The dissimilarities observed both in the case of South Africa and Bolivia are good examples that portray the misuse, the social injustice and the non-respect of the social license that is meant to redress the socio-economic situation of the workers.

One of the objectives that governments worldwide encourage for local or foreign investment in different domains is for investors to contribute to the well-being of the society. It is the government and its many stakeholders that wish to invest in the domains of their choice to facilitate the processes that lead to the implementation of the activities as planned. Therefore, governments have the privilege to implement policies that attract business partners to invest in the country and expect adequate returns that different structures of the state use to maintain socio-economic, health, education and road infrastructure etc. as part of its responsibility. It is in this regard that both the legal structures of the state and business partners share the core responsibility of social welfare and other aspects related to the well-being of the community. Thus including

LED activities in the management agenda of funds generated by local structures and others will allow for addressing the challenges and basic service needs of communities.

Mining can positively contribute to societies in which they operate through proper planning that takes into consideration the needs of societies in which they will be operating. According to Sheldon/COCPO (2008:2-3), these plans seek to achieve results in a number of areas as follows:

Development of plans to address community concerns: Addressing the possible impact of extractive industries on the environment and local communities and to ensure that companies and governments pay attention to community concerns. For instance, an upcoming lending project (\$50 million) in Tanzania will include support to local governments on LED planning, and mining companies have agreed to participate in the process. This will improve the development effectiveness of corporate social responsibility programs and the use of local government revenues from mining for development.

Supporting diversification to reduce dependence on mining: The LED approach helps reduce dependence on a mine for livelihoods and infrastructure services. Diversifying of sources of economic livelihoods through grants can finance a number of ventures (selected on a competitive basis) that can help reduce dependence on the mining activities in the area.

Improved planning to address negative effects of mine closure: Where mining decline in decline, LED should support local communities in dealing with the mine closure by shaping plans to return land to useful purposes such as farming, and new businesses.

Development of supporting infrastructure: Communities have been able to benefit from infrastructure improvements when mine infrastructure needs are linked to government and community needs. Roads and drainage systems built or used by mines can be adapted to meet long-term community needs.

Examples of successful mining contributions around the world are plenty. In Australia, 2004 was seen as a period when cool coal mining was stirred by worldwide demand of

commodities (Rolfe, Miles and Ivanova, 2007:134). The beneficiary region of the Bowen Basin region in central Queensland has been identified as the first petroleum generating region with positive outcomes for the investment. Activities of the business consisted of ‘improved groundwork focused basically on railways and wharves and the improvement of services related to the industry (Natural Resources and Mines, 2006). The positive part in the improvement of business conditions must be found in the ‘increase of positive financial and social impacts, including increases in employment, income, new infrastructure, and regional spending’ (Natural Resources and Mines, 2006). It is also necessary to underline that while there is financial movement where the investment has been implemented, it nurtures development in community circumstances differently. Such benefits can either be direct job opportunity availability for the unemployed as well as movements of revenue and wealth growth. Financial improvement has the advantage of permitting extra resources to be available for spending in social services like education, health and social welfare, benefitting public spending in order to uplift the living conditions of the community.

In the Sub-Saharan Africa, the upsurge of activities in the mining and oil extraction has contributed a lot to LED and has made some of the few nations that have strong institutions huge economic benefits. It is worth pointing out that besides the multiple extraction benefits it brings into the country where it is settled; there have sometimes been conflicts that have devastated lives of innocent citizens; making the investment opportunities to be labelled a curse. In South Africa, while mining is a significant contributor to the national economy, Moeletsi Mbeki (2008) divulged that ‘mining wealth is a curse’. This claim denounces the hypocrite result of mining investment that enriches few people while the majority of communities remain in abject poverty. Reddy, Henry and Oppong, (2005: 52) indicate that conflicts generated by diamonds are widespread and permanent. Mineral conflicts have affected more than 500 000 (Five Hundred Thousand) people in Angola, with civilians being the most victims, while in the DR Congo political violence motivated by mineral secret deals in that country has left more than 8 000 000 (Eight Million) people dead.

2.8. Local Economic Development in Emakhazeni

The Emakhazeni Local Municipality LED implementation impact has to be situated in the context of the country’s policies and the different implementation steps it requires

for its applicability on the ground. It is important, however, to suggest that Local Government, considering the official mandate it is allowed to apply in the different structures, is required to approve an all-encompassing stratagem plan that targets the improvement of the management of municipalities (Koma, 2014: 41). LED's focus on creating job opportunities facilitates the municipalities to maintain the increase of revenue that enables them to address the issues they face and Emakhazeni is no exception.

The Emakhazeni Local Municipality statistics shows that the redundancy rate of the area was 30% in 2010 with an earned income for each household for the active population in terms of economy evaluated to R31 494.53 as per year 2001 suggested figures (Koma, 2014: 4). The sector is covered by several economic activities including 'mining, agriculture, trade, transport, government, community services and manufacturing'. However, in all the economic activities led by the sectors quoted above, mining was surveyed as heading the sector in terms of employment in the municipality with 22,7% but followed by the trade sector with 20,6% (Emakhazeni Local Municipality integrated Development Plan 2001- 2012).

Some researchers believe that there is a probable way to defy the mining sector by creating jobs in Dullstroom. Leonard (2016: 254) suggests that tourism is one of the sectors that might generate viable employment and community growth. Dullstroom is believed to be a popular important tourism destination but has been threatened by several applications for mining opportunities in the area that is seen as contributing to the worsening devastation of the natural environment. A survey conducted in the area to assess whether mining should be allowed in the area to alleviate poverty etc. suggests that from the main representatives interrogated for the cause the majority were opposed, especially in Dullstroom wetlands; to protect biodiversity and agricultural lands.

2.9. Social Labour Plans and LED Initiatives in Emakhazeni

The consideration of the social and labour plans has been analysed in the context of the present and past activities that have offered employment or provided collaboration with the local municipality to sustain the effort of delivering adequate services in the areas in Emakhazeni Local Municipality. For that purpose, this section will only consider specific collaboration, positive tangible implementation of projects, contribution in the

social sector, and other initiatives of job creation. For the accuracy of the presentation of the types of collaboration and activities undertaken in the Emakhazeni Local Municipality we have chosen to focus on the work of Anglo American in these areas.

To start with, let us mention that there exists good collaboration between Emakhazeni Local Municipality as the local government responsible for the management of the area and Anglo American. Anglo American Thermal Coal stands as the fourth major exporter of seaborne thermal coal in the world and one of the biggest expanded mining and natural resource groups. It is listed in the London Stock Exchange with a secondary listing on the Johannesburg Securities Exchange. There are plausible reasons to believe that the social and labour plan in the Emakhazeni Local Municipality stands in good term with its counterpart Anglo American as shown in its report (Anglo American, 2013:4). The report undertaken in the area suggests having been focused on the following aims:

- The promotion of job opportunities and the improvement of social and economic welfare of the workers and to inspire all stakeholders involved in the business in the areas they work;
- To subsidise to the renovation of the manufacturing industry;
- Ensuring the holders of mining rights share the benefits to enhance the well-being of the communities where they work and those in the labour force

In terms of the contribution to LED, Anglo American as a strong partner identified in the Emakhazeni Local Municipality is committed in return for its investments in the area to sustaining development for the improvement of people's lives. One of the objectives that Anglo American has planned as well is to remain committed to the issues of community and human capacities.

The socio-development intended for the Emakhazeni Local Municipality is not only its problem. The problem related to development, security, health, education and others are common to other districts. To facilitate the development of the communities' well-being, the Emakhazeni Local municipality has agreed with the Nkangala District Municipality to assist in reviewing the LED strategy. The plan behind the review of the LED approach was to pursue the process of the integration of the main concerns of the

New Growth Path, National Development Plan and the Mpumalanga Vision 2030 (Emakhazeni Local Municipality, 2016: 66). The update of the LED strategies is believed to support the previous 2007 approach to give a push-up to the issues of economy that will contribute to the alleviation of poverty in many ways.

2.10 Factors Impeding Sustainability of LED Initiatives in Mining Communities

Sustainability of LED must be understood as a number of prerequisites that are taken into consideration in order to have accessibility to the space that one has targeted. The applicability of a sustainable and working LED initiative is embedded in several policy principles that is long in process and complicated in practice.

Considering our previous analysis of the factors contributing to sustainability supported by adequate examples in South Africa and given their contribution to the socio-economic and well-being of the communities, it is crucial to appraise the outcome of the practicability of each project. However, pinpointing factors that obstruct the sustainability of LED projects in the mining sector can be challenging and easy at the same time. The evidence of decades of violence originating from mineral resources has been witnessed in several countries, especially on the African continent, evidence which researchers have debated and proven for some nations. Therefore, our presentation of evidence of the pulling and pushing factors of obstructing sustainability in nations with wealthy minerals will focus on the violence motivated by the those minerals.

First and foremost, it is important to underline that where recurrent open violence becomes institutionalised for hidden interests of those who lead the nation and their partners, that nation will not live in peace. While conflicts intensifying from motivations of mineral resources, several other pulling factors play a crucial role. Assumptions such as minerals must not be considered the source of deep conflict but make them feasible and common. Some of the factors contributing to widespread mineral conflicts are due to the activity of excavating minerals ignites fights at the local level before it spreads to acute violence in other parts; improving the capacity of factions involved in the battles (Berman, et al. 2015: 2).

In most areas invaded by fighting troops, they have the potentiality to extract or force those working in the mines to extract them. While AngloGold Ashanti in South Africa provides sustainable socio-economic means in the country, in some other countries it

contributes to fuelling war and violence. Research suggests that AngloGold Ashanti has been involved in financing rebel movements in the DR Congo between 2003-2004 with financial and logistics support to a group known as the National and Integrationist Front (FNI) in Ituri (Human Rights Watch Brief, 2005). It is, therefore, difficult to initiate sustainable socio-economic projects while fighting takes place. As Megan et al. (2014: E4400) indicate, aspects of ‘social and environment’ remain fundamentally balanced taking into consideration local circumstances and handled with care by national government to action as part of its responsibility.

