Construction and validation of a theoretically derived PEST Analysis Type Tool for LED and Community Entrepreneurship programmes in South African rural economies

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand Business School, in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation

28th July 2015

ABSTRACT

In South Africa today there are many rural economies in decline. Despite the recognition internationally, since the 2nd World War internationally and since 1994 in South Africa specifically, of the value that can be added by specifically targeting Local Economic Development and Entrepreneurship as strategies for an answer to the decline in local economies, success has been limited. More success has in fact been seen in rural communities that have developed through the natural flows of the market than from direct intervention. This progression takes a long time though and the South African situation with all its history cannot wait this long for development. The question asked is why interventions fail, what are the basic factors that make up the local economic development paradigm and how are they affecting the interventions. Information is key to planning and planning is key to successful interventions. A literature review is done in order to establish the basis of LED historically, theoretically and specifically with regards to the South African rural environment, in order to assist in the development of the information required for successful planning of LED interventions. With the most prominent factors derived from this literature review tabled and applied into established Case Study models, a questionnaire is developed for application into rural economies through Community Entrepreneurship programmes or LED vehicles. In order to establish firstly the relevance of the factors and secondly the relevance of the questionnaire, it is reviewed, scored and commented on by a select group of industry practitioners in LED. The opinion of these individuals further validates the use of the factors and questionnaire in baseline LED intervention planning.

DECLARATION

I, Andrew Donovan Stockil, declare that this research report proposal is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation at the University of the Witwatersrand Graduate School of Business, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Andrew Donovan Stockil

Signed at Rivonia, Johannesburg

On the 28th day of July 2015

Entrepreneurship matters. In modern open economies it is more important for economic growth than it has ever been.

(Wennekers & Thurik, 1999)

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

FACULTY OF COMMERCE, LAW & MANAGEMENT

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NAME OF SUPERVISOR: Dr Rob Venter

SIGNATURE: _____ DATE: 16th February 2015

NAME OF ACADEMIC HEAD / RESEARCH DIRECTOR: _____

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Abbreviations

- GEM – Global Entrepreneurship Monitor
- IMD – Institute for Management Development, Switzerland
- WEF – World Economic Forum
- SARS – South African Revenue Service
- LED – Local Economic Development
- BBBEE – Broad Based Black Economic Empowerment
- SWOT – Strengths, Weaknesses, Opportunities and Threats
- DPLG – Department of Provincial and Local Government
- SMME – Small, Micro and Medium size Enterprises
- OECD – Organisation for Economic co-operation and Development
- UNDP – United Nation Development Programme
- ASGISA – The Accelerated and Shared Growth – South Africa
- NBIA – National Business Incubation Association
- CBE – Community Based Enterprise
- IDP – An Integrated Development Plan

1 CHAPTER 1: INTRODUCTION

This study used aspects of Economic Geography, Business Economics, Entrepreneurship, Development Economics and Planning in an attempt to develop the beginnings of a deeper study into the Entrepreneurial environment in rural communities in South Africa and all the characteristics, promoters, antagonists and stakeholders involved.

It is often cited that Local Economic Development (LED) planning has been neglected (Rogerson, 1997) and that constructs from the last 70 years from the Northern or developed economies cannot be automatically applicable to developing economies (Peng, 2000) (Burton, Ahlstrom & Obloj, 2008). From the constructs of these 'Northern' theories, as well as from literature and practice specific to Africa and South Africa from the last 20 years, a number of established Socio-Economic environmental factors have been gathered and verified against established peer-reviewed literature in order to find the most prominent ones.

A generic diagnostic framework is required to be able to be applied in any locality (Hindle, 2010) due to the differences in enterprise dynamics across distinct types of locality, especially rural areas and places dependent on a small number of economic activities (Nolan, 2004).

In order to get specific localised information, a number of generic diagnostic test questions were developed. These are arranged into a PEST-like analysis questionnaire or diagnostic tool to assess each locality in order get the location-specific factors for an individual locality. The diagnostic tool is presented in a framework that is fit amongst other established theories/frameworks, in order to support the eventual goal: Local Economic Development through the promotion of an entrepreneurial environment. The essence of diagnosis as a formal activity is that it employs standard procedures to define a unique situation (Hindle, 2010).

> 'Whilst South Africa is suitably poised for higher levels of investment from a macro-economic perspective, greatly improved infrastructure investment capability at all levels of government is necessary. This capability centres

on long term structural planning, project and contract management and operational and maintenance skills.'

(DLPG LED Framework, 2006)

1.1 Purpose of the study

The purpose of the study is to identify the specific and most prominent factors that influence Economic Development in rural areas, allowing for the creation of a tool to diagnose the degree to which these factors may affect Community Entrepreneurship programmes in each specific locality, thereby assisting in strengthening their chances of success.

> 'By mobilising the resources of urban communities, government and the private sector we can make our cities centres of opportunity for all South Africans, and competitive within the world economy. The success of this will depend on the initiative taken by urban residents to build their local authorities and promote local economic development (Mandela, 1995).'

The challenge for entrepreneurship in emerging economies is for entrepreneurs to not only become successful in sometimes restrictive environments but to also lead by example and assist in developing the system so as to create a better environment (Young, Peng, Ahlstrom, & Bruton, 2002).

As early as 1995, the then President Nelson Mandela recognised the importance of local economic development in pulling the country out of the poverty cycle. Local entrepreneurship shows great potential as an economic development strategy for rural communities with stagnating or declining economies (Korsching & Allen, 2004) but some of the basic attributes of the recipe for development, such as infrastructure and entrepreneurial and business skills, are sorely lacking (Korsching & Allen, 2004). Local municipalities and authorities have attempted to take on this mantle and vision, and 20 years on are still attempting to do so. 'Entrepreneurial-competitive' strategies emphasise the importance of local comparative advantages and small businesses in job creation. Local authorities

must play a proactive role in growing and developing sectors of the local economy which show potential through research, loans, grants, consultancy, premises, and technical infrastructure and so on (Bond, 2003).

In referencing Master-planning in the study, a twofold goal was achieved. Firstly by using some of the planning principles to influence the 13 Locality Factors and secondly, to hopefully open an avenue for further research aiming to create plans, from this study, for implementing the results of the 'diagnoses' for individual localities. These can be adapted and followed in order to create economic development within the localities through Entrepreneurship, no matter what particular socio-economic situation the locality is currently experiencing.

1.2 Context of the study

In South Africa today the problems that are faced as far as nation building and creating a united national identity and unified country have shifted from the heady times of Nelson Mandela and the New South Africa to problems that are more tangible and based on economics rather than national feeling.

> 'After decades of apartheid policies, the new South Africa which emerged under the leadership of Nelson Mandela after the first democratic elections in April 1994 remains one of the most unequal societies in the world (The Economist 2001, 3 – Nel 2002)'.

Today in South Africa over 13 million people rely on welfare just to survive every day, with more than 25% of the country living below the poverty line. In a state where only 10% of the population pay taxes in order to support the rest, it is clearly on a slope that is unsustainable (Stats SA, 2012). Recent research highlights that urban poverty is a policy issue of growing significance in post-apartheid South Africa (May, 1998; Rogerson, 1998). South Africa's remarkable political rebirth in the 1990s rightly captured world attention and admiration for the phenomenal process of reconciliation and nation building that took place. Less well known internationally is the severity of the economic and employment crisis

that South Africa has inherited (Nel, 2001). The ruling party, the ANC (African National Congress), has acknowledged that its policies have thus far not generated anticipated levels of development (Minister Trevor Manuel, Sunday Times, 16th January 2000)(Nel & Binns, 2001). LED is in a very unstable state in South Africa at the moment (Nel & Humphrys, 1999). The International Labour Organization (ILO) maintains that globalisation 'has changed the rules that govern the world's economies, connecting national, regional and local economies more than ever before' (ILO, 2008) (Rogerson & Rogerson, 2010).

Northern or developed economies also have areas within them that can be classified as depleted or declining economies (Johnstone & Lionais, 2004). Smith (1990) contends that this is a product of the normal capitalistic process. Therefore, within most Developing Regions this trend tends to be even worse, where in some areas the capitalistic relationships and the related infrastructure have never been developed in the first place, or at least not since colonial times. In many rural and semi-urban areas in the country a majority of the populations are large and welfare dependent and local economies are stagnant and underdeveloped.

LED can be defined as the process or strategy in which locally based individuals or organisations use resources to modify or expand local economic activity to the benefit of the majority in the local community (Nel & Humphrys, 1999, p 278). LED planning is taking place on a minor scale in many localities in post-Apartheid South Africa (Rogerson, 1994) but in an alternate paper Rogerson (1995) admits that across the developing world, recent studies have shown a distinct weakness in responding to the challenges of LED from localities and local authorities.

Stimulation of the economy and provision of employment and opportunities is vital in order to get more people economically active in society and therefore stimulating the economy. LED has been recognised more and more as a leading method to combat declining economies (Rogerson, 1995, 1997) and increasing the rate of enterprise creation is now an almost universal concern for local authorities, as well as for central governments wishing to accelerate development in disadvantaged localities. In addition, there is now a high-level recognition that a "one-size-fits-all" approach is not appropriate for LED (Beukman, 2007)

(Rogerson, 2008, p 313). Nolan (2004) states that, communities with little hope of inward investment must turn to Entrepreneurship as a tool for development.

LED in South Africa specifically is either or both a 'pro-growth' or a 'pro-poor' action (Rogerson, 2000) (Nel, Hill & Goodenough, 2007). A fundamental contradiction exists between attempts to simultaneously pursue both economic orthodoxy and targeted intervention that is designed to meet the needs of South Africa's historically disadvantaged communities (Marais, 1998) (Binns & Nel, 2002 p. 10). Often poverty alleviation strategies are not self-sustainable and therefore are either permanently propped up or fail and are discontinued. For several years, national government gave preference to a 'pro-poor' approach to LED, supporting an array of (often unsuccessful) LED projects largely focused on poverty alleviation. (Harrison et al., 2008)(Rogerson & Rogerson, 2010)

1.3 Problem Statement

Planning of local economic development (LED) has also been recognised as an extremely important method for creating economic development for areas and is the subject of much increased research focus (Rogerson, 2008). Despite 20 years of concentration on LED as an important development strategy in South Africa, not many initiatives have shown measurable and sustainable results (Nel et al, 2002)(Tomlinson, 2003)(Nel and Rogerson, 2004)(Cohen & van der Heijden, 2010). Identifying historical and relevant factors in LED and LED success or failure will assist in avoiding future failure or promoting better success in the future (Sugden, Wei & Wilson, 2005).

1.4 Main problem

Identify the factors affecting Rural Economies and how they influence Local Economic Development and Entrepreneurial activity in South African rural economies and develop a diagnostic tool to assess the location-specific factors for an individual locality.

1.5 Sub-problems

Sub Problem 1: Describe the current status of Local Economic Development and Community Entrepreneurship in the Local Economic Development sphere in developing economies

Sub Problem 2: Describe the Factors in the economic environment that affect development and the entrepreneurial potential within Rural Communities.

Sub Problem 3: Construction and validation of the diagnostic tool and factors developed from the above sub-problems.

1.6 Significance of the study

By creating a model to identify the success factors and therefore the factors that inadvertently put economic development at risk, the hope is that further failures can be avoided and potential successes enhanced.

The 1990s saw an international shift in the thinking around LED from the traditional approaches, such as local boosterism to a new range of strategies that focus on indigenous development from within a city (Urban Foundation, 1994). The emphasis is now on indigenous growth from within the city or town where the city or town utilizes its own unique benefits and strengths (Abrahams, 2003).

Moletsi Mbeki asks the following question in his book Advocates of Change:

> ‘So what is the correct road SA should be travelling?
>
> We all accept that a socialist model, along the lines of the Soviet Union, is not workable for SA today. The creation of a state-owned economy is not a formula that is an option for SA or for many parts of the world. Therefore, if we want to develop SA instead of shuffling pre-existing wealth, we have to create new entrepreneurs, and we need to support existing entrepreneurs to diversify into new economic sectors (Mbeki, M, 2012).’

The most comprehensive outline of LED in South Africa is from the National Framework for LED, released in 2006 by the Department of Provincial and Local Government (DLPG). The following is an excerpt from the Executive Summary:

> 'The National Framework for LED in South Africa aims to support the development of sustainable local economies through integrated government action. This government action is developmental and stimulates the heart of the economy which comprises those enterprises that operate in local municipal spaces (National Framework for LED, 2006).'

Entrepreneurship is a vital activity required to stimulate growth and development in any system that is governed by economic market principles (Nolan, 2004). In order for Entrepreneurship to be successful, certain factors in the environment must be present in order for the enterprises to have the best competitive advantage/chance at success. Worldwide, small-scale enterprises are seen as important vehicles for addressing the challenges of poverty reduction through private sector development. Firstly, small and medium size enterprises are often the biggest employers in an economy. Secondly, given the often lower barriers of entry into the markets, small and medium size enterprises are considered to be the main engines of job creation, growth and innovation. Furthermore, economic growth generated by small-scale enterprises is seen to have wider societal benefits than big business driven growth, which in general is capital intensive and thus creates less jobs (OECD, 2000). Some of these forces are within the ambit of control of the Entrepreneur themselves but many are not. In order for there to be an environment where Entrepreneurship is likely to be successful, certain interventions and policy inclusions need to be implemented. Unfortunately there does not exist a plan that takes all these needs into account, and creates the required environment for growth.

There are many policies to promote entrepreneurship and promote small business creation, but these are all broad and generic, and do not solve the implementation of interventions at specific localities with different characteristics. In theory they are correct and identify the problem areas and required interventions, but the implementation of these Integrated Development Plans has not been successful.

As one person has suggested, we should stop giving prizes for forecasting rain and instead give them only for building the ark. (Lichtenstein, Lyons & Kutzhanova, 2004)

The 'Ten years towards Freedom' Review of the Department of Local and Provincial Government (DLPG) Framework found the following: "the advances made in the first Decade by far superseded the weaknesses. Yet, if all the indicators were to continue along the same trajectory, especially in respect to the dynamic of economic inclusion and exclusion, South Africa could soon reach a point where the negatives start to overwhelm the positives. This could precipitate a vicious cycle of decline in all spheres" (DLPG, 2006). It goes on to call for "a major intervention to consolidate democracy and to integrate citizens as beneficiaries of a growing economy". This will require "a Framework defining a shared economy" (DLPG, 2006).

Linking all the research and work already done on a macro scale with regards to this problem, and creating a sustainable planning tool with which to use the already allocated funds, knowledge and resources in a focussed and planned manner, which will benefit specific localities on a micro level, is what is required. This can be achieved through better implementation of Community Entrepreneurship Theory and Development Agencies. The field as a whole has failed to use its experiences, of both successes and failures, to build a body of action-usable knowledge about what works, why and under what conditions, in order to improve the practice of enterprise development (Lichtenstein, Lyons & Kutzhanova, 2004, p14), especially in rural settings and Developing Economies. In their study of the Umhlatuze District in Northern KwaZulu-Natal, Nel, Hill & Goodenough (2007) found the following: through a combined, coordinated effort, a favourable environment conducive to the establishment of SMMEs can be created that will help to fill in the 'missing middle' that characterises Richards Bay and overcome the very real issue of unemployment and its associated social ills. (Nel, Hill & Goodenough, 2007)

Bond (2003) states that the recognition and development of LED as an important strategy has already begun within the government but recognition and implementation are steps apart;

> ‘In order to foster the growth of local economies, broadly representative institutions must be established to address local economic development needs. Their purpose would be to formulate strategies to address job creation and community development (for example, leveraging private sector funds for community development, investment strategies, training, small business and agricultural development, etc.). If necessary, the democratic government must provide some subsidies as a catalyst for job-creation programmes controlled by communities and/or workers, and target appropriate job creation and development programmes in the most neglected and impoverished areas of our country. Ultimately, all such projects should sustain themselves (Bond, 2003 p153).’