In most countries where the excavation of mineral resources takes place, the respect of regulatory policies play an important role. Policies define conditions, rules and regulations as to what should happen in areas that are covered by these resources. In South Africa, for example, the Mining Charter based on specific objectives tackles aspects of sustainability in a number of ways. In Sustainable Growth and Development, revised to the Broad-Based Socio-Economic Empowerment Charter of the South African Mining and Minerals Industry, it is recommended that investors in the mining sector put in place features contributing to the sustainability of their activities. Here we consider some of the aspects dealt with in South Africa’s Mining Industry as of 30 June 2010 (AngloGold Ashanti West Wits Operations, 2016: 127) following legislation that stipulates:

- a. The upgrading of the manufacturing’s conservational administration by fulfilling ecological management organisms with emphasis on nonstop improvement to analyse, obstruct, alleviate divergent environmental effect;
- b. To assume recurrent restoration on land taken by mining processes in respect with suitable monitoring obligations;
- c. To arrange for the save stowage and removal of residual waste and process remains,
- d. To design and plan all operations in order to attain the required resources to respond to the closure requirements of all processes

It is, therefore, possible to suggest that factors contributing to the obstruction of LED activities in mining areas might be various in scope and consequences. On the one hand, the most devastating motivations of delayed development of mining operations to

benefit some areas might be motivated by recurrent fighting of belligerent troops for reasons related to excavating of minerals. In many cases, such violence caused by armed troops is connected to the political elite with hidden interest in the areas. On the other, conflicts linked to the non-respect of issues of policies of social licence are to be considered. The case of the massacre of Marikana dealt with in the previous section of this paper is relevant.

2.11. Conclusion Remarks

Issues of development, peace, sustainability, effective policies, and others are believed to be at the forefront of successful implementation of LED activities in a region. While LED activities are cared for by local authorities, the implementation process remains tricky and embedded in several policies that require enough consultation and seriousness. In most cases, LED projects are implemented in poor communities to uplift their well-being, including aspects related to education, health, road infrastructure, water sanitation, etc. However, for the effective implementation of such activities to succeed in the communities, it is required that all bodies or stakeholders be involved. Each of the stakeholders including community leaders, local government experts, NGOs, business partners, etc. have a role to play to benefit all members.

The regulations of the implementation of LED require that the respect of policies of any type of business remain lawful. Because there are various activities linked to the investment in communities in the form of LED (mining activities, tourism, house renovation, etc.), policies are clear about how to go about it. To avoid loss of funds from investors and the privilege of communities to benefit from the implementation of any project, parties are required to abide by the laws of the country. Furthermore, conflicts motivated by certain projects need to be dealt with adequate tools in order to avoid confrontation, loss of life and/or of infrastructure.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

The chapter provides a description of the methodology that was used in conducting this study. ‘Research methodology’ is defined as a systematic theoretical analysis of the methods applied to a field of study (Irny and Rose, 2005). Against this background, the chapter begins by outlining the sampling design that informed this research project, which is followed by discussions about data collection, management and analysis respectively. Lastly, ethical considerations, study limitations and challenges experienced during data collection are briefly described.

A total of 14 respondents (3 Municipal Managers, 7 Small business Managers, and 4 Mining House Managers) were interviewed in Emakhazeni Local Municipality. The geographical spread of the respondents covers Belfast and the surrounding mines.

3.2. Research Design

A research design is a set of methods and procedures used in collecting and analysing measures of the variables specified in the research problem and defines the study type (descriptive, correlation, semi- experimental, experimental, review, meta-analytic) and sub-type (e.g. descriptive-longitudinal case study, research problem, hypothesis, independent and dependent variables, experimental design, and, if applicable, data collection methods and a statistical analysis plan (Wikipedia.org). It is a framework that has been created to find answers to research questions (Wikipedia.org). Evaluation research studies can be qualitative, quantitative or mixed. This study employed a qualitative descriptive approach. Person-to-person interviews were undertaken and a semi-structured questionnaire was used to give flexibility to the interview to solicit more depth in responses from the interviewees. The use of interviews gives more details and more accurate responses regardless of the difficulty of generalizing the data. The qualitative research method was utilized as it was considered appropriate for this particular study.

3.3. Sampling Strategy

A sample is part of something larger usually called either a population or universe. The sample size may be predetermined or based on theoretical saturation, basically a point at which additional collected data no longer provides further insights (Corbin and Strauss, 1998; Stausberg and Engler, 2013). A sample design is the framework, or road

map, that serves as the basis for the selection of a survey sample (Lavrakas PJ, 2008). The project will adopt a non-probability sampling technique which allows us to select units of interest from the target population for our study. The units were selected subjectively based on the researcher's judgement on their suitability.

Purposive sampling was adopted to reduce bias. The procedure was utilized in the selection of municipal officials, small businesses, and mining companies that formed the groups of interest for the study. This is because there are specific mining firms, specific businesses and specific municipal officials who work together to ensure successful implementation of LED projects within the municipality. The researcher accessed the database of these stakeholders from the Emakhazeni LED department. A case study approach was adopted for this study. Semi-structured questionnaires administered to the participants in Emakhazeni. According to Greenfield (2000:35), this approach is generally considered appropriate because it investigates a single case for a period of time (Kariuki, 2008:54). In other words, a case study aims at answering the question "what is going on?" (Mahoney and Goertz, 2006:230). Furthermore, a case study approach fits well with the needs of small-scale research by concentrating effort on one research site. There are however some limitations with the case study approach especially the fact that it is impossible to generalize findings to the population as a whole (Somekh and Lewin, 2005:40). Additionally, it is a demanding task to negotiate access to case study settings. Despite these limitations, this approach will be appropriate for this study.

3.4 Sample Population

One way of understanding the target population in the research context is that it represents the population in its entirety and wide-ranging collection of elements defined in the research (Greenstein and Davis 2013:48). In collecting data, the research targets those who work at the municipality and particularly those who are in LED. The study will interview fourteen (14) respondents comprised of municipal officials, small businesses supported by mines and mine houses that support these small businesses. The rationale of conducting fourteen interviews is that the information secured through them is considered to be sufficient for answering the research questions of the study.

3.5. Research Instruments

Research instruments are measurement devices that are used in research (survey, test, questionnaire, etc.) designed to acquire data from research subjects on a topic of interest; and they fall into two broad categories which are researcher-completed and subject-completed instruments chosen based on the research question. (Research Rundowns-online). It is widely agreed that in qualitative research and qualitative studies, the main instrument is the skilled researcher themselves due to their important tasks of taking notes, talking to people and recording interviews and so forth. They have to be skilful on what to observe, to write down, and how to probe further when appropriate. For this study, interviews were conducted with the identified respondents using a semi-structured questionnaire administered by the researcher by completed by the interviewee. The researcher made use of a notepad to write field notes and a tape recorder as backup to record the interview. The backup was necessary to ensure that there was a store of information should there be any information omitted during the writing of notes or the filling up of the questionnaire.

3.6 Validity and Reliability

Reliability measures the extent to which the use of an assessment instrument produces stable and reliable results or instrument consistency. (Kimberlin and Winterstein, 2008). Researchers consider three types of consistency: over time (test-retest reliability), across items (internal consistency), and across different researchers (inter-rater reliability) (Price et al, Online). On the other hand validity is the extent to which the scores from a measure represent the variable they are intended to; and when a measure has good test-retest reliability and internal consistency, researchers are more confident that the scores represent what they are supposed to (though not in all cases) (Price et al, Online). Validity is usually categorised into several distinct types but three basic types are face validity (extent to which a measurement method appears “on its face” to measure the construct of interest), content validity (extent to which a measure “covers” the construct of interest), and criterion validity (extent to which people’s scores on a measure are correlated with other variables (known as criteria) that one would expect them to be correlated with). (Price et al, Online). Since establishing validity and reliability in qualitative research is difficult, methods like participant checks and peer evaluation are used. The research results for this study were checked by the research supervisor for any conspicuous weaknesses. (Kimberlin and Winterstein, 2008).

3.7. Data Collection

In-depth interviews, observation and written documents are the three main data sources used in qualitative research. A target population, community, or study area must be identified for the collection of the data. It is not typically possible for researchers to collect data from everyone in a sample area or community so a target population must be identified (CIRT- Online). Data is therefore gathered from a sample or a subset of the population. To provide in-depth understanding, qualitative research targets a specific group, type of individual, event or process; and to accomplish this goal, qualitative research focus on criterion-based sampling techniques to reach the target group. In this study, key informant semi-structured interviews were conducted. The person-to-person semi-structured interview format was used. The researcher used an electronic recorder (with the consent of the respondent) to record the interview data. This was to preserve the oral part of the interview for later analysis. However, some of the respondents declined to be recorded. The choice of a semi-structured interviewing technique for data collection was due to its suitability for this study.

3.8. Data Management and Analysis

According to (Whyte and Tedds, 2011) ‘research data management concerns the organisation of data, from its entry to the research cycle through to the dissemination and archiving of valuable results. It aims to ensure reliable verification of results, and permits new and innovative research built on existing information’. Analysis of collected data from this study involved analysing the extent to which sustainability was achieved after the implementation of LED and SLP projects in Emakhazeni Local Municipality, and patterns and consensus from respondents with regard to factors that are instrumental in the sustainability or mortality of SLPs were analysed.

3.9 Limitation and Delimitations

Haurovi (2012:40) contends that the researcher has an obligation to make shortcomings of the research known to the readers. In the light of this, this study was limited to Emakhazeni Local Municipality, thereby excluding all other municipalities in the Nkangala District. Another limitation of the study is that it focuses only on businesses supported by the mining companies as well as the Emakhazeni Local Municipality while excluding other businesses operating in the municipality.

3.10. Ethical Considerations

Ethics are defined as the basic concepts and fundamental principles of decent human conduct that includes universal values such as the essential equality of all men and women, human or natural rights, obedience to the law of land, concern for health and safety and, increasingly, also for the natural environment (businessdictionary.com – online). In research, ethical considerations focus on the methods by which information is gathered and the way the information is conveyed to the target audience (Kroeck L, 2017). Norms enhance the purpose of the research which includes the dissemination of knowledge, reporting or saying the truth, and the need to counteract errors; and a researcher must select the appropriate methodology to employ, relevant ways of collecting data, present the research findings and interpret them accordingly leading to presentation of information in a logical sequence (Akaranga and Makau, 2016). To ensure confidentiality, anonymity of respondents, and their privacy for this study; informed consent forms were issued to respondents. The researcher was ethically bound to ensure that people were free not to participate in the research if they deemed it undesirable on their part. The researcher clearly explained the purpose for the study, who they were, why they needed the information and what use they would employ it. They asked for respondents to record the interview and most respondents declined to be recorded. The researcher therefore couldn't proceed with the recording where consent was not given. At every turn, the information provided by participants to this study was treated confidentially and no identity of the participants' was revealed in any way during the study. All recordings and for this study were safely stored throughout the study period. Lastly, the researcher handled himself professionally at all times; following due protocol to gain access to respondents and ensuring that they were comfortable throughout the process. As is the custom in international research, the researcher followed established research norms to respect the rights, dignity, and worth of all people that took part in the study and took care to do no harm in the conduct of their work (American Educational Research Association, 2011).

3.11. Conclusion

For this study, a qualitative data collection method was used. The researcher conducted the research over a period of four months due to time constraints on the part of the respondents which meant that the researcher had to wait longer for some respondents to be available for interview than others.

CHAPTER FOUR: ANALYSIS & INTEPRETATION OF RESEARCH FINDINGS

4.1 Introduction

This section presents the findings of the study. The data that is presented and analysed here was collected using a prepared interview guide with questions tailored to respondents from our three sub-groups in the study (mines, the local municipality, and business). The data collection was augmented by interview recordings where the respondent acceded to that and personal observations recorded during the research and used as part of the analysis. The researcher asked open ended questions to probe an understanding of the sustainability of LED projects in the Belfast area of Emakhazeni Local Municipality. This research was guided by the following main research question: 'To what extent is sustainability achieved after implementation of LED projects in Emakhazeni Local Municipality?' Sub-questions were formulated to provide deeper understanding of the sustainability of SPL projects in the study area as follows:

- i. To what extent do mining companies, small business and Government work together on LED?
- ii. What is currently being done to ensure that LED projects are sustainable?
- iii. What areas should be improved to ensure LED projects are sustainable?

4.2 Thematic Analysis of Research Findings

The key objectives of the study are consolidated into three (3) broad themes as follows:

- Theme 1: Status and Sustainability of LED projects in Emakhazeni.
- Theme 2: Implementation of LED projects and areas of improvement
- Theme 3: LED partnerships in Emakhazeni

4.2.1 Theme 1: Status & Sustainability of LED Projects

Number and Gender of Small Business Participants

Gender	Count	Percentage
Male	6	86%
Female	1	14%
Total	7	100%

Table 1: Number of Small Business Participants

From the table which shows the gender composition of small business respondents; it is evident that the sample was biased towards males (86%); with only one female respondent (14%). This finding reflects a patriarchal social bias towards male leadership in business. The results reflect the national situation. Although there has been progress made in the reduction of gender bias for women engaging in early stage entrepreneurial activities since the end of apartheid, the number of women business owners remains constrained by a lack of entrepreneurial intent, perceived business opportunities, and shortage of support and resources such as capital and training (Second MasterCard Index of Women Entrepreneurs (MIWE, 2018). From the referenced index, women account for only 18.8 percent of business owners in South Africa indicating slow progress in entrepreneurship compared to other countries (MIWE, 2018) with Ghana at 46.4 percent ranking first in the world with the highest number of women business owners. The DTI (2006) and scholars generally agree that racial, gender, and class distribution of businesses does not significantly differ from that in the apartheid era (Botha, 2006). In response, Government has enacted laws and put other measures in place with a view to redress the gender imbalance with ASGI-SA envisaging greater involvement of women in business activities (Botha, 2006). It is believed that in order to encourage larger numbers of women into entrepreneurship, there is need to widen access to business start-up training and advice which entails offering a wide range of start-up support services which encourage women into business (Carter, 2000). A bias as indicated in the research findings is not conducive to optimal small business performance in the study area since it can preclude more deserving candidates based on gender. Gender balance interventions can be made taking into consideration the enduring historical circumstances that drive the bias towards male domination in business ownership and leadership.

Age and Role of Small Business Participants

Questions asked: Briefly describe your involvement with the business. Are you the owner, a manager or an employee?

Age Range	Count
18 – 25	-
26 – 30	4
31 – 35	-
36 – 40	3
41 – 45	-

46 – 50	-
51 – 55	-
56 – 60	-
Over 60	-

Table 2 : Number of Small Business Participants

Role Played	Owner	Manager	Employee
3	3		1

Table 3: Role/ involvement of Respondent in the Business

The small business participants for the study were confined to two age group cohorts. Four of the participants were in the 26-30 years age range while the rest were in the 36-40 years age group. The results indicate that the participants either owned their businesses (43%) or were managers (43%) while only one participant was an employee (14%). The findings therefore indicate that fairly youthful entrepreneurs are running small business operations in the study area. Research studies have investigated the relationship between the age of the entrepreneur and the performance of a business. The general conclusion is that ageing may affect the performance of companies (Braaksma, Gibus and De Kok, 2012). A study by Ruis and Scholman (2012) about the relationship between age of the entrepreneur and the objectives, strategy and performance of the firm found out that age negatively affects innovation (strategy), investments and turnover. Some research has found that an inverted U-shaped relationship exists as a common feature between entrepreneur age and performance in almost all sectors when experience of the founder and the rigidity in adjusting the firm's organizational capital are considered, and age (experience) has been found to positively affect performance although it peaks off and its contribution turns to negative. (Cucculeli & Micucci, Undated). Business failure can be caused by lack of experience. It is therefore important that tailored business support in the area be given to the youthful entrepreneurs and managers so that they are able to run their operations effectively.

On the role played by the participant in the business ML indicated that he is the 'owner of the business and also the Managing Director' and under him he had FL as the Finance Manager and NL as the Bookkeeper and the business also has a Supervisor'. ZL was 'a director of the company', IF is 'the owner of the business...one of four directors in the company and in charge of the administration of the business'. MM is 'a director of the company...holding the position of Managing Director', IH is an 'owner', SC is a member of a cooperative responsible for 'overall management and operations in the business, driving and delivery of coal as well as loading of coal' and SCP is an

employee of a cooperative who is responsible for operating the coal yard ‘financial management, banking and books’ as well as ‘ensuring that there is always enough stock and quality checks’.

Types of Small Businesses Operated in the Study Area

Questions asked: Can you please tell me a short history of the business, from when it started until now. What are the activities of this business?

Type of Business					
Participants	Services	Agric.	Manf.	Const.	Tourism
ML	X	-	-	-	-
ZL	X	-	-	-	-
IF	X	-	-	X	-
MM	X	-	-	-	-
IH	X	-	-	-	-
SC	X	-	-	-	-
SCP	X	-	-	-	-

Affirmative Responses are Marked ‘X’

Table 4: Types of Businesses & Age Type of Business

The research findings indicate that all businesses provided services to their clients. When further broken down into specific services offered, 57% (4 participants) indicated that they were in the logistics industry, 14% (1 respondent) indicated that they were involved in a diversity of operations from food catering, cleaning services, laundry services, construction as well as events management and coordination while 29% (2 respondents) said that they were in the coal procurement industry with operations in Siyathuthuka Township. ML’s business is into the ‘transportation of coal and logistics’ working at ‘diversification into fuel tankers’. ZL is into ‘logistics, construction and plant hire’ while IF is into a diversity of operations covering ‘catering, cleaning services, laundry services, construction, events management and events coordination’. MM is into ‘small civil construction and maintenance, transportation of employees from home to work and back’; IH is into ‘transportation of public, transportation of employees and transportation of goods’. SC and SCP are into selling of coal. The concentration of businesses involved in the logistics sector may be attributed to the presence of mining companies in the area which give business to budding black-owned enterprises as part of their preferential procurement policies. This over-concentration may not be desirable since it usually results in stiff competition for a small number of contracts and

underutilization of business assets which invariably leads to poor business performance and failure.

Age of Businesses

Question asked: Can you please tell me a short history of the business, from when it started until now.

Participants	Age (Years)
ML	7
ZL	1
IF	1
MM	5
IH	1
SC	6
SCP	5

Affirmative Responses are Marked 'X'

Table 5: Types of Businesses & Age Type of Business

From the findings, 57% of the small businesses have been in operation for more than five years. This is an important metric which indicates that most enterprises have moved from survivalist to reliable businesses. Research indicates that in South Africa; an estimated 40 percent of small firms fail in their first year of operation, 60 percent fail before their second year has passed, and 90 percent in their first 10 years of existence (Radipere & Van Scheers, 2005). Most scholars define an SMME that has been in existence for more than 42 months as an established SMME, as the risk of failure reduces significantly after that time period. The sustainability of small businesses in the study area can be improved if solutions that ensure that they get past the first 42 months are explored.

Entrepreneur Degree of Satisfaction with Business Activities

Question asked: To what extent are you satisfied with activities of the business? Please explain.