This RDP Plan was replaced by GEAR, which was replaced by the NDP, none of which have been able to solve the problem of the actual implementation of the various plans. The gravity of the current situation is well outlined in the SALGA led position paper on the Key Issues in LED published in 2010 by Van der Heijden and Cohen for the Department of Provincial and Local Government (DPLG). They summarize findings from authors such as Nel and Rogerson (2004), Nel et al (2002) and Tomlinson (2003) in outlining the current problems in LED in South Africa at present;

‘DPLG conceded that there are currently a range of policy initiatives – such as pro-poor LED, the Urban Renewal Strategy, SMME Development and Economic Empowerment – that impact more or less directly on Local Economic development and [that] have yet to be assimilated into a coherent LED Framework that addresses the aims at economic development, employment creation, equity and poverty alleviation’ (Nel and Rogerson, 2004)(Cohen & van der Heijden, 2010).

The ultimate goal of this research is to develop a diagnostic tool for identifying factors affecting development in rural economies, and by identifying these factors driving success/failure, propose a framework of requirements that fosters success in the development of rural localities, by creating and fostering an environment for sustainable Local Economic Development. The international economic development community has learned that a one-size-fits-all approach simply does not work (Easterly 2001) (Acs, Desai & Hessels, 2008). Through the promotion of an environment where Entrepreneurship is structurally encouraged and the various existing entrepreneurial activities are further expanded, the specific advantages afforded by the local economy can be fully exploited to the benefit of the entire community.

1.7 The Model

The model is a basic representation of the flow of information and its potential impacts on the planning process as well as the potential outcomes of effective use of that information.

The combination of the SWOT Analysis and the new PEST-type Analysis Questionnaire based on the Sugden, Wei & Wilson (2005) Framework are combined and the results of the analyses are used in order to either develop strategies for Risk avoidance and/or mitigation with respects to negative factors and targeted enhancement and prioritisation strategies for particular competitive advantages and positive factors within each community. By having all this information at hand, it allows CBE/LED Agency managers to develop more informed Master Plans or IDP's specifically with regards to Local economic development and enterprise development. The results of better, more targeted, specific plans are better for clustering or potential to create clusters, an entrepreneurial environment which would allow independent entrepreneurs better opportunity to thrive, and/or the potential for incubation of individual entrepreneurs who previously may not have been able to access the assistance and networks required for success.

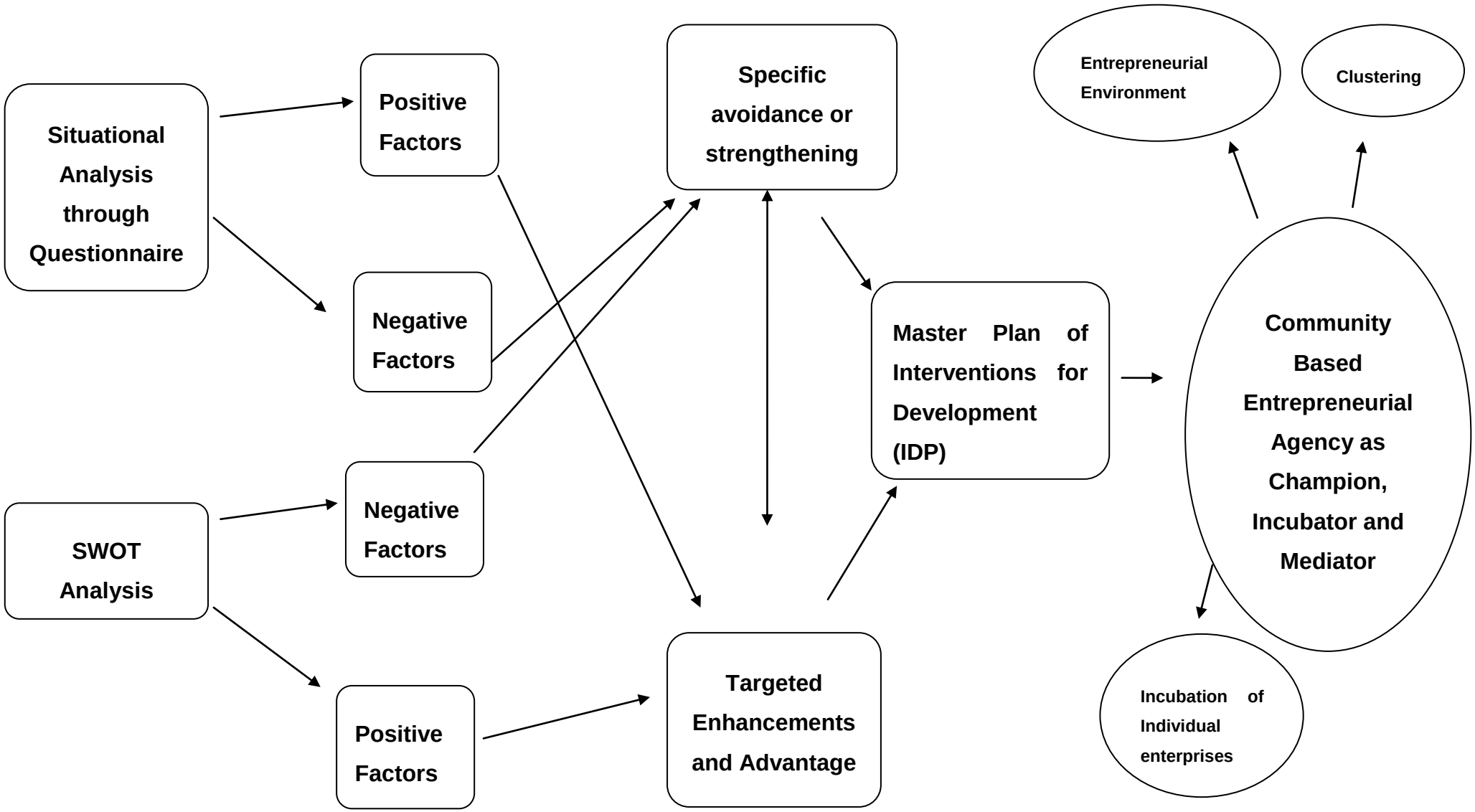


Diagram 1: Community Specific Development Model

1.8 Delimitations and Assumptions of the study

There are varying factors that affect Local Economies in rural areas, including external factors outside of the direct sphere of influence of individual localities, which can affect any attempt to develop a diagnostic tool for assisting LED. The following are some of the factors that may affect the frameworks and which are completely outside of local control and influence.

Economics

It is assumed that economics is a constant, *ceteris paribus*, and the forces of Supply and Demand are completely natural and develop due to changes in the market. Although theoretically this should be true, the market is not always true and perfect so the obstructions to the natural flow of supply and demand cannot be fully taken into account. The plan assumes that supply and demand are in balance and when this balance tips one way or the other, balance is restored by the market.

Politics

Although Political Risks can be taken into account to a degree in such a plan, there is no way to completely insure the success of the plan will not be affected, disrupted or hijacked for political purposes, especially in the volatile state that politics is currently undergoing in the country.

Economic Development

An increase in economic activity can be accounted for in various ways. Either it can be an increase in economic activity in general in an area but not necessarily an increase in the size of the economy or the amount of money flowing into the economy from outside, or the measurement can be purely an increase in flows of outside capital into the Local Economy. LED represents increases in a 'local economy's capacity to create wealth for local residents' (Bartik, 2003) (Rogerson

& Rogerson, 2010). For the purposes of this discussion, Economic development will be classified as any increase in economic activity due to the potential that this flow will benefit someone that it previously did not. This even includes citizens who become more economically active than before. Developing locally, Beer (2009) argues, can involve a mix of strategies, including: encouraging inward investment in the region, fostering innovation, nurturing a 'creative city' environment, promoting new business start-ups, engaging in regional economic planning, coordinating infrastructure investment, assisting small businesses gain access to capital and acting to facilitate development applications through the approval process (Rogerson & Rogerson, 2010).

Local Entrepreneurship

The assumption is that this describes not only Formal businesses that have structure and can be valued and quantified, but any informal or subsistence form of enterprise creating flows in capital and/or value. This could be your street vendor, market gardener or curio peddler. The informal sector, communal farming and other forms of subsistence and survivalist Entrepreneurship should be included as LED within the southern or developing context (Nel, 2001). The importance of these small but vital enterprises cannot be ignored in the context of stimulating development in the markets, which already face a number of other constraints to development (Nel, 2001).

1.9 Definitions of terms

The World Bank describes LED as:

"The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation."

The International Labour Organisation (ILO) believes that:

“Local economic development (LED) is a participatory process which encourages social dialogue and public-private partnerships in a defined geographical area. LED enables local stakeholders to jointly design and implement a development strategy which fully exploits local resources and capacities, and makes best use of the area’s comparative advantages.”

Community Entrepreneurship

‘While community business entrepreneurship shares many traits with traditional entrepreneurship, the processes differ in terms of the beneficiaries of these activities and in terms of the choice of locations. Community business entrepreneurship evaluates wealth in terms of the benefits accruing to the broader community rather than as personal profit (Johnstone & Lionais, 2004, p 226).

‘LED represents a participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory, enabling the joint design and implementation of a common development strategy, by making use of the local resources and competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity’ (ILO, 2006, p 2) (Rogerson & Rogerson, 2010, p 467).

The German Technical Cooperation (GTZ) now maintains that LED is: ‘an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms’ (Ruecker & Trah, 2007) (Rogerson & Rogerson, 2010 p 467).

2 CHAPTER 2: FACTOR ESTABLISHMENT THROUGH PEER-REVIEWED LITERATURE

The Literature review is based on peer-reviewed literature on the South African situation from various sources, including well-known LED practitioners such as Dr. Jorg Meyer-Stamer (2003) and Colin Mitchell (2008;2009) from Mesopartner, and Economic Geography experts such as Prof. Mike Herrington (2009), Prof. Etienne Nel (1997;1999;2001;2001;2007), Tony Binns(1997;2001;2002;2002) and Christian Rogerson(1997;1999;2001;2002;2008;2010). In terms of the overall theories of Economic development, Community Entrepreneurship and Local Economics, Venkataraman(2004), Singer(1953), Porter(2000), Johnstone & Lionais(2004), Coffey & Polese(1984), Korsching & Allen(2004) and Hindle(2010), amongst others have been reviewed.

Publications from the United Nations, OECD(2000;2003), the South African Government(1996;1998;2002;2006;2011) and the Global Entrepreneurship Monitor(2011) have also been used from a policy and provisions perspective.

Papers and publications reviewed for this subject and referenced in the Appendix identify and discuss the various factors suggested to be important in the Local Economic Development sphere. These factors, although named or referred to differently by the various authors, have been categorised into the groups outlined in Table 3.

Local economic development refers to the process of creating wealth through the organised mobilisation of human, physical, financial, capital and natural resources in a locality. The aim of local economic development ultimately is to produce higher standards of living, improve the quality of life, alleviate poverty, create more and better jobs, advance skills and build capacity for sustained development in the future (Fosler, 1991) (Abrahams, 2003).

2.1 Historical and Current situations in the LED Sphere affecting success

Reviews of the status of LED within local government areas in the South indicate that formal LED, as opposed to community-based variations, is still in its infancy and few local governments or other agencies can be said to be actively engaged in LED at present (Rogerson 1999). Nel (2001) also agrees with the degree of LED prevalence in the 'South' or developing countries, 'LED is less widely implemented in the South where, in most instances, it appears to be still in an incipient phase' (Nel, 2001). The first sub-problem applies here: What is the current status of Local Economic Development and Community Entrepreneurship in the Local Economic Development sphere in developing economies? In developing economies the government and political partisanship still play a very influential role in the political, social and economic environment and therefore top-down blanket policies still dominate the entrepreneurial environment in these areas (Austin, 2003). In South Africa specifically there is a confusion of initiatives and LED attempts based on generic policy that is passed on to local authorities without the resources to make them a success (Rogerson, 1997). National government has mandated, by law, the task of LED to local and provincial government, referring to the new local government strategy as developmental local government. 'In order to achieve the afore-mentioned objective of 'developmental local government', local authorities are expected to maximise social development and economic growth, to help ensure that local economic and social conditions are conducive to the creation of employment opportunities, to take a leadership role, involving citizens and stakeholder groups in the development process and to build social capital and generate a sense of common purpose to find local solutions sustainably' (Nel & Binns, 2001, p 14). 'The Local Government Transition Act (RSA, 1996c) assigns various powers and duties to local governments relating to service provision and requires metropolitan councils to promote integrated economic development, the equitable distribution of municipal resources and delivery of services' (Nel & Binns, 2001, p 358).

2.1.1 Definitions and Historical Applications

For the purposes of this study the following inclusive definition for LED will be used:

LED is an ongoing process by which key stakeholders and institutions from all spheres of society; the public and private sector, as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local business and strengthen the competitiveness of local firms (Binns & Nel, 2001).

LED has been prevalent in the western world since the aftermath of the Second World War and was used for redevelopment of Europe after the widespread destruction of that period. Throughout the Western world, global economic restructuring has forced cities to undertake local economic development (LED) planning. It is widely claimed that LED would increase employment opportunities and the local tax base by making the cities business climate more attractive to mobile capital (Maharaj & Ramballi, 1998). It has just started to gain prominence in the developing economies of the world and is finding a unique set of challenges in this environment which requires deeper planning and infrastructure investment (human and environmental) in order to create the environment required for development. Ultimately, local economic development should not be about making deals or leveraging investment. Instead, it must entail creating quality jobs, improving living standards and increasing the capacity of community residents to be economically self-sufficient (Levine, 1988) (Maharaj and Ramballi, 1998).

The limited number of LED initiatives to be found in South Africa in 1998 were almost exclusively based, controlled and developed in the locality in which they occurred (Nel & Humphrys, 1999). A 10-year struggle to establish coherent guidelines for LED planning in South Africa culminated in 2006 with the release of a consolidated national framework document which now stressed the imperative to develop locally by constructing robust local economies (Rogerson & Rogerson, 2010). Successful LED programmes, however, have proven elusive in most small

towns and rural areas because of the slow processes of land reform, failure to emphasise sustainable local economies, weak local government capacity and limited engagement with local economic potential (Binns & Nel, 1999; Nel & Rogerson, 2007).