	Satisfied with Business Activities?	
Name	Yes	No
ML	X	-
ZL	X	-
IF	-	X

MM	-	X
IH	X	-
SC	-	X
SCP	-	X

Affirmative Responses are Marked 'X'

Table 6: Degree of Satisfaction with Business Activities

There are high levels of dissatisfaction with business activities (86%) in the sampled small businesses. Cooperatives have major issues with control of business and finances. Several small business respondents pointed out that they were not satisfied with their business activities. The reasons for dissatisfaction varied, but most indicated that the businesses were not generating enough income; with a lot of marketing activities being required to sustain them. Respondent ML was the only respondent that was satisfied with the business activities but still thinks that 'there are opportunities for growth and diversification into other sectors since it is riskier to concentrate on one sector'. Respondent IF indicated that 'the business has not yet generated any income and still requires a great deal of marketing I am not yet satisfied at all'. 'The company gains experience in participating in these activities, but they are not sufficient to sustain the business...therefore for the company to grow, a long term project is needed' (Participant MM). Participant SC indicated that 'there is no proper financial management ...one member is controlling the finances of the business. SCP also responded with dissatisfaction that he is 'not satisfied with the business operations due to lack of adequate skills –client service and general management'. Research has shown that entrepreneurs in economies where people tend to go into business to pursue an opportunity tend to rate their well-being higher than those in necessity-driven economies where people start businesses because there are few other options for economic survival (Amorós et al [GEM Report], 2013) as is the case in South Africa. The research findings reflect this reality. According to the 2013 GEM Report referred to above, North American and Latin American entrepreneurs rated their well-being the highest, while those in Sub-Saharan Africa, where conditions are tougher for entrepreneurs, ranked theirs the lowest (Amorós et al [GEM Report], 2013). The low satisfaction levels observed with respondents are a potential catalyst for business failure, as respondents may not be adequately motivated to see the enterprise succeed. The researcher is of the opinion that providing adequate training and development to both management and employees and reducing the challenges that are encountered

by SMMEs can result in increased satisfaction levels for respondents in the business activities being offered.

Long Term Vision for Businesses

Questions asked: 1. In your view, what is the vision of the business? 2. Would you say the business is achieving its vision? Explain. 3. Do you see this business still existing twenty years from now? Please explain.

Name	Long Term Vision	
	Yes	No
ML	X	-
ZL	X	-
IF	X	-
MM	X	-
IH	X	-
SC	X	-
SCP	X	-

Affirmative Responses are Marked 'X'

Table 7: Presence of Long Term Business Vision for Surveyed SMMEs

All participants in the study are committed entrepreneurs in their current line of business operation. This is demonstrated by the fact that all the respondents interviewed have long term visions for their businesses. Without the individual foundations of strong values illustrated by a vision, an organization cannot become successful (Tallant J, 2009). Generally, many small businesses lack a clear vision, and they tend to jump from task to task without a clear understanding of what bonds the individual actions together (Walters, Online). The ability to visualize and articulate a possible future state for an organization or company has always been a vital component of successful business leadership (Tony Mayo, 2007). Participant ML summarises his vision of the business as follows: 'Short-term: Being one of the recognised transporters within the country; grow the fleet from 17-40'. He believes he is on track to achieving his vision because 'most of the goals have been achieved with 60 employees from office workers, drivers, mechanics, etc. and fleet grew from 2 to 17, now have own yard and turnover is above R32 million per annum). ML sees his business still existing 20 years from now and pins this hope on diversification that they want 'to embark on into the food industry and fuels'. Respondent ZL aims to 'impact strongly in developing local people and companies'. ZL believes he is on track in achieving his business vision 'looking at the opportunities in

the area'. He also believes the business will be around in 20 years' time because it has 'vibrant directors who wants to make more in the business sector'. Respondent IF aims to provide the most convenient shipment of goods and services as well as people transportation. There is a need for adequate funding though, in order for these visions to come to fruition. Participant SCP 'want to see the coal-yard growing, becoming a brand and a wholesaler' but while the business is trying hard 'the challenge is lack of skills and the attitude of employees'. SCP sees the business existing 20 years into the future 'on condition that the skills are brought into the business.'

Financial Stability of Businesses

Questions asked: 1. Do you entirely rely on this business for survival or you have other income sources? 2. (If the business is your income source), are you able to maintain yourself and your household from business income?

Name	Rely on Business for Livelihood	
	Yes	No
ML	-	X
ZL	-	X
IF	-	X
MM	-	X
IH	X	-
SC	X	-
SCP	X	-

Affirmative Responses are Marked 'X'

Table 8: Financial Stability of Businesses

The sustainability of small businesses is enhanced if they have easier access to finance and credit. Lack of working capital is cited as a major constraint for small businesses and is cited as the major obstacle afflicting small businesses (Cant et al, 2014). The majority of the participants generally do not solely rely on their businesses for their livelihood. Respondent ML indicates that he does not rely entirely on the business for his livelihood. His response to the question was: 'Not really, the owner has 2 farms (vegetable and livestock, cattle, growing soya and maize) however, most of the income is generated from the business at '95% of the owner's expenses and sustenance'. Three other respondents who stated that they did not rely on the business alone did not disclose what other activities they carry out in order to enhance their livelihood. However, two respondents (one of them an employee) indicated that they relied solely on the

business for their livelihood although they both indicate that it barely sustains them. IH indicated that he relies entirely 'on the business. The financial position of the surveyed businesses in the study area is weak. Without easier access to financial and non-financial resources and assistance, the financial situation of these businesses will not improve. Many banks and creditors generally regard SMMEs as high-risk borrowers due to their informality, insufficient assets and high mortality rates (UNCTAD, 2001). It is difficult, especially for smaller businesses, to build up credit and provide financials and collateral worthy of securing business loans and lines of credit needed to grow (Turner et al, 2008). Despite the government's commitment in supporting SMMEs through financial and non-financial interventions, the awareness and uptake of support has been very low (NCR, 2011) and in a 2010 Small Business Survey, the majority of the owners (75%) were not aware of support organizations (FinScope, 2010) and how the programmes operated (Mago & Toro, 2013). To strengthen their financial strength and to have a good chance at survival; SMME owners should therefore make sufficient use of various funding avenues offered by external sources (Cant et al, 2014).

Government Support for Small Businesses

Question asked: How, if at all, has your business benefited from government support?
Please explain.

Name	Did You Get Any Govt. Support	
	Yes	No
ML	X	-
ZL	-	X
IF	X	-
MM	-	X
IH	-	X
SC	-	X
SCP	-	X

Affirmative Responses are Marked 'X'

Table 9: Government Support for SMMEs

From the study, only two participants (29%) have received some form of Government assistance while the rest indicated that they have received no Government assistance at all. ML reckons that government support has been received 'indirectly through the government policies such as BBBEE, the Mining Charter, etc., but has not received any assistance directly either through 'funding or non-financial support'. ZM has received

'no benefit' from Government and believes that to assist small businesses, Government must 'conduct workshops, training for small business like us'. On whether Government is doing enough to assist small business, ML responded that 'government is really trying to assist me as a small business; however, government is slow on implementation'. IH responded that: 'We have not benefited from Government'. SC responded that they 'have not benefited in any way from government other than on the allocation of land by the municipality'. SC further believed that government 'is not doing enough' since they 'have approached different government institutions for help to no avail'. SCP responded that they have not at all received Government support, and 'members have in the past spoken to the NYDA to buy a "scale" and electricity...approached the municipality for assistance with electricity also but it was expensive'. In the end, SCPs conclusion on government assistance to small businesses in the study area was that 'Government is doing little to support us as small businesses, especially in Belfast'.

In a speech at the SMME colloquium (2014), SMME Minister Lindiwe Zulu indicated that Government was aware that 'to address problems confronting the South African economy, and to reverse high unemployment rates required a radical policy shift that recognises the urgent need to invest in small, medium and micro enterprises (SMMEs) as they are key drivers of economic growth and job creation'. Many entrepreneurs perceive government support to mean financial incentives (loans and grants). However government has broadened its support especially through B-BBEE interventions which cover Sector Charters that seek to achieve broad-based transformation in a number of sectors. These sectors include mining, integrated transport, forestry, construction, tourism, chartered accountancy, property, ICT, financial services sector, and agriculture (dti-online). One of the ways that local government and resident private sector players support township enterprises is by buying from them. The Preferential Procurement Policy Framework Act (PPPFA) stipulates that when government assesses contracts, it must take into account a preference point system which prescribes functionality, price and reconstruction development programme (RDP) goals [dti-online]. The problem that is highlighted by participants in this study is that government is not quick enough to respond to requests by SMEs even though it has the capacity to offer small loans to businesses of their size. The researcher is of the opinion that the government should conduct workshops and training sessions for small businesses so that they are well-equipped to access financing and other help from available government programmes supporting SMMEs.

Municipal/Government Support for SMME LED Programmes

Question asked: In your experience, what specific LED activities in this Municipality aim at supporting small businesses?

Activity	Respondents		
	1	2	3
Financial and Non-Financial Support	X	X	X
Training and Mentorship	X	X	X
Preferential Procurement	-	-	X

Affirmative Responses are Marked 'X'

Table 10: LED Programmes Targeted at Supporting Small Businesses

The question was directed at LED officials in the subject municipalities. Participants were aware of programmes that are directed at SMMEs to help them to sustain and grow their businesses. According to Participant #1, the municipality offers 'training and mentorship programmes as well as financial support' aimed at supporting small businesses, while Respondent #3 indicated that small businesses are offered 'financial and non-financial support/funding'. Respondent #2 highlighted 'training of SMMEs in the area to ensure their sustainability which forms part of non-financial support as well as financial support to SMMEs (which) is a new programme'. Respondent #2 also indicated that the municipality was 'implementing the setting aside of 30% for subcontracting'. At Government level, the country has legislation, a comprehensive policy framework and architecture to support small businesses with financial support, non-finance support (training, advice, mentorship), procurement, international linkages assistance, and technology support (Levin S, Undated). From the study, all respondents indicated that their municipalities are offering financial and non-financial support to assist SMMEs in their area of jurisdiction.

Respondent #3 indicated that the municipality was offering SMMEs preferential procurement to uplift the fortunes of local businesses. Financial and non-financial SMMEs support policies are in place in surveyed municipalities and are tailored to solve challenges faced by SMMEs. Workshops, training, mentorship and coaching programmes have also been offered to help support small business people in the day to day running and management of the businesses. However, these programmes have to be broadened to include some measures/tools to support SMMEs that include

administrative simplification, business promotion, providing funding, entrepreneurship support, municipal tax reductions for entrepreneurial projects, and the supply of infrastructure to new investors. The results of the study indicate that local SMMEs are financially weak and entrepreneurs lack adequate information about available government assistance. There is therefore need to strengthen SMME support systems and access to information about available financial and non-financial incentives with local government and its development partners improving reach to cover a broader number of SMMEs in a bid to improve their sustainability and quality of services.

Mining House Support for Small Businesses in Local Communities

Question asked: In what ways does this mining house support small businesses within Emakhazeni?

Type of Support Given	UM	EX1	EX2
Enterprise Development Support	X	X	X
Preferred Supplier Programme/B-BBEE	X	X	X
Employee Preference/Jobs for Locals	X	X	X
Infrastructure Projects	X	X	-
Skills Development/Capacity Building	X	X	X
Direct Funding of Projects	-	X	X
Enterprise Development Centre	-	X	X

Affirmative Responses are Marked 'X'

Table 11: Support Given to Small Businesses and Community by Mining Companies

All mining companies interviewed are involved in LED projects. However, the type of intervention differs slightly from one mining house to another. This phenomenon may be explained as mere omissions by respondents who might have felt that the space given on the questionnaire was inadequate to state all the activities that the mining house is involved in. The LED support given to SMMEs and the community by the mining companies ranges from enterprise development programmes to direct funding of projects as indicated in the table above. UM has an enterprise programme that was developed to promote and improve the capacity, skills and experience of local Black Economic Empowerment (BEE) suppliers; and includes measures such as employment preference, skills development, ownership, management, socio-economic development and preferential procurement. EX1 assists small business 'through funding, business value chain support, capacity building, and day to day running of the business until the stage of sustainability'. It has to be noted that the EX2 from the HQ had a limited view

of the type of support due to the interviewee operating at HQ but highlighted the ‘upcoming Belfast Development Support Centre which will be developing future suppliers and other industries’. UM has a ‘web portal which has been created specifically for small businesses within Emakhazeni local municipality’. UM also has ‘an enterprise development programme developed to promote and improve the capacity, skills and experience of local Black Economic Empowerment (BEE) suppliers (which) includes measures such as employment, preference, skills development, ownership, management, socio-economic development and preferential procurement’. The support given to small business community by mining houses in the area generally follows the expected SLP benefits to a mining community which include skills development of employees, developing the community in terms of infrastructure and sanitation (wits.ac.za-online). The stated mining house priority initiatives are important in uplifting local communities especially in mining-inclined communities like Emakhazeni Local Municipality. It is evident from the research findings that, there are many enterprises and initiatives that are supported by local mining houses working in partnership with government to realise local economic development goals. From the study, it is evident that EX1 is heavily invested in many small business and community initiatives while UM and EX1 have room to expand the breadth of their assistance. According to the EX2 participant, the municipality can improve in order for the mining house to be more effective in supporting small businesses by ‘collaborative effort...to be able to avert service delivery pressure and taking responsibility for what they are mandated to do’. The UM participant believes that the municipality can improve on issues itemized as ‘proper planning in projects, transparency to the public and consultation’.

The role of the private sector is pivotal in the realisation of socioeconomic development, through resource mobilisation, improvement of the skills base, and linking projects to creation of employment and poverty alleviation (Ngxiza, 2010). Generally, the private sector is modifying its business models so that they target the poor or integrate local communities and producers into business value chains, and according to Rogerson (1996), there are four spheres of involvement of the private sector in LED in the country identified as (1) being a participator and occasional initiator of local development processes, (2) as major partner in the development activities of public-private sector partnerships, (3) as lead role player in certain direct initiatives for reviving South Africa's inner cities, and (4) as a promoter and facilitator of local small business development. This involvement in LED has been attributed to the concept of local dependence of

enterprises in terms of their propensity to contribute towards local development processes.

Challenges Faced by Small Businesses in Local Municipalities

Question asked: What are the main challenges faced by small businesses in this municipality?

Challenge Faced	Respondents		
	1	2	3
Limited Access to Finance	X	X	X
Limited Access to Markets	X	X	X
Unavailability of Financial and Non-Financial Support	X	-	X
Lack of Skills or Information Needed for Business	X	-	X
Compliance Issues for Tenders	-	X	-

Affirmative Responses are Marked 'X'

Table 12: Challenges Faced by Small Businesses

Small businesses enumerated the challenges that they are encountering in their operations while municipal officers also indicated perceived challenges that small businesses in their area of jurisdiction encounter. Participant SCP enumerated the challenges faced by the operation as 'lack of stock/working capital to service customers, infighting between members, electricity, and transport i.e. truck to deliver coal'. SC indicated that the challenge was 'management and control of the business...there is one member in the business who wants to control everything and everyone'. IH enumerated the problems as 'lack of funding, political affiliation and lack of economic activities in the area'. MM enumerated the main challenges faced as 'finance..., proper structures to safeguard local economy and transparency within the (government) officials'. Respondent ML the challenges as lack of 'enough orders/work to support business, lack of multiple-contracts' (meaning that reliance is mostly on Exxaro Coal), and 'fuel takes about 35% of the income'. Many SMMEs in South Africa do not make it past the first year; with as many as 70% of the country's SMEs failing in their first year (Minister Rob Davies, 2014). A number of elements and challenges have been identified as contributing factors to the high failure rate and shortened lifespans of SMMEs in the country, but these challenges are not universally applicable to every situation and challenges tend to be location specific (FinScope Small Business Survey, 2010). These challenges are scale-related and factors include but are not limited to lack of resources (finance, technology, skilled labour, market access, and market information); lack of

economies of scale and scope; higher transaction costs relative to large enterprises; lack of networks that can contribute to a lack of information, know-how, and experience of domestic and international markets; increased market competition and concentration from large multinational enterprises caused by globalization and economic integration; inability to compete against larger firms in terms of R&D expenditure and innovation (product, process, and organization); are subject to 'churning' and instability; and lack of entrepreneurial zeal, capacity, and know-how (Yoshino & Taghizadeh-Hesary, 2016). In the research findings; some projects have failed due to lack of finance and market access. According to Participant #1, the main challenges faced by small business in this municipality include 'access to markets and finance' as well as 'lack of information and know how to run businesses'. Participant #2 concurs on the access to markets and finance issues but add a 'lack of availability of financial and non-financial support from government agencies' and 'lack of skills'. Participant #3 highlighted the main challenges faced as 'lack of funding, access to markets and opportunities, and compliance issues on private and public sector tenders'. The officials also mentioned that the top down approach to management was a key contributing factor to the failure of LED. The assumption is that top management was not aware of the key requirements that lead to the success of SMEs in LED. Lower level employees who are at operational level are more informed as to what is required. There is a need to equip both employees and management on proper LED management with necessary business management skills. Another cause of failure is due to the handing over of projects such as the Brick Plant without providing adequate training and mentorship. Issues of non-compliance disqualify SMMEs from taking advantage of government programmes like preferential procurement and tenders in general. Non-compliance also disqualifies SMMEs from private sector tenders and training is key to turn this around.

Summary of Theme Findings/Conclusions

- Most of the surveyed small businesses (57%) have been in operation for more than four years, indicating that they have surpassed the critical stages of early business survival.
- About 43% of the businesses were owner-managed and gender imbalance is noticeable with the majority of the businesses (86%) run by males.
- All businesses surveyed are run or managed by youthful entrepreneurs running with 57% of respondents in the 26-30 years age range while the rest were in the 36-40 years age group.

- The study revealed that several small business operators are not satisfied with their business operations with the dissonance emanating from a variety of factors ranging from low income generation capacity to the entrepreneurs own lack of business skills.
- Most small business entrepreneurs in the area are committed entrepreneurs in their current line of operation with all participants having set long term visions for their businesses.
- The surveyed small businesses are financially weak with most of the entrepreneurs (71%) relying on other activities to supplement their earnings from businesses that they are operating.
- Participating entrepreneurs face a number of challenges that include a lack of employee commitment to long-term business goals and poor employee motivation that act as impediments towards vision achievement.
- Most of the small businesses operating in the study area face access to finance and credit challenges and their financial position is weak.
- SMMEs reported that they face a multiplicity of challenges which include the following:
 - a. Not enough tenders allocated to SMEs by the government
 - b. Lack of financial support
 - c. Small land allocation for operational purposes
 - d. Poor marketing skills as a result of low levels of education on the part of employees and management
 - e. Lack of transparency amongst officials
 - f. Political affiliation of the SME ownership affects the way the government orients itself toward providing for government support.
- Business areas that participants suggested as requiring more Government support include the following:
 - a. Marketing and financial activities
 - b. Training and development of employees through workshops. This training should include financial management courses and cooperative development courses.
 - c. Provision of utilities such as electricity and water

4.2.2 Theme 2: Implementation of LED Projects and Areas of Improvement

The implementation of LED projects is achieved with input from various stakeholders with LED strategies in the study being implemented in a way that aligns closely with aspects of regional planning as contained in the District IDP [2017-22]. All LED stakeholders (government, civic society/NGOs, industry, and the local communities) are involved in the implementation of LED projects with varying degrees of responsibility. Collaboration is emphasised since success cannot be delivered without unity of purpose and a team approach. Government, through the local municipality leads the implementation process through the deepening of stakeholder collaboration and technical coordination as well as being the lead financier for most of the programmes. These partnerships are expanded upon in the next theme. Under this theme the responses of LED implementation partners are presented. These responses are mainly drawn from local municipality and mining house participants.