The actions of various community economic development initiatives exist in parallel with the more formalised local government and private-sector initiatives (Lenzi, 1996; Haughton, 1998; Reed, 1999). In the South, LED is gradually emerging as a result of reasons not dissimilar to those in the North. To the list of causes must however be added the considerations of the debt crisis, the effective inability of many states to intervene at the local level, imposed structural adjustment, massive currency devaluation and the series of natural and political shocks which continually shake the region (Taylor and Mackenzie, 1992). Across the developing world experience, a key finding is that existing regulatory frameworks tend to reflect a colonial legacy of administration and tend to stifle rather than promote development. (Rogerson, 1999)

2.1.2 Neo-Liberal Economics, Interventionism and the Market Development Approach

It is the opinion of a number of authors that the South African Government has followed a more neo-liberal path to development and economic policy than was planned in 1994, as a result of external market and economic pressure. This puts constraints on pure pro-poor social interventions and calls for more market-driven developmental initiatives (Bond, 2000) (Marais, 1998) (Binns & Nel, 2001). LED finds accord with the post-apartheid government's pursuit of a neo-liberal economic strategy and a commitment to devolve powers of government to the local level and to support community-based endeavours (ANC, 1994; RSA, 1996). Although LED in South Africa is deemed to be a fairly new strategy, only really gaining prominence post 1994, there are numerous attempts being made at improving local communities economically, albeit driven mostly by the desperation of declining economies and local champions driving initiatives to success (Nel, 2001).

In the academic and business world there are three dominant schools of thought regarding Development Economics.

Firstly there is the school of thought that is commonly called Neo-Liberalism, which subscribes to the purely capitalistic approach to development.

Thomas (2000) describes this approach as such:

> 'The heart of this approach is a belief that market forces provide the elements needed for a development process and this results in the most optimal outcome for everyone in the world.'

Shortcomings to this approach are attributed to interference by governments through regulation and the proponents believe that an unregulated system will balance itself out by the subscription to pure supply and demand of the economic process. The key principles advocated by the neo-liberal school of thought included fiscal discipline, low marginal taxes and broader tax base, openness to foreign trade and investments, liberalising the economy and privatisation of state enterprises (Thomas, 2000). Failure to a degree of this approach has been witnesses over the past 5 years during the sub-prime meltdown that has devastated some of the world's biggest economies since 2008.

The second school of thought is more of a Keynesian approach to development where the principles of the neo-liberalism process are still adhered to but there is the belief that certain interventions are vital in order to keep the system fair and just. This approach is called the Interventionist approach.

It has been maintained that without some sort of regulation, the degree of this is not and may never be agreed upon, the system benefits only the strong while the weak are left in the dust never allowed to develop due to the increasingly powerful capitalists. An example of such interventionism is, for instance, protection of infant industries in emerging economies against competition from developed countries, or policies promoting positive discrimination of disadvantaged communities/groups of people within a country (Thomas, 2000) (Torppa, 2006).

The third and most recent school of thought regarding development within the economic sphere is the Market Development Approach. This approach concentrates on shortcomings of the other two approaches and advocates ways in which these shortcomings can be alleviated by taking the middle ground between the two.

Shortcomings in the interventionist approach have been identified as, firstly, the belief that any intervention is bad, which ignores the positive effects some interventions can have. It also advocates that without some structural intervention the system does not naturally remain ethical and just, and so this causes problems through bad practise and hence the issues encountered in the last five years in the world economy (Torppa, 2006).

Opponents of the Interventionist approach believe that too much intervention causes a broad, standardised intervention policy, that to be managed effectively hampers growth in less formal areas of the economy thus stunting growth. Broad rules that apply to large corporations often hamper smaller corporations, for whom these rules should not apply (Torppa, 2006).

The Market Development Approach advocates a free-market system like the Neo-Liberal Capitalists where the market dictates what is supplied according to the demand of the market, but also advocates targeted and justified interventions and regulations specific to certain industries and conditions.

The inclusion of this analysis with this report is to highlight the type of economic system that needs to come into play in local economies in order to allow SMME’s, which will act as the backbone of the local economy, to prosper. In order to allow a local economy to develop, firstly the regulators, in this case the Government, must structure specific interventions, regulations and Business development services for local economies, and ones which are specific to each economy so that the best environment is created in order for SMME development to take place (Torppa, 2006).

'Urban efficiency' proponents argue that local authorities should raise urban productivity, in part by lowering the costs of living and doing business in the

locality. Some have argued that this is best achieved by minimising government intervention, especially by cutting taxes and service charges, and by privatising services where possible. By contrast, others believe that strong government planning is key to achieving efficiency (Bond, 2003).

As stated in the SA LED Framework: ‘Local government is not directly responsible for creating jobs.’ Rather, it is responsible for ensuring that the overall economic and social conditions of the locality are conducive to the creation of employment and income opportunities.

The South African National Civics Organisation asserts:

‘As a new era of administration dawns, new forms of development, appropriate to meeting the needs of the majority of the people and their economic and employment requirements, have to be embarked on’ (Sanco, 1995: 1) (Nel & Humphrys, 1999, p 287).

‘The South African government's LED policies of the late 1990s have been institutionalising a particular neo-liberal conceptualisation and vision, but this is generally insufficiently modified to local conditions (which are very different from those in the global North where it evolved) or flexible enough to accommodate the very different circumstances facing the diversity of localities from metropolitan, aspirant world cities to small, rural settlements in the country’ (Simon, 2003, p 128). The national government has made the right start with its statements of good intent and in many places the will is there, but from a policy, financial, training and administrative perspective, a considerable amount still needs to be done (Nel & Humphrys, 1999).

2.1.3 Local Economies

In contrast to the well-researched and established urban studies literature focusing on cities, small towns research in Africa and South Africa has, relatively speaking, been largely neglected (Nel, 2005). Regional economies need to be resilient by becoming entrepreneurially self sufficient so that outside threats have

less of an impact on them (Malecki, 1993). Localities are increasingly viewed as ‘pivotal sites of competitiveness in a new global economy’ (Valler & Wood, 2010) (Rogerson & Rogerson, 2010, p 465).

> ‘It is becoming increasingly apparent that rural communities cannot rely on government or other external agencies to promote their areas. Rather, the communities themselves must take an active responsibility for developing and testing economic development strategies. There is no single best way for communities to stimulate economic development so they must develop custom-tailored strategies in collaboration with key government and business leaders’ (O’ Cinneide & Keane, 1990).

The DPLG’s Framework for Local Economic Development describes the new ideas in discussing local economies:

- the role of the locality within multiple, complex networks that may extend right up to the global scale;
- the role of institutions in supporting economic development and the importance of strengthening these institutions;
- both the ‘hard infrastructure’ provided by new technologies and the ‘soft infrastructure’ of social networks and interaction;
- the mix between co-operation and competition that is required to support development;
- the importance of knowledge transfer and innovation;
- the need for sustainable and inclusive patterns of growth.

Despite the policy support for LED and the increased attention being paid to the strategy by many local authorities due to the mandate given by National Government, there are still very few functioning and successful LED programmes in South African rural areas (Nel, 1998). ‘The pressure central government is placing on local authorities to embark on economic and social development is being met with disbelief in many small centres. Local authorities, ‘need to embark on LED as a matter of urgency, but there is a lack of dedicated support and

funding from the National Government' (Nel & Humphrys, 1999, p 284). Due to concentration of resources in larger and more productive centres by not only National Government but also larger industries, peripheral localities are largely left to achieve development on their own (Nel, 1997) (Nel & Humphrys, 1999).

> 'Certainly, in the absence of any alternatives, peripheral localities may have no choice but to rely on their own efforts, however meagre the skills and resources might be. Widespread community participation in the planning process helps dispel feelings of powerlessness and apathy, which are so pervasive in many rural areas' (O' Cinneide & Keane, 1990).

However, in concentrating on the local scale, as is explicit in LED, it is important not to forget or ignore the many that impinge on local economies. No city, town or even quasi-urban settlement in a former Bantustan, now achieving or seeking to attain local authority status for the first time, exists in isolation. Although concentrating on 'Local' is vital in LED, as discussed in assumptions, the external environment and it's affect on any initiative cannot be ignored. Regional/Provincial, National, sub-Continental and Global factors all have the ability to affect LED (Simon, 2003).

2.1.4 Local Economic Development

Certain key elements feature in many descriptions of LED, notably that it is concerned with local level development, that there is a strong partnership with the private sector or other development agencies, and that there is a strong focus on economic development and job creation (Nel & Binns, 2002).

In his paper, Introduction: Entrepreneurship in Community Development, Walzer (2004) discusses three general strategies for improving local prosperity. These being:

1. Traditional industrial attraction. (Smokestack chasing, clustering and locality marketing)
2. Business enhancement and development programmes. (Incubation)

3. Economic change and business creation with specific attention paid to finding ways to increase the entrepreneurial climate

Strategy 1 is discussed further on in this paper and some aspects of this strategy can be implemented within LED, although it is recognised that smokestack chasing is a strategy that is not sustainable on a macro level. Strategy 2 has already been covered in the introduction and has been shown to be very valuable within LED, if the correct context is applied to the incubation. The goal of this paper is to try and ease the implementation of Strategy 3 in rural areas by disseminating as much locally specific information as possible to the stakeholders within the community in order to assist with the creating the entrepreneurial climate. 'Although the need for "entrepreneurialism" is widely acknowledged, currently there is a lack of 'process' in promoting LED and a lack of support to local authorities in terms of building up their capacities to innovate LED initiatives' (Rogerson, 1997, p 191). The South African Government needs to solve the age-old economic problem of too little resources for too many people and focus the LED initiatives and resources to get the best possible results (Nel & Humphrys, 1999). 'Indeed, it is evident from existing experience that the present capacity to undertake and implement LED is markedly uneven across South Africa's metropolitan areas, secondary cities and small towns' (Rogerson, 1997, p 191). Local authorities are struggling to adapt LED Plans and structures to the varying landscape and particular differences in a country as large and diverse as South Africa (Abrahams, 2003). The focus in LED practice is generally now more geared towards investment in human capital development, public-private partnerships, retention and expansion of existing local firms, support for SMMEs, workforce development and training and a general move to a more targeted inward investment focus (World Bank, 2001).

There are currently 36 Development agencies registered with the LED Network, all implementing their own types of development initiatives with varying successes. Sirolli (1999) argues for development agencies to become the facilitators of the networks and funding required to incubate businesses into positions of success. Specifically, he advocates a function he calls an "enterprise

facilitator," the purpose of which is to find prospective entrepreneurs, encourage them to pursue their dreams, counsel them, and connect them to other sources of assistance (Sirolli, 1990) (Lichtenstein, Lyons, & Kutzhanova, 2004).

Table 1 – Local Economic Development Agencies in South Africa (LED Network, www.led.co.za, last accessed 08/2014)

Blue Crane Development Agency (BCDA)	Joe Gqabi Economic Development Agency (JoGEDA)
Buffalo City Development Agency	Johannesburg Development Agency (JDA)
Cape Agulhas Economic Development Agency	Kenneth Kaunda Development Agency
Central Karoo Development Agency	Knysna Economic Development Agency (Keda)
Enterprise iLembe (EI)	Kouga Development Agency
Greater Taung Development Programmes	Lejweleputswa Development Agency
Greater Tzaneen Economic Development Agency	Lekwa Teemane Local Development Agency
Hibiscus Coast Development Agency (HCDA)	Mandela Bay Development Agency
Metsweding Economic Development Centre	Okhahlamba Development Agency
Modimolle Development Agency	Overstrand Local Economic Development Agency
Moretele Economic Development Agency	Port St. Johns Development Agency
Moses Kotane Development Agency	Sekhukhune Development Agency
Mossel Bay Economic Development Agency	Thaba Chweu Development Agency
Ngaka Modiri Molema Development Agency	Thabo Mofutsanyana Development Corporation
Nkonkobe Economic Development Agency	Ukhahlamba Development Agency
Northern Cape Economic Development Agency	Umhlosinga Development Agency (UMDA)

Umjindi Development Agency	Waterberg Economic Development Agency
West Rand Development Agency	

The CSIR (2004) work stresses the issues of “lack of real strategic planning”, “inadequacies of financial planning”, and “external intergovernmental relations (alignment)”, and lack of interaction between municipalities in planning. It is noteworthy that despite significant evidence of both private-sector and community-based LED in the country both of these have now been largely overlooked in the policy and legal process (Nel & Binns, 2001).

2.1.5 Clusters

Clusters are geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (e.g. universities, standards agencies, trade associations) in a particular field that compete but also cooperate (Porter, 2000, p 15). A group of firms is not automatically considered a cluster as a cluster of firms specifically works together and develops together, or attempts to (DTI, 2006) (Rogerson, 2008).

Local development initiatives in clustering can develop localities in two ways: either developing together and therefore creating demand for business services to service the strengthening cluster, or establishing new enterprises either from within or without the locality in order to allow the cluster to develop (Helmsing, 2003). Bond (2003) states that for LED, the strategy used by localities in the past referred to as 'smokestack chasing' does not work as this creates only capital movement within and not an increase in capital inflow. Nel & Rogerson (2007) confirm that the trend is actually away from 'smokestack chasing' and towards external investment attraction. The new approach essentially shifts attention away from the piecemeal way that LED was previously undertaken towards a fresh, more integrated approach, ‘which looks at LED as a broad based output of local government administration and which is harmonized but firmly rooted in the district’s comparative advantage’ (DPLG 2006c) (Rogerson, 2008, p 316).

LED programmes should aim to create or expand the economic base within a locality, no matter the makeup of this base, cluster, single firm etc., from which entrepreneurship can then thrive (Helmsing, 2003). “It is in the intricate local networks, which often only the local people are aware of, that the prospect of establishing local and regional clusters lies” (The Presidency 2006, p 90) (Rogerson, 2008, p 318). Debates over the best way to attract investment have been prevalent in South African development circles since the mid-1990s. There are the traditional approaches linked to smokestack chasing such as incentivising services and the costs thereof as well as tax discounts and financial benefits. When these benefits, which cannot be given forever lest the local government go bankrupt, are stopped, the businesses move to the next place offering benefits (Bond, 2003).

Clusters suggest that a good deal of competitive advantage lies outside companies and even outside their industries, residing instead in the locations at which their business units are based (Porter, 2000). Rodriguez-Pose (2009) in (Rogerson & Rogerson, 2010) suggests that clustering is a viable LED strategy ‘as LED strategies seek to embed economic activity in a territory and make economic activity dependent on the specific economic conditions and comparative advantages of that place, they generate sustainable employment in enterprises more capable of withstanding changes in the global economic environment (Rogerson & Rogerson, 2010, p 468). Nel & Humphrys (1999) disagree, contending that many declining economies such as former mining towns are the way they are because of too much reliance on the cluster. When the resource or competitive advantage ceases, so decline sets in. In the study by Nel, Hill & Goodenough (2007) of the uMhlathuze Municipality, Multi-Stakeholder Driven Local Economic Development: Reflections on the Experience of Richards Bay and the uMhlathuze Municipality, the authors noted: the real potential to create employment and achieve pro-poor development in the Richards Bay area therefore is not in the construction of more large companies, but rather in the extent to which smaller firms cluster around them, through value-added downstream processing and through the establishment of new enterprises (Nel, Hill & Goodenough, 2007). The cluster can be seen almost in two ways: as the

traditional cluster described above, but also as a metaphor for the entrepreneurial environment which needs to be created in a locality, spurring on and promoting the establishment of other businesses as support services (Helmsing, 2003). 'The notion of clusters and LED support for clusters need not be confined, however, only to manufacturing activities, but also can be applied more widely to support other sectors. In tourism, for example, the planning of routes is a direct parallel of cluster cooperation and involves developing cooperative planning arrangements and relationships between different localities for them to collectively compete as tourism spaces' (Lourens, 2007) (Rogerson, 2008, p 317).

2.1.6 Government and LED

2.1.6.1 National Government

Emerging from the centrally controlled and centrally planned apartheid government into the post '94 government, which is focussed on development from the ground up, LED had a better chance of success (Cohen & van der Heijden, 2010). Relating back to the discussion of the Market Development approach to development versus the Neo-liberal approach, the involvement of the government in LED is clearly required, especially in developing countries. 'There are a number of ways in which the actions of national governments significantly influence the nature and spatial distribution of economic growth patterns. The simplest and most obvious is indirectly through the regulatory regime of economic, social, legal and political conditions which the government either establishes, or operates in and influences' (Fagan & LeHeron, 1994) (Nel & Humphrys, 1999, p 279). Policy is not the only issue that requires attention for LED to become a widely accepted development option in South Africa. Issues of finance, business support and investment, capacity building, external support and facilitation also need to be addressed (Nel & Binns, 2001). Facilitation of entrepreneurship and the growth of entrepreneurs must be seen as imperative with policy around the creation of business-friendly regulations the first step (Acs & Szerb, 2007).

Although LED should, in principle, be locally driven and led, exclusion of policy makers and statutory bodies is impossible and if correctly operated can actually

assist with unlocking some local potential (Stohr, 1990). There are a number of key pieces of legislation that have been enacted by National government with regards to LED but the actual on-the-ground implementation of these policies has been poor.

1. CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA NO. 108 OF 1996 (RSA, 1996)
2. NO. 97 OF 1996: LOCAL GOVERNMENT TRANSITION ACT SECOND AMENDMENT ACT, 1996.
3. LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT 117 OF 1998
4. LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 32 OF 2000
5. NATIONAL FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT (LED) IN SOUTH AFRICA (2006 – 2011)

2.1.7 Table 2 – List of Laws applicable to LED

Since the democratic transition, LED has been elevated from isolated local development intervention, mainly in cities, to an obligatory mandate for all local authorities in terms of the national constitution (Nel and Rogerson 2005, 2007) (Rogerson, 2008). By 1998, in terms of LED, the South African government had done little more than constitutionally mandate local government to promote economic and social development (RSA, 1996) (Nel & Humphrys, 1999), and in most parts of the country local governments are dealing with an ‘unfunded mandate’ that they lack the power, resources and capacity to implement (Nel, 2001, p 1020). The Local Government Municipal Systems Bill (RSA, 2000) provides for ‘the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic development of communities, and ensure universal access to essential services that are affordable to all’ (Nel & Binns, 2001).

The LED Policy Framework released by the Department of Local Government in 2006 is a very comprehensive policy document that details all aspects of the issues around local economies and the requirement for LED. The document has all the aspects but admits at the end that the plan for implementation for success is lacking. (DPLG, 2006)

Primary responsibility for LED policy now rests with the Department of Trade and Industry (DTI), which recently has identified four specific issues for evolving LED programmes (RSA, 1997):

(1) To stress the core role of municipalities in facilitating LED activities in South Africa;

(2) To encourage local partnerships and development compacts around specific economic activities;

(3) To promote small and medium-sized enterprises (SMEs) in alignment with the objectives of national SME policy; and

(4) To ensure that LED contributes towards job creation on RDP and capital works projects that are associated with the National Public Works Programmes

As Turok (2005) argues, 'the rise of a more decentralised bottom-up approach to economic development is geared to strengthen the building blocks of growth, including productive investment, skills, and innovative technology, through developing the inherent strengths of each locality' (Rogerson, 2008, p 307).

> 'The decentralisation and devolution of many key responsibilities, in this case, for development promotion, from national and provincial level to individual localities within South Africa represents both a major change from the almost obsessive centralism of the apartheid era and a profound challenge for small, poorly endowed localities, especially in areas marginalised under apartheid' (Binns and Nel, 1999; Nel, 1997, 1999; Rogerson, 1994, 1998) (Simon, 2003, p 136).

2.1.7.1 Local Government

Local governments in South Africa are currently grappling with the concept of local economic development (LED), which is seen as a tool through which to

achieve sustainable development (Abrahams, 2003). It is appropriate that local governments in the cities, towns and rural areas of South Africa, in collaboration with key local stakeholders, should embark on LED. Local government must, along with key local stakeholders, institute LED in whichever form appropriate to their localities (Nel & Humphrys, 1999). With reference to local governments, Krumholz (1999) outlines LED as such; 'Local economic development is a process by which local governments manage resources to stimulate private investment opportunities in order to generate new jobs and taxes. Municipalities and authorities are geographically and not economically split; therefore the strategy undertaken must include or at least take into consideration, the differences between urban and rural areas (Abrahams, 2003).

In terms of the guidelines of the Reconstruction and Development Plan (RDP), South Africa's new local authorities are expected to shed their heritage of focusing on issues of development control or administration and instead to take on major new responsibilities for development promotion (Rogerson, 1994). Local municipalities in South Africa have to use "integrated development planning" as a method to plan future development in their areas. In an attempt to ensure that local authorities do in fact focus on LED as a priority area, it is now compulsory for all local authorities to draw up (amongst other things) an annual and five-year Integrated Development Plan (IDP), which must contain an LED strategy (Section 26 – Local Government Municipal Systems Act – 2000). An Integrated Development Plan (IDP) is a super-plan for an area that gives an overall framework for development. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area. It should take into account the existing conditions and problems and resources available for development. The plan should look at economic and social development for the area as a whole. It must set a framework for how land should be used, what infrastructure and services are needed and how the environment should be protected (SA Gov. 2013).

> 'In order to achieve the goal of developing sustainable settlements, local authorities need to have a comprehensive understanding of the different

social and economic dynamics operating within their area, to address developmental backlogs and to plan for future socio-economic requirements. It is for this reason that integrated development planning, of which local economic development is a key component, has become a distinct approach to try and achieve sustainable development within localities in South Africa. Integrated development planning, in principle, allows for a comprehensive understanding of the locality and an opportunity to devise a vision, and strategies to achieve this vision, in an inclusive manner' (Abrahams, 2003).

It is suggested by the Department of Local Government that IDP can assist in the promotion of socio-economic development in at least three ways:

1. Helping to attract funds from other spheres of debate government, donor organisations and investors through packaging attractive projects and programmes;
2. Helping to create an environment that is conducive to private sector investment and the general promotion of LED;
3. By proposing direct interventions in the economy through, for example, providing incentives, developing economic infrastructure, and buying, developing and leasing/selling land (DPLG, 2000).

The IDP provides a mechanism for coordinating LED strategies with other development strategies adopted by the municipality, so it is essential that LED planning should be closely linked to the IDP to avoid duplication (Nel & Binns, 2002). Widespread concern has been raised about the gap between LED policies and outcomes (Fainstein, 1990; Giloth, 1992) (Maharaj and Ramballi, 1998).

Extract from the Local Government Municipal Systems Bill (RSA, 2000):

'A metropolitan local council shall formulate and implement a local integrated development plan, incorporating local land use planning, transport planning, infrastructure planning and the promotion of integrated

> local development, in accordance with the metropolitan integrated development plan.'

Local government should be developmental. It should exercise its powers and functions in a way that maximises the social development and economic growth of communities (RSA, 1997). The White Paper on Local Government describes the concept of developmental government as:

> 'Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve quality of their lives.'

The role is further described in the paper as:

> 'Local government is not directly responsible for creating jobs. Rather it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities' (White Paper on Local Government, 1998).

The top-down approach is more often than not implemented by local governments in order to fulfil the mandate from national. This generic approach is undertaken usually due to a lack of skills in the local authority or the lack of planning for LED. By using high-level generic plans that have not been developed with the localities strengths and weaknesses taken into account, the plan will be inherently weak and the results will be diluted (Boettke & Coyne, 2007) (Minniti, 2008). Thus, by setting in place the appropriate institutions, government policy can influence the allocation of entrepreneurship more effectively than it can influence its supply (Minniti, 2008).

'Policy tends to assume that local government, rightly or wrongly, should be the key change-agent in localities and policy is developing along these lines, regardless of the very real difficulties which many local governments face in addressing their current responsibilities, let alone taking on additional responsibilities' (Nel, 2001).

Nel & Rogerson (2007) note the concern that should be placed on the fact that in most small town and rural municipalities, LED is not at all embedded within normal practice despite the mandate issued from national government. While the power and functions of local government have been outlined, there is an urgent need for their clarification to promote more efficient and effective implementation (Nel, 2001).

The establishment of local government as the main agency of economic development throws an enormous burden on the quality of administration, which unfortunately is itself largely a function of economic development. This creates one of many vicious circles that impede development in underdeveloped countries (Singer, 1953). Despite the admirable intentions of national government to devolve responsibility to authorities, there is no doubt that a considerable burden has been placed on newly created authorities that are still 'finding their feet' and are often seriously lacking in both financial and human resources (Nel & Binns, 2002). The realities of the South African situation are that municipalities have varying resources to work with (try and compare a rural municipality in the North West with City of Johannesburg or Tshwane Metro) and some just cannot cope with the enormous burden of economic development on top of the already failing mandate of promises made at election time for service delivery (Nel & Binns, 2002). In many cases, local authorities with a lack of internal expertise have been forced to turn to outside consultants to produce their IDPs, rather than incorporating the expertise of consultants into supporting an essentially local authority-led process. This escalates the cost of the initiative and does not inspire ownership of the plan (Nel & Binns, 2002).

The ideas and policies all speak to a government who understands the importance of and promotes LED, but unfortunately the reality with regards to success and local resourcing, this has not been successful. Out of the 791 local authorities only a handful have defined LED strategies in place and are actually implementing them (RSA, 1998). All of this leads to the development of the research question:

How does the current situation within South Africa's Local Economic Development sphere and rural communities/localities affect the application of planned, strategic local economic development plans?

2.2 Factor Development through Theoretical exploration

Declining local economies are a common feature of the capitalistic society of today, and their features include high populations with very little economic activity or potential due to one or other changing factor or barrier (Johnstone & Lionais 2004). These barriers stop entrepreneurial development in a traditional sense and therefore the potential for the development of the vicious cycle as discussed by Venkataraman (2004). As a consequence, within any particular technological paradigm, depletion is a relatively permanent condition (Venkataraman, 2004). 'Furthermore, entrepreneurs working in depleted communities are likely to experience a number of obstacles to development, including: venture capital equity gaps (Johnstone & Lionais 1999, 2000), labour skills gaps (Massey 1995, Davis and Hulett 1999) and a lack of business and financial support institutions (Johnstone & Haddow 2003), as well as a lack of appropriate institutional thickness (Amin & Thrift 1994, Hudson 2000) (Johnstone & Lionais, 2004).' What are the factors, in the economic environment, that affect development and the entrepreneurial potential within rural communities? In South Africa, the overall levels of education and training, social and cultural norms and the regulatory environment play a highly significant and potentially negative role in determining the level of early-stage entrepreneurial activity (Herrington, Kew and Kew, 2009). Each locality can and will be affected by varying factors differently and so by creating a development plan and diagnostic tool for individual localities based on PEST and SWOT analyses as well as local complementarities, the markets can be identified and developed for each area, according to what will work best in the area and what will be most successful.

2.2.1 Entrepreneurship and LED

The link between Entrepreneurship and LED is vital in order to set the baseline for Local Economic Development and the requirements for creating an environment conducive to new business development. ‘Entrepreneurs not bureaucrats are the engine of economic growth and job creation’ (Timmons, 1999) (Audretsch & Thurik, 2001, p 27). There is much evidence in the literature supporting the idea that entrepreneurship has a positive effect on economic performance through creating innovation and competition, main stays of economic activity (Acs, Desai & Hessels, 2008). According to Nolan (2004), entrepreneurship is a critical component of local development.

> ‘After Keynesian and Neo-liberal approaches to LED have proved to have flaws, a third alternative is being implemented, designed to secure economic competitiveness by mobilising the endogenous potential of the less favoured regions (LFRs) through efforts to upgrade the local supply-side infrastructure for entrepreneurship. In short, the idea is to unlock the ‘wealth of regions’ as the prime source of development and renewal’ (Amin, 1998 pp2).

Entrepreneurship did not fit in the traditional, theoretical neo-classical models for two reasons. Firstly, the neo-classical axiom of perfect competition implies that there are no profit opportunities for entrepreneurs left. Secondly, models of general equilibrium do not take into account the dynamics of "innovating entrepreneurship". Hence the importance put on entrepreneurship as a tool for creating upheaval and change (Wennekers & Thurik, 1999).

There are various channels through which the birth of new firms can positively affect local economic development. These include:

1. Employment and income growth (indirect employment effects over time)
2. Increase in tax revenue (although of uncertain magnitude)

3. Enhanced provision of services for local consumers and businesses (with consequent increases in local income retention)
4. Demonstration and motivational effects (difficult to quantify but important) (Nolan, 2004)

Policies encouraging entrepreneurship should be embraced as a means to stimulating economic activity, competition, employment and therefore fighting poverty that comes with declining economies and potentially adding new skills to the labour market (Nolan, 2004). The speed at which entrepreneurs can respond to changes in the markets, skill levels and availability of the labour force and supply and demand pattern changes makes them better than the traditionally slower, larger organisations (Malecki, 1993). In order for entrepreneurs to have the best chance of success in LED, the environment needs to be as conducive as possible and LED plans must endeavour to influence this positively. By identifying the influential factors that have led to success or failure in other areas, as well as the factors that will need to be dealt with in the specific locality, a targeted strategy can be employed, which can be area specific.

2.2.2 Community Entrepreneurship

Entrepreneurship is described as a voluntary, non-linear and discontinuous process. It is an innovative and motivating action in response to a constantly changing environment, within the limits of moderate risk taking (Deakins & Freel, 1998; Bygrave & Minniti, 2000; Gavron et al., 1998). Its occurrence depends on the ability of the individual (Shane & Venkataraman, 2000), even if as part of a group, to identify, evaluate and exploit entrepreneurial opportunities within the limits of the environment, in which they operate (Austin, 2003). Therefore an entrepreneurial community is one in which everyone – residents, businesspeople, politicians, and government officials – think and act entrepreneurially (Lichtenstein, Lyons, and Kutzhanova, 2004). LED initiatives will have a better chance of survival within an entrepreneurial community. As the environment is made more conducive to entrepreneurial activity, the more opportunities will be taken up, therefore creating a multiplier effect.

Community economic development has a number of broad aims:

(i) To stimulate a sense of community;
(ii) To promote self-help and empowerment;
(iii) To contribute to the generation of (self-) employment;
(iv) To improve living and working conditions in settlements; and
(v) To create public and community services

(Helmsing, 2003)

> 'Success in building entrepreneurial communities can produce jobs, wealth, personal development and an overall improvement in quality of life. But enterprise development as it is currently practiced fails to build such communities because it is tool-driven, fragmented, improperly focused, not scalable, and unaccountable to the entire community' (Lichtenstein, Lyons, & Kutzhanova, 2004).