Gender and Age Groups of Participating LED Officials

Gender	Count
Male	2
Female	2
Total	4

Table 13: Municipal Participants (Gender)

Age	Count
18 – 25	-
26 – 30	-
31 – 35	1
36 – 40	3
41 – 45	-
46 – 50	-
51 – 55	-
56 – 60	-
Over 60	-

Table 14: Age Groups of Municipal Participants

The four municipal participants were equally represented by gender with two participants being female (50%) and two being male (50%). This balance may be attributed to successful gender balance in municipal hiring processes. The participants were all below the age of 40 with three of the participants (75%) aged between 36 and 40 years of age. By their role, LED officials drive local economic development programmes and are the focal point between the municipality and small businesses located in their areas. Small businesses expect them to offer guidance and experience

in development projects. The age of the municipal officials reflects somewhat the age of small business operators and managers that participated. The researcher is sceptical at the depth of their experience and business knowledge to drive project implementation and to coach and impart business advice to surveyed entrepreneurs who are in effect their peers. Specialist business coaches with the requisite industry experience may be required to fill in any identified or perceived experience gaps as an avenue for improvement.

Identity of Mining companies & Age of Operations

Question asked: What is the name of the mining company? 2. How long has this mining house been in operation in Emakhazeni?

Mining House	Age
UM	5
EX1	12
EX2	10

Table 15: Identity of Mining companies & Age of Operations

Three mining houses located in the study area participated in the study. Mining houses represent the private sector which is an integral part of economic development partnership actors that include governments, communities and civil society. External LED arrangements include a broad LED Forum that includes the private sector [COGTA, 2008]. The role of the private sector is pivotal in the realisation of socioeconomic development through resource mobilisation, improvement of the skills base, and linking projects to creation of employment and poverty alleviation [Ngxiza, 2010]. The mines in the study are fairly old with two of the mining houses having more than a decade operating on the area. The third mining house is five years old. The age of mining house operations in the area is an important parameter since it reflects the years of experience the mining house has had operating and implementing local development projects in the subject community. Responses and perceptions about SLP project issues that the mining houses are involved in are therefore based on sound experiences they have operating in the study area over a long period of time. This experience is important to ensure that identified LED project implementation strengths and weaknesses are attended to and accorded their due attention so that strengths can be fortified and improvements are made to weak points.

Mining House Participant Officials by Gender

Gender	Count
Male	2
Female	1
Total	3

Table 16: Respondent Gender (Mining Houses)

Mining House Participant Officials by Age

Range	Count
18 – 25	-
26 – 30	-
31 – 35	1
36 – 40	2
41 – 45	-
46 – 50	-
51 – 55	-
56 – 60	-
Over 60	-

Table 17: Respondent Age Groups (Mining Houses)

There were three mining house representative participants aged between 31 and 40 years. One aspect of note is that participant age groups reflect the age groups of small business and municipal participants; an indication that the LED project implementation partnership in the area of study is driven by youthful entrepreneurs and officials. The gender composition of participants comprised of 2 males and one female. The sample had only three participants hence it is difficult to measure how representative the gender balance is.

Municipal LED Official's Level of Understanding of LED

Question asked: In your view, what do you understand by LED?

Years of Service	Respondents		
	10	4	8
Parameter	1	2	3
That LED is a Strategy	X	X	X
It assists Local Economies & Communities	X	X	X
Creates Conducive Environment for Business	X	X	X
Helps in Poverty Reduction /Job Creation	X	X	X

Affirmative Responses are Marked 'X'

Table 18: Municipal Employee Level of Understanding of LED

LED institutional arrangements are made up of structured and resourced internal municipal LED units that co-ordinates the implementation of the LED strategy and which ensure that a municipality fulfils its developmental mandate (COGTA, 2008). Without a clear understanding of the definition of LED, participants would not have been useful for providing the responses that were sought by the questions asked. Respondent #1 indicated that in their view, 'LED is a programme or vehicle aimed at ensuring that communities thrive by creating a conducive environment to participate in the local economy to give employment opportunities and reduce poverty'. Participant #2 defined LED as 'a way of local government to improve the creation of job creation by growing the economy in the municipal space...and part of the initiative is to provide support for SMMEsin the economy'. Participant #3 defined LED as 'one of the key pillars that are meant to bring about local economic development through various stakeholders or role players'. All respondents agreed to this definition although the response on job creation is implied and not explicit for respondents 1 and 3. The results indicate that a generally shared definition of LED exists in the study area between local government and its development partners especially as regards the harnessing of local driven initiatives to alleviate poverty and unemployment. South Africa follows the concept of a 'developmental local government' which is defined as local government that is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives (White Paper on Local Government, 1998). The role-players relevant to LED include, *inter alia* government (national, provincial and local), parastatals and development finance institutions (DFIs), the private sector, civil society and the local community and it is important that these actors collectively play a constructive role in building local economies by developing common approaches within a specific framework in order to measure the impact of their programmes (Dyantyi et al, 1998). Appropriate municipal institutional structures and arrangements in the local sphere are paramount in ensuring success for local economic development, policy development and implementation; but due to funding, capacity and skills limitations as well as deficiencies in policies, local government has not had much success in fulfilling its developmental mandate (Meyer, Venter, 2013).

Mining House Officials Understanding of LED

Question asked: What is your understanding of LED?

Mining House	Localized Dev.	LM Driven	Poverty Alleviation/ Empowerment	Economic Dev.
UM	X	X	X	X
EX1	X	X	X	X
EX2	X	X	X	X

Affirmative Responses are Marked 'X'

Table 19: Respondent Understanding of LED

The question was asked in order to gauge participant understanding of the definition of LED and its role in communities. This understanding is important because mining houses form the private sector in this study and they are an integral part of the external LED Forum participants. All participants for this study were knowledgeable about LED and the role of Government as represented by the local municipality is understood. The UM participant indicated that LED was 'the strategy towards economic development which allows and empowers local businesses in order to improve the lives of people and uplifting economic growth the local municipal area'. The EX1 respondent indicated that LED is 'the upliftment of the economic situation of the people of a certain area (which entails) identifying various activities and business opportunities which foster/lever the economic development, alleviate poverty, and improve the living conditions of the people'. The EX2 respondent believes that LED is the 'building of self-reliant, independent, and self-sufficient economies....stating projects that leverage on each other and entailing downstream beneficiation'. There is general consensus that LED entails development of the local economy by fostering economic development, poverty alleviation and improvement of the living conditions of the people resident in the local community. All the respondents agree that it is a process of building self-reliant, independent, and self-sufficient economies. Their understanding is in line with the conventional definition of LED in South Africa, which is 'economic development which allows and encourages local people to work together to achieve sustainable economic growth and development, thereby bringing economic benefits and improved quality of life for all residents in a local municipal area (Cogta, 2016-Online).

Challenges Faced By the Municipality in Supporting Small Businesses

Questions asked: 1. What are the main challenges faced by the municipality in supporting small businesses? 2. How has the municipality addressed the challenges you have listed above?

Challenges Faced by the Municipality	Respondents		
	1	2	3
Lack of Finance to Support SMMEs	X	-	X
Understaffed LED Department	X	X	-
Non-Compliance by SMMEs to Requirements Set	-	X	-
Lack of Synergy between LED Departments & SMMEs	-	X	X

Affirmative Responses are Marked 'X'

Table 20: Challenges Faced By the Municipality in Supporting Small Businesses

Local municipalities are at the centre of successful LED project implementation. Appropriate municipal institutional capacity is paramount in ensuring success for local economic development, policy development and implementation; but due to funding, capacity and skills limitations as well as deficiencies in policies, local government has not had much success in fulfilling its developmental mandate (Meyer, Venter, 2013). The institutional challenge is in bringing all the role players together which includes all spheres of government, the private sector and community groups pursuing common LED interests within the policy and institutional frameworks that enable collective programmes (Rogerson, 2005). Challenges highlighted by the interviewed LED officers' in this study range from limited budgets that are allocated by the municipality toward SMEs and LED. Non-Compliance issues by SMMEs hinder the municipalities to effectively support small business even when they can. Non-Compliance issues by SMMEs was also cited as hindering municipalities from effectively support small business even when they can. The municipality has a role to play in simplifying the administrative processes through which SMMEs can comply with laws and regulations affecting them to achieve higher compliance levels. According to participants, there are challenges faced by municipalities in supporting small businesses in their area of jurisdiction. Participant #1 indicates that the main challenges faced by the municipality in supporting small businesses include 'insufficient funds to support SMMEs, lack of synergy by departments that has direct contact with SMMEs (e.g. SCM). To address these challenges, the participant indicates that 'internal meetings have been held to agree on a percentage to be given or distributed to SMMEs when implementing capital

projects'. As an additional comment, the participant commented that 'Led is everyone's business...and municipal department should understand that not only LED as a unit is directly involved in creating employment and a better life for communities'. The filling in of vacant posts in LED departments can go a long way to address capacity constraints. The reported lack of synergy amongst the municipal departments that have direct contact with the SMMEs results in poor service delivery. This is an area that needs improvement. Participant #2 indicates that the main challenges are 'the lack of availability of financial support to SMMEs, the LED Unit is also thinly staffed as there is only one person (Deputy Manager: LED & IDP) who is also responsible for IDP. As remedial action, the participant indicates that the 'municipality has recently developed a financial and non-financial support policy for SMMEs which will also ensure the availability of the budget and buy-in from other economic sectors'. To add to these observations, the participant also indicated that 'institutional arrangements have not been dealt with by the municipality as an institution'. Participant #3 indicated the main challenges as 'limited budgets as the municipality is reliant on the Municipal Infrastructure Grant' as well as 'compliance issues – stopping them from meeting requirements'. The official suggests that the municipality can remedy this 'by holding workshops in collaboration with the private sector and funders' and 'by mentorship and coaching programmes'.

Challenges Faced by Mining Houses in Supporting SMMEs in the Municipality

Questions asked: 1. What are some of the challenges you have faced in supporting small businesses in this municipality? Please give examples. 2. In what way do you think the municipality should improve in order for this mine house to be more effective in supporting small businesses?