If the failure of previously employed 'Northern' policies of 'smokestack chasing' proves them to be the incorrect approach to economic development and unsustainable, the question must be raised as to what is sustainable. In the opinion of Carland & Carland (2004), economic development based upon entrepreneurial activity is sustainable. 'An important aspect of enhancing competitiveness for all localities is that of aligning the planning of infrastructure to support areas or sectors of recognised competitive advantage' (Lambshead 2007) (Rogerson, 2008, p 311). In parts of the country, the IDP engagement process revealed that, for example, many municipalities in Gauteng do not engage 'in substantive analysis of economic trends within their area of focus' (DPLG 2007).

Only 10% of municipalities are currently able to formulate and implement a good basic IDP, including for LED (DPLG 2004) (Rogerson, 2008). In the view of many writers, the absence of clear success stories is a reflection also of national government's failure to introduce clear guidelines for municipalities as to what LED means and how it was to be undertaken (Nel & Goldman 2006; Nel & Rogerson 2007). In addition, the DPLG's own LED internal profiles of localities further reinforce the need for identification of competitive advantage as a critical

basis for formulating LED strategies and the promotion of investment (Rogerson, 2008).

2.2.3 Entrepreneurial communities

Creating an environment in which entrepreneurship is most likely to be successful is the most essential LED role (Egziabher & Demeke, 2004; Helmsing & Egziabher, 2005) (Rogerson & Rogerson, 2010). Community development implies broad local involvement, broad distribution of benefits, and improvement of the community's problem-solving capacity (Korsching & Allen, 2004). This is not always the case, but the contention is that any development, economically, be it the increase in employment of an area by 1%, is an improvement in the baseline of the community economy. LED should not be seen as a social policy for poverty alleviation but rather as an economic policy for job creation (Meyer-Stamer 2004). 'Institutional Characteristics, culture, education, the regulatory environment, national demographics and social culture of the nation play a part in shaping the countries entrepreneurial landscape' (Herrington, Kew and Kew, 2009). Long-term economic development is also influenced by entrepreneurial spirit in a community, and by competition (Walzer, 2004).

> 'Core aims of the current LED phase are providing a competitive local business environment, encouraging and supporting networking and collaboration between businesses and public/private and community partnerships, facilitating workforce development and education, focusing inward investment to support cluster growth and supporting quality of life improvements' (Ruecker & Trah, 2007) (Rogerson & Rogerson, 2010, p 468).

According to Sirolli (1999), there are at least five critical strategies for building entrepreneurial communities:

1. Enterprise development programs must work with businesses and they must work with and for the entire community.

2. Customise the enterprise development system for each community.

3. Focus on developing entrepreneurs.

4. Develop new roles, skills, and tools through the “incubation” function.

5. The enterprise development system must be operated as a highly specialised business whose bottom line is defined by the quantity and quality of entrepreneurial and community transformations it produces.

Community entrepreneurship is not only a function of the private sector but also of the public officials within the community. Encouraging by-laws and local policies are critical in creating an environment that encourages business development (Flora & Flora, 1993) (Walzer, 2004).

What distinguishes successful entrepreneurial regions and locales from places where entrepreneurs are few and far between? Inventories of the regional conditions or ingredients in the environment for entrepreneurship typically highlight those factors that have been found in notable entrepreneurial locales (Malecki, 1993). The factors are locality specific in many successful entrepreneurial localities. Innovation is in part a function of the recognition of past failures and achievements (Nolan, 2004).

2.2.4 Development Agencies

The IDC has been funding the establishment of Development Agencies in South Africa since 2004 and the description of these ‘franchise agencies’ is, according to Mitchell (2009), ‘a special purpose vehicle specifically to promote, oversee, plan, implement and monitor catalytic local economic development initiatives in the spectrum of locational circumstances’. The following extract from the UNDP Report in 2008 describes the need for various stakeholders to be involved in the LED process. The development agencies should not only be made up of members of all these stakeholder groups, but should also have positive influence in their behaviour in order to achieve an integrated goal.

> ‘Under the right market conditions, the private sector can alleviate poverty and contribute to human development in many ways. In a market economy, firms and households interact with each other and with the government. Business cannot stand alone, however. This report suggests that businesses, with governments, civil society and the poor, can build the foundations for new markets. Governments must unleash the power of business by improving market conditions where poor people live and removing barriers to their economic participation (UNDP, 2008).

In many communities the buy-in from the population into Development Plans generated and run by the municipality is very poor. Without the support of the community the plans will never be fully successful (Bryant, 1989) (Korsching & Allen, 2004). The idea for this paper was borne out of the recognition of a stagnating local economy seven years ago by a group of local entrepreneurs and stakeholders in the Okhahlamba Municipality. Over time the idea of a Local Economic Development Agency was adopted and the development of a LED Plan became necessary. Blackburn and Ram, (2006) discuss the promotion in the UK of either business clusters or regional Development Agencies as models which worked, but the argument must refer back to the requirement for action based on ‘Northern’ experiences but specific to developing-world realities. What is currently occurring in South Africa, on a gradual scale, must be seen as a mirror of international trends, particularly in Western Europe and North America, where an increasingly proactive role is assumed by local authorities in promoting the economic wellbeing of localities (Harvey, 1989; Wilson, 1995) (Rogerson, 1997). On another level, the challenges faced in South Africa today have their own specific socio-environmental influences due to history and politics, which require fresh thinking on the way to plan around these.

The Local Government Municipal Systems Act (2000) has further defined the duties of municipalities, where the requirement that all municipalities engage in integrated development planning – within which LED is a core component – ensures that LED is firmly positioned on the development agenda of local authorities (Nel & Rogerson 2005). Even with the powers and mandate issued to

local municipalities, many lack the skills and adequate funds and other resources to run LED offices (Nel and Goldman, 2006) (Rogerson, 2008).

There are currently over 30 agencies within South Africa that are supported in one way or another by the IDC and other organisations, and there is yet to be a shining case of success from any of these. ‘For the past decade, many South African observers have been highly critical of the limited outputs or successes which have been associated with LED policy’ (Nel & Rogerson 2005; Rhodes University et al. 2006) (Rogerson, 2008, p 316). Minimal monitoring and evaluation as well as the absence of support are probably the major reasons why there are no clear success stories in LED interventions (Rhodes University et al. 2006) (Rogerson, 2008).

In a workshop of LED Practitioners from various municipalities, the following was established about Development Agencies and the challenges they face:

These include:

1. A lack of engagement with the private sector;
2. Overcoming political interference and influence;
3. Lack of skilled staff and resource constraints within the agency;
4. Financial uncertainty and medium to long term viability;
5. Size of geographic area – whatever impacts are made are offset by the socio-economic needs of the whole area;
6. Impact is seldom visible in the short term and quick hits are needed;
7. Raised expectations;
8. IDC funding is for five years and by then the agency must be self-sufficient.

As a result of the challenges identified the following conclusions were drawn**:**

1. Development agencies have a strong role to play within the current development context of their areas;
2. They normally perform well in leveraging government and quasi-government funds;
3. There is always room for improved relations with the private sector and organised business chambers, tourism organisations and agricultural unions;
4. Political interference and political influence over the functioning of agencies is a challenge all agencies are grappling with;

5. Not enough evidence of diversification, value chains, cluster development, innovation and SMME development;
6. Vision and mission statements are good but strategic options are less well defined;
7. Poor communication is a major barrier to the effectiveness of agencies;
8. Must focus on the poor people in the community not just the municipality, government departments and business. The real people in the community have been excluded from economic opportunities;
9. Development is a slow process. Catalytic projects take time to develop, plan and implement and once launched take further time to mature and create visible spinoffs.

> (Taken from personal notes from Okhahlamba Municipal LED Champion Peter Morrison, 2011)

Development agencies, LED Boards and such institutions help to connect the various stakeholders and networks within the community in order to assist with faster realisation of success (Amin & Thrift, 1995) (Raco, 1999). LED Development Agencies, as the Local Authorities agent in LED, can act as 'facilitator and coordinator of LED' therefore representing government in a partnership with all the other stakeholders in the community and business (Stohr, 1990) (Nel & Humphrys, 1999).

2.2.5 Development Agencies as Community-Based Enterprises (CBE)

Specific strategies aimed at inclusion must be developed and employed at all levels of governments to ensure that Community Participation takes place in the development process (Tosun, 2000) (Porter, 2000). 'At the center of our argument is the concept of Community-Based Enterprise (CBE), which we define as a community acting corporately, as both entrepreneur and enterprise, in pursuit of the common good. CBE is therefore the result of a process in which the community acts entrepreneurially to create and operate a new enterprise embedded in its existing social structure. We believe CBE represents a promising strategy for fostering sustainable local development' (Perado & Chrisman, 2006, p 310).

It is this premise that leads the argument that development agencies must be developed as Community-Based Enterprises or Community Entrepreneurship vehicles. Self-development projects demonstrate the following characteristics:

(1) Involvement in the effort by local organisations;

(2) Substantial investment of local resources;

(3) Local control of the programs or resulting enterprises.

(Green et al., 1990) (Korsching & Allen, 2004)

If this local investment and control creates ownership of the initiative by the community as a whole and adds in some quick wins visible by the community, the initiative will gain much support from involved local stakeholders. The potential trade-off of these stakeholders acting together is described by Raco (1999), as potential loss of competitive advantage and autonomy but such relations can also be supplemented by the creation of local voluntary associations which act as mediators for locally based inter-firm co-ordination and collaboration (Raco, 1999), these mediators, potentially, being members of the Development Agency steering committee. The steering committee being 'a group of people in a locality initiating a social process (i.e. planned intervention) to change their economic, social, cultural, and/or environmental situation' (Christianson & Robinson, 1989) (Korsching & Allen, 2004, p 386). Ownership of projects is important and the community must feel this ownership. Development Agencies must get the balance right between management of the projects and giving the community a sense of ownership (Perado & Chrisman, 2006). 'Research shows that if residents of small communities can get themselves motivated, self-development strategies offer great potential for improving local economic vitality' (Green et al., 1990) (Korsching & Allen, 2004, p 385).

In describing the role that a Development Agency or Community-Based Enterprise might be required to play in the business environment within a community, Schmitz (1999) relates that**: '**inter-firm cooperation and joint action play a central role.' Development Agencies can play the roles of Broker and Arbitrator in

potential industrial networks or clusters as competition and co-operation do not go hand-in-hand (Schmitz, 1999) (Helmsing, 2003, p 75).

In their article on Entrepreneurship and Local Development, Arzeni & Pelegrini, (1997, p 27) state: 'the response lies in stimulating the development of entrepreneurship and decentralising decision-making.' Collaboration between private, public and local community institutions is required in order to promote entrepreneurship at a local level (Arzeni & Pelegrini, 1997). Despite the above assertions that the Community Entrepreneurship vehicle or Development Agency must be localised and autonomous there is no doubt that all Stakeholders have a part to play in the eventual success of LED. Singer (1953) was of the opinion that the part of government was very influential in developing economies. In describing under-developed economies, Singer points to a deviation from Schumpeter's theory by stating 'the agents of economic development, in Schumpeter's theory, are the innovating and pioneering private entrepreneurs, but in the economic development of underdeveloped countries the agency is much more likely to be the government' (Singer, 1953, p 19). Hampton (2005) contends that inclusion of the local community goes further than just listening to them but requires the actual formation of effective partnerships between communities and authorities for better outcomes. A Development Agency made up of board members with ties to the local community will best serve this purpose.

Acs, Desai & Hessels (2008) go a step further in asserting that in economies in the early or middle stage of economic development, the efficiency-driven stage, entrepreneurial activity would be negatively related to economic development since most people would be trying to move from self-employment to wage employment but the efficiency-driven stage in most rural areas is still a long way off, with the self employment stage, necessity or not, still very under-developed (Acs, Desai & Hessels, 2008). Singer (1953) reasserts the value of the Schumpeterian Entrepreneur by adding that from the public support, finance and initiatives in underdeveloped economies, the changing of the environment into a more conducive one brings in the private sector to take over the development process in the search for profits. 'From this point of view the Schumpeterian

system is not really a theory of economic development, in the sense of a theory of how such development starts. Rather, it is a theory of how economic development continues and proceeds, once it has reached a certain stage characterised by the creation of innovating private entrepreneurs, and by the creation of the kind of society in which they can operate' (Singer, 1953, p 23). Johnstone and Lionais, (2004, p 227) ask the question, 'What opportunities does the depleted community provide for community business enterprise?' Although the barriers to development (finance gaps, labour skills gaps, lack of business support institutions, etc.) are similar to those faced by traditional entrepreneurs, community business enterprises can adapt in a variety of ways to overcome these obstacles.

1. Community business entrepreneurs can accept unconventionally low rates of return on their projects because personal profit is not an objective
2. Community business entrepreneurs, in contrast, can employ a number of different organisational forms to achieve their objectives, including not-for-profit entities.
3. Once a project is undertaken, community business entrepreneurs have a different set of resources to call upon to achieve their goals. Among these resources is the access to volunteers, in terms of both volunteer labour and pro bono professional advice.
4. Community members also have a role in mitigating risk in a community business.
5. Another resource available to community business entrepreneurs is access to capital from non-traditional sources.
6. Members of a community will extend customer loyalty to a business that they perceive is contributing to their community.

   (Johnstone and Lionais, 2004)

The impression given by the support of a Community-Based Enterprise to business gives business or businesses a certain approval from communities that they may not achieve as quickly as traditional entrepreneurs (Perado & Chrisman, 2006). CBE's characteristically arise in response to some combination of the following:

(1) Economic crisis and a lack of individual opportunity,

(2) The processes of social disintegration,

(3) Social alienation of a community or subgroup from mainstream society,

(4) Environmental degradation,

(5) Post-war reconstruction,

(6) Volatility of large business

(Perado & Chrisman, 2006)

Community-Based Enterprises (CBE) are built on the collective skills and resources of the community. The CBE serves as an umbrella for local development that provides services to, as well as opportunities for, the local population (Perado & Chrisman, 2006, p 321). Entrepreneurial activity and the level of entrepreneurship within a locality are affected by the skills and experience available within that community (Ensley, Carland, & Carland, 2000). Not only does the Community-Based Enterprise, with input from local stakeholders, add value to the Community entrepreneurial drive, but the exchange of ideas and knowledge can lead to up-skilling, which according to Helmsing (2003) is vital. 'For local producers to gain access to more remunerative external markets they generally require specialist Business Development Services (BDS) to enable them to acquire appropriate knowledge' (Helmsing, 2003, p 73). Rogerson (2008) asserts that Business Development Services in South Africa, led by the Government, have not yet reached the number of beneficiaries and geographies that need them, and the rural areas and peripheral localities are often the ones requiring them most.

In their paper Locality based entrepreneurship: A strategy for community economic vitality, Korsching & Allen (2004) do a case study on the Enhancing, Developing and Growing Entrepreneurs (EDGE) programme undertaken in rural Nebraska in the USA. EDGE is the umbrella organization for rural entrepreneurship training programs hosted by local communities, organisations, and associations whereby community capacity is developed while providing grounded business skills for rural citizens. EDGE is a community development

strategy designed to enhance the economic and social structure of communities and provide comprehensive entrepreneurial training (Korsching & Allen, 2004). The programme, based on skills development and incubation to a certain degree, was found to be successful as long as the officers who were involved in the 'mentoring' in the incubation process were committed to the community and the cause. These people have a stake or history within the community and a reason for wanting to see that success of community based initiatives.

Five specific objectives are included in the overall goals of EDGE:

1) Help entrepreneurs create and evaluate their business ideas.
2) Help new and current small business owners develop and implement their business plans, and plan for business growth and expansion.
3) Provide program participants with follow-up support from their local communities.
4) Create and retain jobs through the start-up and expansion of small businesses.
5) Facilitate community capacity building by enhancing the structural field around entrepreneurial endeavours.

(Korsching & Allen, 2004)

The main role of the proposed development agency/CBE within rural areas would be the incubation/mentorship and facilitation of connections with other stakeholders to assist with networking/clustering and partnership for viable entrepreneurial initiatives.

2.2.6 Incubation and Community Entrepreneurship

Incubation is defined by the National Business Incubation Association as a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of target resources and services (NBIA, 2005). A business incubator is one option that

some local communities are pursuing. An incubator is a locally based institution created to encourage and support business development. Incubators have become more widely used local economic development options since the mid-1980s (Markley & Mcnamara, 1996). 'The main tools for LED support from the 1980s to the mid-1990s included provision of business incubators, start-up support, and technical support for small to medium-sized businesses' (World Bank, 2003:5) (Rogerson & Rogerson, 2010). CBE's as incubators is an important element of the LED sphere, as not only is the CBE locally supported, but it has a local perspective, which assists with intervention and strategy which is specific rather than generic. Lessons learnt from the EDGE programme discussed above show the importance of commitment of the local people involved in the incubation process to success of the incubation. Not only is the need to identify potential opportunities important through Development Agencies/CBE's but also the identification of potential entrepreneurs as well. The incubation requirements are then also vital in order to bring the two together and assist in the success of the venture (Walzer, 2004). Bond, (2003) emphasises the importance of community based enterprises and incubation as vital for the sustainability of LED programmes The aim of LED and successful incubation is for communities, after the initial assistance, to become independent of further state aid and self-sustainable as communities, re-investing inwards to create a development multiplier (Nel & Humphrys, 1999).

Reports suggest that small business incubation in rural contexts is 'considered a promising strategy that has resulted in business start-up', but concern is expressed that 'the scale will remain too small to have much effect on rural communities, and questions over long-term viability remain' (Atherton & Hannon, 2006, p 50). Nolan (2004) warns that although incubation allows for easier scaling, risk reduction and financial rewards, in rural contexts incubators should exist and be managed under larger organisations to ensure transparency and give support. Markley & Mcnamara (1996, p 22) expand on this by asserting, 'The economic impacts of business incubators vary across facilities depending on the structure of the incubator, the type of firms housed in the facility, and the constraints under which the incubator operates.' Communities with entrepreneurial

potential are well positioned to benefit from an incubator. State support for local incubators should be based on a careful review of local economic conditions, potential demand for the facility, possible sites, and the economic development policy alternatives available to any particular local community (Markley & Mcnamara, 1996).

2.2.7 Domino effect of Development

Incubation and clustering within LED create opportunity not only for the establishment of new businesses directly developed by these activities, but also spin-off opportunities due to needs created by the new economic activity (Markley & McNamara, 1996). The domino effect of economic development is used to describe the chain of events/distribution of impacts that take place when there is economic activity, even in its simplest of forms – the single transaction. When value shifts from one individual to another, be it monetary or not, this shifts the Cetris Paribus of the Economy. Equilibrium is monetarily disturbed and balance returns due to some other shift in resources elsewhere. The use of spare economic capacity in available labour or underutilised resources creates additional wealth, which expands the local economy to the benefit of the whole. At the same time, the individuals involved receive a boost to their standards of living and quality of life while gaining in self-esteem and personal development. Multiplier effects ensure that at least some of the additional wealth created spreads through the local economy (Nel & Humphrys, 1999).

Koven & Lyons (2003) discuss the value of enterprise development at a local level by outlining three results of LED. First, it is a strategy that targets development, not simply growth for its own sake. Second, the focus is on developing local companies in order to build local wealth. Third, it is economically sustainable because local companies tend to use local inputs, they export goods and services and import income to the community, and they tend to remain loyal to their community of origin, being less likely to be lured away to another community. Krumholz (1999) simplifies the value added by a developing locality by simply

giving two advantages that have their own natural multiplier effects: creating new jobs for local residents and providing a net tax increase to the local coffers.

2.2.8 Sustainable business creation through Entrepreneurship

The study of Entrepreneurship and new firm formation has demonstrated that not all places are alike in their potential to generate new entrepreneurs. Variations in education, infrastructure and market demand are not the only factors in development; regions also differ in the way they can sustain new businesses and how many new businesses can remain productive after start-up (Malecki, 1993). For the purposes of this discussion, sustainability will have to be quantified in order to allow for an understanding of the goals of this sustainability.

Various definitions:

- “Sustainability has, at its base, a way of living that is capable of guaranteeing a continuity of life for all” (Oscar Motomura, Date unknown).
- "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Bank 1987).

Both of these definitions are for the general term, sustainability, but are too broad for the current discussion.

In terms of the current discussion we want to focus more on sustainability as a function of independence rather than the notion of the future operation of a business. There is much evidence of businesses in South Africa, supported by the government and various other agencies of the governments in the name of Transformation, which are successful start-ups. Unfortunately many of these fail when the support or continued financial backing is removed. There are even many well documented Parastatals that cannot survive without constant financial bail-outs and interventions by the state.

In discussing the ASGISA-backed municipal projects, Mitchell (2009) outlines the failures below:

‘It is not surprising then that many, if not most, of these interventions do not get off the ground or else fail as soon as the subsidies are removed.’

Again there are logical reasons for this:

- A region or locality’s natural or generic resource base may not be able to support any of the priority sectors.
- The institutional capabilities of Local Government in the locality may not as yet be compatible with the demands of the developing and competing in any of these sectors.
- The interventions or projects are pursued without real consideration for market demand factors or competitors.
- The interventions are often “sold” to local stakeholders without real buy-in from them and without ownership of the project being transferred.
  (Mitchell, 2009)

Unfortunately the areas that ASGISA focuses on are broad and need to be refined specific to each region (RSA, 1998).

The goal of an LED Plan would be to facilitate the creation of ventures that can survive alone, within a developing local economy, after incubation. The idea would be to create true development that not only flourishes alone, but expands and creates further opportunity for other ventures to develop off the supply and demand created by the business or cluster, or the Domino/Multiplier effect.

What is often the case is that when political control or factions change, so does the LED focus and therefore there is no sustained support for interventions to reach their planned independence. ‘What is occurring is a search for a “quick fix” solution to economic problems without the development of more long-term, sustainable and effective strategies’ (Rogerson, 1997). There does not seem to be a master plan for development in rural economies or for that matter in all local authorities as more often than not the requirements of the IDP are broad, generic and achieved with great difficulty, if at all. These five-year IDP’s also survive the term of office of a council and are then reworked by the new council (Nel & Binns, 2002).

As Sapsford (1994) argues, ‘in a situation when there is confusion as to what policies work, often “the result is that jobless growth occurs, jobs are displaced, public monies are used for inappropriate projects and politicians chase quick, high-visibility projects’ (Rogerson, 1997, p 191). The ability for any business, especially one within the potentially fractious realm of LED, to achieve independence and become sustainable as fast as possible is very important for success of these interventions. More complex LED systems that might result in more sustainable programmes have not been implemented, ‘partly because of a lack of technical skill on the part of local bureaucracies’ (Sapsford, 1994) (Rogerson, 1997, p 191). This leads to an automatic reaction by local municipalities, under pressure from national LED mandates, to revert to the national frameworks developed for generic LED interventions. The risks associated with this copy-and-paste approach to LED are numerous and include:

- Lack of sustainability – once grant support funding moves on, the entity cannot support itself;
- The area cannot support the implemented activity on resource or market provision;
- Lack of Institutional capability and buy-in;
- Lack of stakeholder buy-in and therefore support;
- Creating competition within, leading to counterproductive development. (Mitchell, 2008)

2.2.9 The Factor Development Inputs

Identification of the factor list, as a basis for the development of a diagnostic tool for LED Planning, came through extensive literature study and extraction of factors highlighted by past peer-reviewed journals as well as the basis from Master Planning theory. The following are **direct** excerpts from literature, not used in the above discussions but with important additions to the discussion of factors affecting economic development. Some relay what affects LED negatively and some positively, but all outline the factors that in the opinions of the various authors affect LED (all in **Bold**). It is from the literature review that the 13 factors

used in the PEST analysis are verified as valid factors affecting LED in general and then specifically in South African rural contexts.

There are a **variety of influences** on regional economic activity (Raco, 1999).

Both **culture** and the **institutional frameworks** are important conditions co-determining the amount of entrepreneurship in an economy and the way in which entrepreneurs operate in practice. But **technological, demographic and economic forces** are also at play (Wennekers & Thurik, 1999).

The wide range of strategic focus areas for LED includes, inter alia, **property development; place marketing for inward investment; small, medium and micro enterprise (SMME) development; investment facilitation; improving the local business investment climate; encouraging local business; institutional development; upgrading skills and training; investment in business sites and premises; and cluster upgrading** (Rogerson, 2006; Harrison et al., 2008) (Rogerson & Rogerson, 2010).

Strategies recommended include **marketing the local area, investment support, assistance to small firms, setting up 'one-stop-shop facilities', land release, public works, local procurement, promotion of labour-based programmes, linkage development, and research and training** (Nel & Humphrys, 1999).

The following are areas that need to and can be targeted in order to improve the situations within Local Economies in order to stimulate development.

- **Access to finance and management thereof.**
- **Access to business support structures and networks.**
- **Governmental support through policy and infrastructure development**
- **Education and skills development**
- **Opportunity for working experience and mentorship.**
- **Development of an entrepreneurial culture through example/role model involvement.**

  (Adapted from Meyer-Stamer, 2003)

The Government Municipal Systems Bill (RSA, 2000) identifies seven strategies that can be used to broaden and transform local economies, to promote job creation and redistribute incomes. It argues that these can be combined in different ways to suit local conditions and meet particular targets:

- **Development and maintenance of infrastructure and services;**
- **Retention and expansion of existing businesses;**
- **Plugging the leaks in the local economy;**
- **Development of human capital;**
- **Community economic development;**
- **Small, medium and micro enterprise (SMME);**
- **Investment attraction and place marketing.**

(LED News article, 2000)

In the article by Buys and Mbewana (2007) called Key Success Factors for business incubation in South Africa: the Godisa case study, the following eight factors were identified as prerequisite in some form or another in order to create a conducive environment for business incubation:

1. **Access to science and technology expertise and facilities;**
2. **Availability of funding;**
3. **Quality of entrepreneurs;**
4. **Stakeholder Support;**
5. **Supportive Government policies;**
6. **Competent and motivated management;**
7. **Financial Sustainability;**
8. **Networking.**

Nolan (2004) identifies the **impediments to entrepreneurship** in deprived communities as a way to show what is required to be correct in order for an entrepreneurial environment to exist:

1. **Limited social and business networks;**
2. **Low levels of effective demand in the local economy;**
3. **The system of tenure and low value of housing;**
4. **Constraints in access to finance;**
5. **A lack of work experience and skills among residents;**
6. **A lack of role models;**
7. **Cultural obstacles, such as linguistic barriers and a lack of affinity with mainstream institutions;**
8. **Lack of personal motivation;**
9. **Sectoral clustering;**
10. **High rates of crime;**
11. **Problems of transition from reliance on benefits;**
12. **Inappropriate government regulation.**

In his paper Local Economic Development: A Review and Assessment of its Current Status in South Africa, Nel (2001) identifies a number of specific actions relating to successful LED:

(1) **Financial support**

- Revenue bonds;
- Revolving loan funds and below market;
- Rate loans;
- Tax incentives;
- Loan guarantees and/or equity participation;
- Investment packages;
- Financial assistance to small firms;
- Community banking/group loan schemes.

(2) **Land and building development**

- Provision of infrastructure and land;
- Land acquisition;
- The provision of workshops and small;

- Industrial premises;
- Enterprise zones with tax and planning concessions;
- Urban regeneration;
- Agricultural support.

(3) **Information and marketing assistance**

- Supply of information and advice;
- General marketing and promotion and
- Image reconstruction;
- Targeted marketing of products or areas;
- Export promotion.

(4) **New planning and organisational structures**

- Adoption of comprehensive planning techniques;
- Streamlining administration;
- Community development corporations, community business and co-operatives.

(5) **Training and employment**

- Employment and training strategies and grants;
- Direct employment;
- Vocational education;
- Social support structures/community organisations.

Determinants of rates of company creation across regions include **demographics, unemployment, wealth, the educational and occupational profile of the workforce, the prevalence of small firms, the extent of owner-occupied housing, infrastructure endowment, and a region's history** (Nolan, 2004, p78).

Naffziger, Hornsby, and Kurtado (1994) conclude that the intention to initiate and continue entrepreneurial behaviour is influenced by the interaction of various

factors. These include **individual characteristics, individual environment, business environment, an individual's personal goal set, and the existence of a viable business idea** (Knudson et al, 2004).

In the early days of GEM, a conceptual model including various Entrepreneurial Framework Conditions (EFCs) was developed. These EFCs indicate various conditions in which entrepreneurship is likely to flourish. It includes aspects such as **access to finance, existence of government support policies for entrepreneurship, presence of entrepreneurship-specific training and education, and access to and transfer of R&D and technology** (Acs, Desai & Hessels, 2008).

In their study of the EDGE Programme in the United States, Carland & Carland (2004) identified specific recommendations for local, state, and federal policies that contributed to the development of a supportive environment for entrepreneurship. These included:

- Policies that channel **formal and informal financing** to prospective, nascent and established entrepreneurs;
- Policies that decrease **the regulatory and compliance burden** of small, and start-up ventures;
- Policies that **encourage and support private investment** in start-up and growing ventures;
- Policies that **support and expand research and development activities** in public and private institutions and organisations;
- Policies that improve and **expand education and training opportunities** and access;
- Policies that **support the development of clusters of entrepreneurial interest** and emphasis.

According to Lele, (1976) there are three steps necessary in rural development programs:
(a) **Broad geographical coverage of services** in bringing about production increases;

(b) A commensurate, simultaneous **improvement of the marketing systems**, including traditional trade channels where these already play an important role;
(c) The **development of the rural infrastructure**, in particular of roads and facilities.

Mixed-Use Master Planning (MUMP) is defined as a process undertaken to formulate, plan, co-ordinate and prepare for the implementation of a development, consisting of a number of elements such as business, infrastructure and the public realm. As a consequence, wide arrays of skills are used – more than those involved in the normal development process.' (Davis Langdon Master Planning, 2011)

2.2.10 Key Considerations of a Successful Master plan with an LED Plan perspective

The premise that planning is vital in any LED programme is highlighted here by a discussion of Master Planning and the key factors in a Master Planning exercise and how they can be implemented with LED as the goal. These Master Planning Factors are also closely related to and incorporated in with the factors identified for the instrument.

Diagram 2: Master Planning (Davis Langdon Master Planning, 2011)

Location and Density

The viability of a scheme will hinge on some very important location factors: Proximity to the target market, therefore the towns and cities that supply your customers or buy your goods. Spread of the population within the area and the influence this has on the sites that are decided on as areas where catalytic projects are to be established. This affects both your local market that is using the projects on a daily basis and the ability of your project to create sustainable employment. The availability, upgrading and installation of Services Infrastructure plays a huge role in the feasibility of the projects as often the need for this makes the project unable to start due to high infrastructure costs.