Challenges Faced	UM	EX1	EX2
Lack of Commitment/Responsibility from Locals	X	X	X
Lack of Transparency by Municipal Officials	X	-	-
Lack of Municipal Consultation	X	-	-
Infighting by Project Recipients	-	X	-
Lack of Recipient Business Acumen/Training	-	X	-
Mismanagement of Funds	-	X	X
Political Influence in Beneficiary Selection	-	X	X

Affirmative Responses are Marked 'X'

Table 21: Challenges Faced by Mines in Supporting Small Business in the Municipality

As key implementation partners, mining houses should work well with both the municipality and local communities to ensure that LED projects are successfully implemented. All participating mining companies face municipal as well as recipient challenges in the implementation of SLP projects in the study area. These challenges are varied, but a lack of commitment to the projects by recipients is common to all. EX1 & EX2 indicated that mismanagement of project funds and political influence are challenges in the implementation of LED interventions. Mismanagement of funds are usually an indicator of implementation weaknesses and lax project monitoring and poor internal financial controls in projects. This can be improved by introducing the necessary project controls at the business planning stages. The EX1 participant lists challenges faced by SLP recipients as ‘low levels of business acumen, infighting, direct political influence in selecting beneficiaries and mismanagement of funds’. These challenges constrain successful project implementation and the highlighted low levels of business acumen and training may entail a need to educate and train business people in proper management skills as well as general business operation skills. The EX1 respondent believes that to be more effective in supporting small business, the mine should ‘set up business support services and promote collaboration amongst mining houses’. Political influence is mainly felt on the selection of programme beneficiaries. According to the EX2 participant, the challenges that the mining house has faced with small businesses in the area included ‘beneficiaries with less training taking up opportunities which made running of businesses a huge challenge. There was no sense of responsibility from their side [and there was] misappropriation of funds’. According to UM, some of the challenges that the mining house has faced in supporting small business locally include a ‘lack of commitment from the local community and municipal officials who are not taking charge of projects’. Municipal employees are indicated as ‘not transparent’ in their dealings on LED projects which may suggest corruption or underhand dealings in the operations of supported interventions. Transparency should be inevitable amongst participants and the municipal officials should also consult the mining companies for better cooperation on LED development. Local authorities are urged to engage the community to provide services in a financially sustainable manner and to promote development. Consultation involves various stakeholders so that their views, concerns, and issues can be incorporated into the planning process toward LED.

Examples of Successful and Failed Examples of LED projects in the Municipality

Successful examples of LED in the community were highlighted by respondents. Participant #1 indicated that ‘there are successful LED projects that have been implemented with external/private sector, government departments and agencies that have contributed positively to local SMMEs in various sectors’. According to the participant, ‘the anchor projects fail due to lack of investors and land unavailability’ as well as the ‘lack of proper communication about/to role players e.g. project steering committees. The top-down approach is also a major contributor to the failure of LED projects’. However, the projects were not enumerated. Participant #3 highlighted the ‘Little Elephant refurbishment of arts and crafts market that is currently operating, brick-making plant in partnership with Afri-Sam (which will create lots of jobs), training and employment of Tourism Ambassadors and Security Guards across the District’. However according to Participant #3, some projects have failed, and these include the ‘Poultry farm that the District sponsored for R2.7 million in Emakhazeni Local Municipality’. Participant #2 highlighted the ‘implementation of Contractor Development Policy which aims to grow emerging contractors from CDB Level 1-3 in different phases’ benefiting 17 emerging contractors. According to Participant #2, examples of failed LED projects in the Municipality include the ‘implementation of LED projects (Bakery, Brick Plant, farm project etc.) and handing them over to cooperatives without thorough training and mentoring while the cooperatives were not ready’.

Measurement of Success of Implemented LED Initiatives by the Municipality

Questions asked: 1. How, if at all, does this municipality measure the success of LED initiatives? 2. Please tell me some of the successful examples of LED projects in this municipality and why? 3. Please give me examples of LED failures in this municipality and why.

Measurement	Respondents		
	1	2	3
Jobs Created	X	X	X
Survival Rate/Sustainability	X	X	X
Number of Businesses in the Mainstream Economy	X	-	-
Upliftment of the Community	-	-	X
Access to Business Opportunities by Locals	X	-	X

Affirmative Responses are Marked ‘X’

Table 22: Measurement of Success of LED Initiatives by the Municipality

Local government is the responsible authority for Monitoring and Evaluation of LED projects that take place in its area of jurisdiction. To accomplish this role, the local municipality works together with its development partners in the monitoring of the implementation plans related to LED. For the municipalities in the study area, progress measurements and accomplishments are measured against project goals. For all council-driven projects, annual progress performance measures are normally reported to the LED forum by project leaders. Metrics are used to track progress towards set goals. The interviewed LED officials gave a number of factors that they use when evaluating the success of LED initiatives. Participant #1 pointed out that success of LED initiatives in the municipality is measured by ‘the employment of communities within a local sphere, the number of businesses that participate in the mainstream economy and are sustainable’. Participant #2 indicated that success is measured ‘through the evaluation of LED initiatives implemented in the municipality, looking at their sustainability as well as job creation as indication of progress’. Participant #3 indicated that the municipality measures the success of LED initiatives ‘by the number of job opportunities, upliftment of the community at large, and access to business opportunities by local people resulting in upliftment of the locals’.

Measuring Success of SMMEs and Community Support by Mining Houses

Questions asked: 1. How do you assess your success as far as small businesses support is concerned? 2. Would you say that your understanding of successful LED is shared by the municipality as well as small businesses? Please explain. 3. Would you say you have been successful in your LED support as a mine house? Please give examples.

Type of Measurement	UM	EX1	EX2
Social Return on Investment	-	X	-
Number of Jobs Created	X	-	-
Number of Failed Projects	-	X	X
Business Growth	-	-	X

Affirmative Responses are Marked ‘X’

Table 23: Measuring Success of Small Businesses and Community Support

Mining houses in the study area have past and current LED initiatives targeted at their communities. The support that has been availed by SLPs from the mining companies in the area is based on an approach to economic development which encompasses

microeconomic and macro-economic measures to support both national and local economic development. However, measuring the impacts or effects arising from an intervention is not always an easy task. This generally includes immediate short-term outcomes as well as broader and longer-term effects which can be positive or negative, planned or unforeseen (Big Lottery Fund -online). Assessment of success for LED interventions by mining houses in Emakhazeni Local Municipality varies from mining house to another. According to the EX1 participant, the mine measures success by 'doing a social return on investment exercise' on projects funded, 'which is basically the value of investment divided by dividing the by value of benefit (and a) positive ratio is anything above 1.5 ' which is deemed a success. UM looks at business growth in terms of profits and the customer base and the number of failed projects it has funded. According to UM, it has been successful in its LED support as a mining house through 'employment (creation), skills development to the local people, and funding infrastructure projects'. EX2 mining house measures success by' looking at the number of jobs created within the small businesses, growth in terms of profits and new customers' for sponsored projects. According to the EX2 participant on the sharing of what constitutes successful LED with the municipality, 'there is some understanding, (but) unfortunately the municipality is under pressure to satisfy many people and as such the issue of focus is a big difference'. According to EX2, the mine has not been able to make a big difference in their LED support, but 'there is big potential to make a big impact...so far no big impact has been made since the company wanted to do everything for everybody'. Although the mining companies have offered some support toward LED development there is room for improvement since they want to make a greater difference as compared to that which is there presently. Small business support has been successful since there have been enterprise development programmes to promote and improve the capacity, skills and experience of local B-BBEE suppliers. Preferential procurement is also being exercised for these small businesses.

Relationship of Mining companies and the Community

Question asked: How do you view the relationship between this mining house and small businesses in Emakhazeni? Please explain.

Mining House	Good	Bad	Hostile
UM	X	-	-
EX1	-	-	X
EX2	X	-	-

Affirmative Responses are Marked 'X'

Table 24: Social Labour Plan Implementation and the Relationship of Mining companies and the Community

The relationship between the mining houses and the community in which they operate is important for successful implementation, especially of SLP projects. The SLP is a document that mining companies are required to submit to the Department of Mineral Resources as part of their applications for mining rights (Krause et al, 2017). This aspect is critical in the development of communities, and addresses or shows how a mining prospect intends to share its benefits with the community (wits.ac.za-online). Two respondents indicated that their mining companies had good relationships with the community. The EX1 participant characterised the mining house's relationship with small businesses in the community as hostile, and 'the community often feels entitled to the opportunities in the mine' but notwithstanding, 'the mine has full commitment towards local economic development'. The UM participant characterised the mining house's relationship with small businesses in the community as good stating that 'there is a good relationship, especially with UM and recently there is a web portal which has been created specifically for small businesses within Emakhazeni local municipality'. The EX2 respondent views the relationship between the mining house and the small business community as good from the viewpoint of Head Office, but 'the question might be a challenge since the answer will be limited to SLP projects e.g. the bakery, tissue manufacturing where relationships were good but the projects failed due to lack of proper beneficiary selection'. In South Africa, it is believed that hostility towards mining companies often results from mining companies not consulting affected communities properly or not at all and sometimes mining companies mislead communities by giving them too little or incorrect information (Lawyers for Human Rights, 2014). These results indicates that a single community can have varied relationships with companies undertaking the same activity in the area. The results may indicate a community engagement weakness on EX1's part which the company needs to rectify.

Measures to Ensure Support for LED Activities Continuation after Closure

Question asked: Are there procedures to ensure that your support of LED activities continues after mine closure? Please give some examples.