Phasing and Forward Funding

The phasing of the various projects is vital and has two impacts. Firstly, phasing affects cash flow/perceptions. Starting with projects that generate benefits immediately (‘quick wins’), whether they are direct monetary benefits or whether they are benefits to the community, will give the LED process a positive perception, not only in the Local Stakeholders’ eyes but also in the Broader Stakeholders’ views, which will be very important as project are judged on outcomes and many stakeholders will be out to judge success or failure. Forward funding discovers what initiatives will create the most positive gains, with the least spend, in order to promote the feasibility, and in this case the acceptance of the initiative. Imagine trying to garner support for an idea whose first attempt at development has failed. This positive perception is vital in keeping the momentum. The second reason that phasing is very important is that if phasing is done with some thought, this may then open up other areas of demand that were not envisioned before, and therefore Economic Development and progression

moves without the direct influence and investment of the LED but towards the goals of the Master Plan itself, following the Economic Domino/Multiplier effect.

Commercial Viability

In the end, the entire LED process needs to be a sustainable entity free from the need for any further interference or assistance from the outside Stakeholders, as well as being able to contribute back to these Stakeholders as their investment in the scheme matures. All the projects and the Master Plan itself must be viable independently, and more importantly as a network of projects that complement each other towards a successful outcome and realisation of the goals of the Master Plan and LED Initiatives.

Place Making

This relates to the creating of a defining brand for a product, and in terms of the LED, it is the place itself that becomes the brand. The local area is the place that will be a brand with many different products. In creating special developments and products within the municipality, the brand automatically develops and the planning to ensure that this destination branding and marketing is in place must be thought of from the early planning stages so that at all times during the project the finished product is in mind, this being creating a location that has an identity and therefore a draw.

Flexibility

Flexibility is the ability to adapt to changes to market conditions and changes in legislation, which will be particularly important in long-term schemes with a development programme of more than five years. The LED Plan will be a long-term plan that will have many different pressures exerted on it on top of just market and legislative pressures, such as political and socio-economic factors as well. These must all be taken into account in the planning process.

Land Use, Mix and Density

This relates not only to commercial viability criteria but also to requirements to both short-term and long-term development objectives. It will also need to consider the appropriate mix of uses within each phase. This relates back to phasing and forward funding, ensuring that the correct mix of developments are undertaken at the correct time to make the overall plan acceptable to the market, end user and the stakeholders. The LED has many stakeholders and therefore the mix and programme of development must be done in a manner that shows all stakeholders a degree of benefits and a plan for further development in order to fulfil the overall objective of the plan.

Stakeholder Management

Master planning is subject to many influences from stakeholders who may come from vastly differing backgrounds and have vastly differing agendas. This will become one of the most important parts of the process of the LED as discussed in various sections above. Ensuring that all stakeholders are engaged, managed and kept informed will be vital in order for them to remain supportive of the initiative, and Master Planning will help in outlining a plan that can be monitored by the stakeholders in order to allow them inclusion in the process and ensure that the process remains transparent and that all parties can be reassured that all the different agendas are being included in the plan.

Sustainability

A detailed sustainability strategy can ultimately be the key differentiator for the development. Being able to adopt a wide-reaching sustainable approach with far-reaching and diverse sustainability initiatives will be vital in order to show that the money spent on the plan will only be a once-off investment to the stakeholders and benefits will accrue as a result of the Commercial Viability, Land Use, Mix and Density and the Flexibility of the plan.

2.2.11 Factors affecting Local Economic Development

The development of the list of factors to be used in the PEST-type Diagnostic tool was done through, firstly, a literature review at proposal stage, which assisted in developing an extensive potential list of factors spanning both developed and developing markets. Added to this were factors discussed below with regards to Master Planning and the inputs that are required for a successful Master Plan. Metropolitan councils are also required to formulate and implement a metropolitan Integrated Development Plan (a provision now extended to all local authorities) incorporating land use, transport and infrastructure planning and the promotion of integrated economic development (Nel & Binns, 2001). The IDP's discussed previously can be considered a Master Plan, but the applicability of some IDP's done by external consultants without local input should be questioned.

All of these factors were identified in the full literature review and Table 1 identifies within which sources of literature the factors specific to development and rural economies were identified. Factors which were not prominent fell away.

1. Policy – Favourable or not?
2. Champions – Present and active?
3. Stakeholders – Identified and Engaged with all or not?
4. Natural resources – Is there a competitive advantage supplied by nature?
5. Finance – Accessible? Commercial or Development?
6. The Market – Supply and Demand markets;
7. Opportunity – Is the Market in balance or not?
8. Location – Infrastructure availability/development potential;
9. Place Making – The Brand and the Theme;
10. Sustainability – Of the Brand, Theme, Market and Location;
11. Education, Skills and Talents – Of the local labour force;
12. Networks and partnerships - Links between the PP partners;
13. Regional Culture – Specific histories potentially having affect on behaviour of Market and inhabitants of the locale.

These factors identified from the literature review process are validated through gauging of expert opinion of the factors as outlined in the questionnaire developed further in the paper (Sub Problem 3). The idea of the Locality Questionnaire has been led by the Constructivist Framework for Understanding Entrepreneurship Performance in a paper by Bouchiki, (1993) by the same title. This view states that the outcome of the entrepreneurial process is emergent from a complex interaction between the entrepreneur, the environment, chance events and prior performance. The methodology of using the questionnaire and its basis is referenced from similar methods used in case study analysis, Branston et al (2005), The Development of Local economies and the possible impact of public policy, Lele (1976), Designing Rural Development Programs: Lessons from past Experience in Africa, Economic Development and Cultural Change and Sugden, Wei & Wilson (2005), Clusters, Governance and the Development of Local economies: A framework for case studies.

2.2.12 Conclusion

The identification and development of these factors into a specific planning tool is vital in order to identify specific factors that influence the potential success of Local Economic Development (LED) and Integrated Development Plans (IDP). 'The identification of comparative and competitive advantage underscores the importance of developing a better understanding of the changing dynamics of local economies. The key issues for defining comparative advantage are the collection of reliable economic data to track local economic trends, and defining competitive advantage' (Rogerson, 2008, p 318). By developing a baseline of information that reflects the situation in the locality, better planning taking advantage of the specific attributes can take place. A LED plan is by all definitions a Master Plan. It is a plan that involves various projects in different categories/industries with the goal of creating economic stimulation to a Local Economy in order to promote the Social Economic Development of the residents of the area. Without a focus on what the overall objectives of the greater LED plan are, there can be no way that each of the many projects can be focused towards the end result, being Economic Stimulation leading to Local Economic

Development and therefore Socio-Economic Development for the entire locality. The determinations of the various factors that cause a project to succeed or fail are critical in the analysis of any case study of LED. Over and above obvious factors such as available resources, both financial and physical and questions of transport and accessibility, critical within the debate has to be the role of both human and social capital (Nel, 2001).

The three propositions re-stated:

Proposition 1 - Creating an understanding of the environment in which Entrepreneurship has the best possible chance of success within local communities by identifying the factors that most affect this environment.

Proposition 2 - Based on the principles of geographical economics, incubation, planning theory and established local economic development theory and models, create a set of questions based on environmental conditions that inform the actions required, in local economies, to allow for a clearer understanding of the specific environment in which entrepreneurship and development can thrive.

Proposition 3 - Through validation by expert opinion, test the relevance of each factor derived from theory.

3 CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Research has been described as a systematic investigation (Burns, 1997) or inquiry whereby data are collected, analysed and interpreted in some way in an effort to "understand, describe, predict or control an educational or psychological phenomenon or to empower individuals in such contexts" (Mertens, 2005, p.2) (Mackenzie & Knipe, 2006). Current theories and research on Entrepreneurship in Local Economic Development and Rural Economies in decline is largely based on the developed or Northern markets and experiences, with very little comprehensive study being done on the developing world, especially Africa. The exploration of domains outside of these two developed economic regions, North American and Europe, remains extremely limited. Little is known of entrepreneurship in emerging economies: economies that are increasingly moving to market orientation and seeking to rapidly advance economically (Burton, Ahlstrom & Obloj, 2008).

The assumption in the literature on Entrepreneurship and LED is, in almost all cases, that the setting from which a theory is derived has little impact. Thus, whether the research is set in a developed or emerging economy theory, it was treated essentially the same way. It is increasingly accepted that setting may have a very large impact on the results (Young, Peng, Ahlstrom, & Bruton, 2002). Therefore there is a spread of sources of information used in the study covering the Northern theories, but also many theories that relate to developing economies and South Africa itself. Analysis of the history of Local Economic Development Theory and Practise from the last 70 years in the Northern Hemisphere has been shown that researchers should not assume that findings in a developed economy will be equally applicable in an emerging economy (Peng, 2000) (Burton, Ahlstrom & Obloj, 2008). This chapter will proceed to outline the methodology behind the

development and validation of the factors identified through Literature Review and proposes a Diagnostic Planning Tool for LED.

3.2 Research methodology /paradigm

The exact nature of the definition of research is influenced by the researcher's theoretical framework (Mertens, 2005, p.2) (Mackenzie & Knipe, 2006). The theoretical framework is referred to as the paradigm (Mertens, 2005) (Bogdan & Biklen, 1998) and influences the way knowledge is studied and interpreted (Mackenzie & Knipe, 2006). The term 'paradigm' may be defined as "a loose collection of logically related assumptions, concepts, or propositions that orient thinking and research" (Bogdan & Biklen 1998, p.22) (Mackenzie & Knipe, 2006).
Somekh and Lewin (2005) define methodology as both "the collection of methods or rules by which a particular piece of research is undertaken" and the "principles, theories and values that underpin a particular approach to research" (Somekh and Lewin, 2005, p.346) (Mackenzie & Knipe, 2006). There is perceived intrinsic methodological separation between qualitative and quantitative research methodology (Mackenzie & Knipe, 2006), which should not be and should not stop research of a mixed nature to take place with both. After literature review, a broad list of factors affecting Local Economic Development was generated. This list was then made more specific to the study parameters of ‘Rural, declining Localities in Developing Economies’ by applying the list specifically to theory and research on Developing Economies. Using established theory in case study analyses, as well as master planning management models, the relevance of these factors in a rural and/or developing economy scenario are tested by submitting them to LED Practitioners in the LED field in South Africa for validation. ‘It is important to establish appropriate designs which enable the findings of research to be useful, as well as utilised’ (Patton, 2008) (Potter, 2012, p 166). Mixed methods research has been established as a third methodological movement over the past twenty years, complementing the existing traditions of quantitative and qualitative movements (Tashakkori & Teddlie, 2003) (Teddlie & Tashakkori, 2009). Wider acceptance and employment of mixed method research can only

enrich and strengthen educational research through the application of qualitative and quantitative methods in complementary ways (Mackenzie & Knipe, 2006).

In establishing the relevance of the factors through quantitative validation of the numerical scores of the opinion gathered from a questionnaire and from further contact with LED Practitioners through telephonic and electronic interviews, the final opinions are discussed in the conclusion. Quantitative data may be utilised in a way, which supports or expands upon qualitative data and effectively deepens the description (Mackenzie & Knipe, 2006). The idea of the Locality Questionnaire was led by the Constructivist Framework for Understanding Entrepreneurship Performance by Bouchiki (1993). Constructivists do not generally begin with a theory, rather they "generate or inductively develop a theory or pattern of meanings" (Creswell, 2003, p.9) throughout the research process. Constructivists rely more heavily on qualitative data hence the pragmatic paradigm approach to this research in order to assist with validation of the qualitative findings (Mackenzie & Knipe, 2006). The Pragmatic paradigm provides an opportunity for "multiple methods, different world views, and different assumptions, as well as different forms of data collection and analysis in the mixed methods study" (Creswell, 2003, p.12) (Mackenzie & Knipe, 2006).

3.3 Research Design

Establishment of the theoretical base of the research was done through Deductive Logic, and the validation of this theoretical interpretation through expert opinion analysis. After the questionnaire was returned there were email interactions between researcher and participants over some parts of the study where further input was either requested by researcher or required by participant (Chilisa & Kawulich, 2011). These interviews, comments and survey results brought about a qualitative aspect to the final data set allowing for Triangulation to be imposed on both sets of data. Actions included conceptualisation and focusing the analysis, conducting the analysis, reporting the results and drawing inferences from the results (Potter, 2012). Therefore the design of the research is based on the Mixed Methods approach with a Pragmatic Paradigm and Single Paradigm approach.

Pragmatism has gained considerable support as a stance for mixed methods researchers (Feilzer, 2010) (Johnson & Onwuegbuzie, 2004) (Maxcy, 2003) (Morgan, 2007). It is oriented 'toward solving practical problems in the "real world" (Feilzer, 2010, p8) rather than on assumptions about the nature of knowledge (Hall, 2012). Single paradigm approach encompasses both qualitative and quantitative research methods. Two such paradigms have been identified as contenders for this approach, namely pragmatism and the transformative approach (Mertens, 2003) (Hall, 2012). Pragmatism is seen as the strongest paradigm for Mixed Method research (Tashakkori & Teddlie, 2003) (Somekh & Lewin, 2005), while some mixed-methods researchers align themselves philosophically with the transformative paradigm (Mertens, 2005) (Mackenzie & Knipe, 2006).

The Single Paradigm approach claims that both quantitative and qualitative research can be accommodated under a single paradigm (Hall, 2012). The literature review of this research consisted of a review of Green Papers, White Papers, Governmental Strategy Policies and Peer-Reviewed Journals. From the information gathered in the literature, a set of factors has been established which are suggested to have influence in rural economies and could either positively or negatively affect an attempt at Local Economic Development. The factors were developed in proposal stage by attempting to use Master Planning theory as a basis for planning rural interventions. The list of factors was long and dilute at this stage. These factors where then tested by comparing them to what had already been suggested by previous research through an in-depth literature review and data mining exercise of finding the concepts in various sources of literature. The validated list that came out of this process was then used in developing a PEST Analysis-like Tool that could be used in the planning of Local Economic Development initiatives. The appropriateness and relevance of this tool was then further validated by gathering the opinions of LED Practitioners in South Africa through a series of email enquiries of the questionnaire and opinion gathering through online survey. Have members of the mixed methods community done an injustice to pragmatism as a philosophical frame for mixed methods? Is a qualitatively framed mixed method the way forward? Is it possible that qualitatively framed mixed methods are better suited to the ability of mixed methods

researchers to demonstrate a causal relationship between variables? (Mertens & Hesse-Biber, 2012)

3.4 Procedure for data collection

Initially the factors for the first two propositions and the research questions were developed through literature review and mining of the relevant factors or references to the factors from the literature and management theory. As each source of material was read, it was recorded whether or not the factors discussed related to the proposed list of factors. This not only validated the factors existence on the list but also allowed for factors to be removed from the list as it was seen that they did not feature as prominently. Establishment of the factor list led to the development, through theoretical validation, of a Locality Questionnaire. This was used in a Research instrument sent out to a group of selected LED Practitioners in the field of Local Economic Development. They were asked to return with a numbered score for each of the 13 factors described in the Instrument. The questionnaire was emailed to all participants and, once completed, returned to the researcher via email in a PDF format. Once input had been received from them this was evaluated statistically by looking at Mean and Frequencies of responses. Once these had been evaluated and the prominent factors or irrelevant factors established, personal interviews where held either over the telephone, via email or in person in order to get further clarity on any responses which were outlying in terms of the Mean of all other responses.