Measure	UM	EX1	EX2
Collaboration with Other Stakeholders	X	X	X
Set Up of Business Support Services	X	X	-
Establishment of Enterprise Development Centre	-	X	X

Affirmative Responses are Marked 'X'

Table 25: Measures to Ensure Support for LED Activities Continuation after Closure

All participating mining houses have procedures to ensure an enduring legacy of LED projects after the closure of their mines. All the mines collaborate with local stakeholders to ensure continuation of LED projects. EX1 indicated that they 'set up an enterprise and supplier development centre which will provide mentorship' to small business people in different industries on how to run and maintain their businesses beyond the life of the mine. EX2 is also developing the 'Belfast Enterprise Development Centre which will assist entrepreneurs to survive after mine closure and also putting projects into an ecosystem relying on each other'. UM is working with the 'municipality and other relevant stakeholders to support (projects) in terms of finances'.

Theme Summary/Conclusion

- LED implementation in the study area follows the concept of the developmental state that is adopted by the country and project implementation involves the government in partnership with the private sector, civic society and communities. Mining houses, the municipality and communities in the study area work together in the implementation of projects.
- A key factor that affects the sustainability of LED projects in the study area was lack of institutional capacity at municipal level with highlighted challenges ranging from limited budgets that are allocated by the municipality toward SMEs and LED to non-compliance issues by SMMEs which hinder municipalities from effectively supporting small business even when they can.
- While the relationships between two mining houses with the local community was indicated as good, participant EX1 referred to the relationship as hostile and decried a 'sense of entitlement' by the community.
- There have been successful implementation of SLP LED initiatives in the study area

4.2.3 Theme 3: Examination of LED Partnerships in Emakhazeni

As highlighted in the previous theme, LED institutional arrangements in the study area are made up of the local government working on LED projects in partnership with stakeholder groups. These partnerships and arrangements are largely as guided by Government and the municipalities in the study area and their development partners follow the set guidelines on LED. Internally, the municipality has an internal municipal LED unit that co-ordinates the implementation of LED projects and strategies and which ensures that the municipality fulfils its developmental mandate. The external LED arrangements include a broad LED Forum which represents local stakeholder groups working together. There are also working groups that are tasked to deal with sector-specific issues such as agro-industries, agriculture, and green industries, as referred to them by the LED stakeholder forum as guided by government guidelines (COGTA, 2008). Since Emakhazeni has areas that have a rural component and that fall under the jurisdiction of traditional authorities, mechanisms are in place that allow traditional authorities to also participate in LED matters and ward committees also play a role as recommended by the government (COGTA, 2008). Community development workers (CDW) are an integral part of LED institutional arrangements in the study area and as guided by Government LED guidelines, they play a critical role in assisting communities in gaining access to government services and poverty alleviation programmes (Leon, 2007). The partnerships prevalent in the study area have been expanded to include development financial institutions (DFIs) that were observed to form an integral part of the role players in the area of study. The summarised strategic roles played by LED partners in the study area are indicated below.

Role of Local Government/Municipality in Ensuring LED Project Success

The municipality assists LED projects through traditional responsibilities such municipal development planning, land-use planning as well as the provision as provision of services and the setting of by-laws. From the study, the municipality is also involved in financial and non-financial programmes (such as training programmes) that directly assist LED projects in their area of jurisdiction. The municipality is guided by district and provincial guidelines to ensure that municipal policies and practices are conducive for a good environment in which businesses, cooperatives and NGOs can thrive and grow (DPLG LED Framework, 2005). Of late, local government spatial planning has to proactively take into consideration the fact that community development can no longer

follow the apartheid blue-print; but has to look at local economies as places where people live, run business, work and play. This is a responsibility of the municipality as an LED planning and implementation partner.

The Role of Mining Houses/Private Sector's Role

The mining industry is an integral part of LED in the area of study. There is a notable propensity through statutory requirements and general community social responsibility programmes for mining house involvement in LED processes. The sector has invested in a number of SLP LED projects in the area although some haven't been successful. Through their SLP programmes, mining houses have formed a partnership with local government and communities to drive local socioeconomic development. The role of the private sector, in this case represented by the mining industry is pivotal in the realisation of LED goals through resource mobilisation, improvement of the skills base, and linking projects to creation of employment and poverty alleviation [Ngxiza, 2010]. All mining companies interviewed are involved in LED projects and LED support given to SMMEs and the community by the mining companies ranges from enterprise development programmes to direct funding of projects. The EX1 respondent indicates that the understanding of successful LED is shared by the municipality as well as small business and 'the municipality conducts information sharing sessions to share information'. It is evident from the research findings that, there are many enterprises and initiatives that are supported by local mining houses working in partnership with government to realise local economic development goals which as indicated under an earlier theme include setting up of an enterprise development centre and the provision of mentorship to small business people in different industries on how to run and maintain their businesses.

Role of Civil Society

Although this type of partner was not surveyed, civil society is active in the study area and include such agencies as charitable organizations, non-governmental organizations (NGOs), and religious institutions. The role of civic society in LED was limited to its role as part of the LED Forum. Traditionally, civil society organizations are involved in a whole range of both social and economic initiatives, the majority of which have involved high levels of community participation and partnerships between donors, partner governments and the private sector are being used to achieve LED goals. (Dyantyi et al, 1998).

Role of the Local Community

Real community economic development cannot take place meaningfully without the involvement of the community that must ultimately drive the process and ultimately reap the benefits (Rogerson, 2005). This realisation is strong in Emakhazeni and community involvement is key to LED projects through the LED Forum as part of a people-driven and centred development process. LED planning occurs at different community levels with some plans emanating from wards in a ‘bottom-up or grassroots approach’ (Rogerson, 2005) giving LED planning at a ward or neighbourhood level a strong pro-poor perspective since the emphasis responds directly to the challenges afflicting the majority (Abrahams, 2003).

Development Finance Institutions [DFIs] Role

DFIs are supposed to act as LED partners to accelerate sustainable socio-economic development through funding and usually investment in areas where the market fails to invest sufficiently especially in government key priority areas like job creation, raising shared economic growth and enabling pro-poor expansion of infrastructure (New Growth Path, 2010). Participants in the study decried the difficulty it is to get financial assistance from national Development Finance Institutions (DFIs) such as SEDA, NYDA, MEGA, IDC, DBSA etc.

Theme Summary

- LED institutional arrangements in the study area follow government guidelines and are made up of the local government as the lead working on LED projects in partnership with stakeholder groups.
- The LED partners for Government in the study area include the private sector, civil society, communities, and development financial institutions. These partners (except DFIs) form part of the LED Forum as guided by Government.

4.3 Recommendations for Future Research

This study contributes modestly to the current body of knowledge surrounding sustainability challenges faced by LED projects in the country. The study also has important implications for LED role players in the study area. It is recommended that from this study, more extensive studies can be carried out at District level using larger samples to ensure that findings are more authoritative and usable to promote practices that enhance the sustainability of LED projects in the region. There is an observed need

for programmes that promote entrepreneurship by women and research should be carried out to determine the key causes of the very low uptake of entrepreneurship by women with a view to find solutions for remedial action.

CHAPTER FIVE: RECOMMENDATIONS AND CONCLUSION

5.1. Introduction

This section presents the recommendations of the study which emerge from the findings of the study. The recommendations would go a long way in ensuring that LED initiatives in Emakhazeni are successful and sustainable.

5.2. Recommendations

5.2.1. Skills management and development

The management of SMMEs and their employees have to be educationally equipped in order for them to run their businesses successfully. Customised management training courses and workshops have to be with a view of improving on the current levels of business performances. The mining companies are indeed on the right track by aiming to intensify their Enterprise and Supplier Development Programmes. Small business courses may be offered to help SMME owners about diversification which could be another factor that is leading to bottlenecks and poor LED. Everyone seems to be doing the same thing in business hence they have to fight for the market share that is already there hence growth and development is stunted.

5.2.2. Access to finance

Government is urged to provide financial and non-financial support to SMEs if they are to survive and lead to LED. Government can intensify its provision of financial and non-financial support by appointing people with the requisite skills and capabilities.

5.2.3. Implementation of strategies on SMME development

There are numerous policies, regulations and laws that were approved by the new democratic Government. Government must therefore ensure that identified weaknesses in project implementation are eliminated.

5.2.4. Organizational capacity development within the municipality

The municipality should adequately recruit in the LED department such that sufficient support is offered to the SMMEs if they are to grow sustainably and develop the economy. The Nkangala District Municipality must also be involved through their Municipal Support Unit. This Unit was established in order to give support to the 6 Local Municipalities within its jurisdiction.

5.3. Final Conclusions

Local Economic Development is understood to be a participatory process in which local stakeholders work towards a common purpose to stimulate local economic activity, resulting in a vibrant and sustainable local economy for their area. LED is accepted to be a strategy that helps to create decent jobs and results in the betterment of the quality of life for residents of a locality ensuring that the poor and marginalised are not left behind. The research revealed that even though LED encourages public, private and communities to establish workable partnerships to collaboratively find local solutions to common economic challenges; there are ingrained weaknesses and challenges faced by these important components that negatively affect the sustainability of SMMEs and sponsored LED projects in Emakhazeni. These challenges are internal as well as external to the projects; and as long as they are not resolved; LED projects are likely to continue failing.

The research has revealed that even mining companies that sponsor LED projects mostly through their SLPs have negative sentiments regarding the possibility that projects sponsored by them as part of their SLPs have a chance at survival. Business operators have visions as to where they want to take their operations, but they are also apprehensive about business prospects due to what they perceive as a lack of adequate business support from government and mining companies. The sponsorships from mining companies to LED projects in the area need to be backed by efforts from municipalities and project recipients to improve themselves. Municipalities have to be adequately resourced to deliver services to SMMEs and LED recipient projects while recipients have to be adequately equipped to manage LED projects through training and mentoring.

It can be summed up from the findings of this research that SME sustainability for LED is achievable if certain enabling factors as enumerated in the recommendations are taken into consideration when implementing them. Sponsored LED projects are failing in Emakhazeni and the few left are struggling. To make them sustainable requires a number of enabling factors to be put in place. If properly implemented, LED projects have the potential to engender complementary services through backward and forward integration, thus building a sustainable local community.

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