3.5 Population and sample

3.5.1 Population

The population is an accessible group of people who meets a well-defined set of eligibility criteria. The population in the study comprises those members of the public who have an intimate knowledge of Local Economics and Local Economic Development, preferably experts and practitioners in the Local Economic

Development space. The population is thus small and very concentrated given the limited LED Practitioners with requisite knowledge. The opinions required on the results of the research (factor list) are narrow and specific to Local Economic Development and therefore there are not many respondents who will have enough in-depth specialist knowledge from which to get a true reflection of the relevance. In this case 35 respondents gave opinions on the research. Torrance (2012) contends that mixed methods would be strengthened by privileging the qualitative portion of the study and expanding the use of member checks and respondent validation as tools for triangulating quantitative and qualitative data. (Mertens & Hesse-Biber, 2012)

3.5.2 Sample and sampling method

From the population a sample of 35 respondents was drawn. The sampling criterion of the respondents is very narrow due to the subject of the research. Purposive or Judgemental Sampling was used which involves the non-random selection of elements based on the researcher's judgement and knowledge about the population. This is useful when a group of subjects is needed to participate in a pre-test of newly developed instruments or when a group of LED Practitioners is desirable to validate research information (Marshall, 1996). Those approached to give opinion on the questionnaire are practitioners within the LED space who consult, administer, research or work within rural and depressed communities in LED/Community Entrepreneurship programmes. This gives them a unique insight into exactly the factors that are being proposed. The respondents were firstly contacted, on a personal basis due to the small sample size, via email, in order to introduce the research and the idea behind their involvement. This either led to a response on the questionnaire or follow up correspondence and in-depth discussions over the factor list before opinion was finalised.

3.6 The research instrument

The research instrument for Proposition 3 is a questionnaire (see Appendix B) to ascertain the relevance of the factors described in the Tool/Locality questionnaire. Each respondent is requested to given an opinion in a scale of 1 to 10 on the relevance, in their opinion, of each factor listed, 1 being not at all relevant and 10 being critical. The factors are given a description in the cover letter and this assists with contextualising each factor within the study parameters. The tool developed is a PEST analysis-type questionnaire, which can be applied to any specific locality. This process is to be used in conjunction with a SWOT Analysis to identify the opportunities and risks that need to be managed when wanting to establish a conducive entrepreneurial environment within rural economies and give any Community Entrepreneurship vehicle the best chance of success. The development of the questionnaire and questions, and its basis, is referenced from similar methods used in case study analysis, Branston et al (2005), The Development of Local economies and the possible impact of public policy, Lele (1976), Designing Rural Development Programs: Lessons from past Experience in Africa, Economic Development and Cultural Change and Sugden, Wei & Wilson (2005), Clusters, Governance and the Development of Local economies: A framework for case studies. The questionnaire attempts to create a baseline of information in order to allow for specific plans to be generated for any locality in which it is used. This is done by keeping the questions open and subjectively generic. The questionnaire along with SWOT Analysis assists in developing basis of the knowledge required for an intervention and is depicted in the model. The model fits in a framework amongst other models by Wennekers & Thurik, (1999), Lele (1976), Venkataraman (2004), Coffey & Polese (1984) and Hindle (2010) depicting the Economic development process. Denzin (2012) proposes that a moratorium be declared on discussions of mixed methods designs and typologies in favour of pursuing a discussion of how researchers can contribute to the creation of social change. This raises several questions: Is the role of all qualitative researchers and all mixed methods researchers to change the world?

3.7 Data analysis and interpretation

Integration and drawing inferences in this research is based on the logic of drawing together evidence from different data sources and different analyses. This is done using different forms of triangulation (Potter, 2012). A type of Theoretical triangulation is used in this study in order to develop the Locality Tool. Theoretical triangulation is based on studies using alternative or competing theories to establish whether similar interpretations would apply to those studies based on one viewpoint only (Potter, 2012). Fielding (2010) brings attention to the role of triangulation in mixed methods research at the analytic stage through the combination or conversion of quantitative and qualitative data (Mertens & Hesse-Biber, 2012). In this study this type of inference is used in various ways. Firstly, in order to develop the list of factors from other theory and established research. Secondly, taking the factors and developing a PEST-type questionnaire based on other models previously developed for similar research. The deductive logic used in this paper leads to the development of the factors and instrument and the quantitative testing of the instruments relevance gives it Validity beyond just an agglomeration of theoretical factors too broad to be practically useful. The way the questionnaire is set up, the two statistical measures mean and frequency will give all of the required information on the relevance each respondent gives to each factor and the factors supported by the largest number of respondents (frequency). The resulting diagnostic questionnaire attempts to be general enough to allow for use in any rural contexts, not only in South Africa or in developing markets alone but in any rural or economically depressed community.

3.8 Validity and reliability of research

The development of the research paradigm through qualitative theory study and its validation quantitatively through expert opinion lends validity to results of this mixed methods study. An experiment is deemed to be valid, in as much as valid cause-effect relationships are established, if the results are due only to the manipulated independent variable (possesses internal validity) and are generalisable to groups, environments and contexts outside of the experimental

settings (possesses external validity) (Onwuegbuzie, 2000). There is an automatic verification of each step, because the next one is based from its predecessor, from Factors list establishment to literature and theory comparison to expert opinion analysis of the final factor list. Reliability is the agreement between two efforts to measure the same trait through maximally similar methods. Validity is represented in the agreement between two attempts to measure the same trait through maximally different methods (Campbell & Fiske, 1967) (Hammersley, 1987). The validity of the research is continually tested through the process of responding to each of the propositions and in each subsequent method thereafter. The need for the factors is established through historical exploratory investigation, which responds to research question 1.

During the process of the literature review a set of influencing factors has been established, factors that can positively or negatively influence the process of Local Economic Development. These factors are used, in conjunction with a number of established frameworks and methodologies, to develop the questionnaire that tests the current environment in the locality.

The gathering of opinions from LED Practitioners not only then gathers opinions on the 13 factors and their perceived relevance to LED, but also gets deeper comments and opinions from respondents on the proposed PEST-type tool, the questionnaire, therefore validating both of the above steps in the process.

3.9 Statistical Methods

The design of the study and size of the sample size create some limitations to the analysis of the result statistically but an attempt was made to glean significance from the numbers. Deeper analysis of the individual scores for the factors and Mean values was done in order to test for any Significance or Tendencies in the results. Further to this, an attempt is made to categorise the respondents by some or other demographic characteristic in order to again look for any pattern. Comparing the Mean scores, for each Factor, of the respondents within a particular field to other fields, four fields were identified: Government Sector,

Municipal/On-The-Ground Sector, Economics and Planning Sector, and Finance Sector. On further analysis it was decided that these sectors could be grouped in pairs due to similar characteristics and this would allow for a better comparison to be done. Government and Municipal were paired and Economic and Finance were paired. This gave an opportunity to study if there was any correlation or significance in the results.

The averages from the total scores for each factor needed to be subjected to the Distribution Fitting Algorithm by Stacy for a less skewed distribution, but the 10-point scale and simplicity of each construct did not allow for this to be done. A Wilcoxon one-way Chi Square Approximation test was used in order to test for any significance due to the above limitation. Significance would be highlighted if the Prob>ChiSq is equal to or less than 0.05

3.10 Conclusion

The research methodology follows a deductive logic from the generation of the factors list through previously established theory analysis and peer-reviewed research to the development of a tool for practical use within real localities requiring LED interventions. With comments and deeper responses received from some responses, further insight was gained from practitioners who are experiencing challenges on LED every day. The aim of creating a tool for better planning within the LED space hopes to create a better understanding within under-resourced rural localities of what LED actually means and the elements that make up LED interventions and what to look for to improve outcomes.

4 CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This results presentation follows the Research Question and Propositions order as this is the manner in which the various inferences within each were validated. Research question 1 and Proposition 1 outline the underlying factor list which was then focussed in Proposition 2 by concentrating specifically on the environment the research intends to investigate, Rural and Developing economies. Proposition 3 then assessed the relevance of all the preceding theoretical work. The inferences drawn from the work was further expanded by personal interviews with some respondents referenced in Chapter 5.

4.2 Findings pertaining Research Question 1

Entrepreneurship and the starting and expanding of new business is clearly linked to Economic Development, including job creation, innovation and competitiveness (Reynolds et al., 2000; Thurik, 1999; van Praag and Versloot, 2007) (Rotger et al, 2012). The research question is restated: How does the current situation within South Africa's Local Economic Development sphere and rural communities/localities affect the application of planned, strategic local economic development plans? This question looks at the historical and the present situation in South Africa in order to get an idea of the problems that are currently being faced in the 'South' or the developing world. This historical exploration assists in shaping the context of the factors and questionnaire as well as guiding the application of theory towards a developing economy situation rather than just adopting theory straight from the 'North' or developed economies. The table below outlines some factors that inhibit or constrain entrepreneurship in developing economies. The factors come from three sources, being the South Africa GEM Country Report 2011 which connects the weak entrepreneurship performance to four factors, a study by the OECD in 2003 highlighting constraints that impede

development in deprived communities, and factors listed by Schumpeter (1947) identifying some of the environmental factors potentially affecting entrepreneurial behaviour.

GEM (2011)	OECD (2003)	Schumpeter (1947)
1. The high transaction cost of tax compliance and other statutory compliance. 2. Weak support structures, in particular business development service access. 3. Inadequate support structures for informal businesses. 4. Insufficient access to credit, in particular micro-finance.	1. Lack of work experience and skills amongst residents. 2. Lack of role models in entrepreneurship. 3. Cultural obstacles- Language and affinity to support institutions. 4. Lack of personnel motivation. 5. Sectoral clustering. 6. High rates of crime. 7. Transition from reliance on benefits. 8. Inappropriate government regulation. 9. Limited Social and Business Networks. 10. Low levels of effective demand in the area.	1. Family and support systems. 2. Financing sources. 3. Employees. 4. Customers. 5. Suppliers. 6. Local communities. 7. Government agencies. 8. Socio-cultural, political and economic environment.

	11. The system of tenure and low value of housing. 12. Constraints to access of Finance.	

The above problems are largely macro environmental problems that individual LED Plans cannot hope to be able to change on their own, but if Local Economic Development plans can begin to show that development is possible through planned interventions then policy shifts can be justified to the government and access to development finance that can be better targeted, locally.

> 'Making markets work is a necessary but not sufficient pre-condition for vibrant local economic development. For a local or regional economy to grow and prosper demands a clear and realistic vision for its future, one that responds to the needs of all its citizens and is based on a realistic assessment of the localities assets and capabilities' (Mitchell, 2009).

Research Question 1, through historical exploration and theoretical investigation, from various sources such as Geography, Economics and Social Sciences, outlines the situation and deficiencies within the 'southern' economies. This assists in not only the development of the factors for further investigation but also to makes them specific to the actual needs rather than generic. This lays the base for the next propositions in that it creates the context from which factor development can occur.

4.3 Findings pertaining to Proposition 1

Following on from the baseline set by the research question, the first proposition intends to expand on the economic environmental situation in developing rural economies by identifying the actors involved in economic development of these localities. The proposition restated: Creating an environment in which

entrepreneurship has the best possible chance of success within local communities by identifying the factors that most affect this environment.

Sub-problem 1 takes the situational factors outlined by Research Question 1 and applies them to international theory and research in order to validate them. It is the first step in creating the context of the study by looking at the current situation, specifically in the emerging markets and taking local and international research and applying it to the South African situation. This assists in also gathering geographical and macro-economic factors into the framework. Although the assumptions, to a degree, claim that these factors cannot be affected by a rural Community Entrepreneurship initiative, they certainly need to be accounted for due to the affects they have on the economy at large and therefore the trickle down affect into rural spaces.

The following table shows the sources of literature and theory (titles can be referenced back to the Reference list at the end), which highlighted each of the factors proposed. As the literature review progressed the list of factors was edited and some factors where joined together while others fell away. The literature review highlighted the following 13 factors as important factors in the development process of rural and developing economies as well as depressed local economies in the ‘North’. Proposed factors derived from historical exploration and theory are then tested against further theory in order to find whether this theory is shared and whether there is a common application in both developed and developing economies.

4.3.1 Table 3: Research sources relating to particular factors in local economies

Factor	Data Source
1. Policy	Morrison, OECD, Meyer-Stamer, Mitchell, Sugden, Wei & Wilson, Branston et al, Buys & Mbewana, Blackburn & Ram, Malecki, Dubini, Acs & Szerb, Binns & Nel, Amin, Helmsing, Rogerson, Nel, Simon, Nel & Humphrys, Bond, Schumpeter, Perado & Chrisman, Rogerson & Rogerson, Raco, Korsching & Allen, Atherton & Hannon, Bartik, Nel, Hill & Goodenough, Helmsing, Carland & Carland, Acs, Desai & Hessels, Herrington, Kew & Kew.
2. Champions	OECD, Meyer-Stamer, Buys & Mbewana, Smilor & Feeser, Malecki, Dubini, Austin, Rogerson, Nel, Schumpeter, Perado & Chrisman, Finsterbusch & Van Wicklin, Hampton, Tosun, Mitchell, Korsching & Allen, Nel, Hill & Goodenough, Knudson et al,
3. Stakeholders	OECD, Meyer-Stamer, Buys & Mbewana, Malecki, Dubini, Austin, Binns & Nel, Mosaine, Amin, Helmsing, Rogerson, Nel, Cox & Mair, Schumpeter, Finsterbusch & Van Wicklin, Hampton, Tosun, Mitchell, Rogerson & Rogerson, Korsching & Allen, Bartik, Nel, Hill & Goodenough, Herrington, Kew & Kew, Ruecker & Trah,
4. Natural resources	Smilor & Feeser, Austin, Mitchell, Acs, Desai & Hessels, Binns & Nel, Amin, Helmsing, Nel, Simon, Bond, Cox & Mair, Mitchell, Rogerson & Rogerson,Raco, Korsching & Allen, Nel, Hill & Goodenough, Helmsing, Carland & Carland, Krumholz,
5. Finance	OECD, Meyer-Stamer, Buys & Mbewana, Smilor & Feeser, Malecki, Dubini, Simon, Nel & Humphrys, Bond, Schumpeter, Wennekers & Thurik, Carland & Carland, Acs, Desai & Hessels, Nolan, Rogerson,
6. The Market	OECD, Branston et al, Blackburn & Ram, Austin, Acs, Desai & Hessels, Amin, Rogerson, Simon, Nel & Humphrys, Cox & Mair, Schumpeter, Mitchell, Rogerson &

		Rogerson, Curran, Rutherfoord & Lloyd Smith, Raco, Korsching & Allen, Bartik, Nel, Hill & Goodenough, Wennekers & Thurik, Helmsing, Knudson et al, Carland & Carland, Nolan, Filion, Lele, Walzer,
7.	**Opportunity – Identification/ Perception**	Branston et al, Blackburn & Ram, Malecki, Acs & Szerb, Austin, Binns & Nel, Nel, Simon, Curran, Rutherfoord & Lloyd Smith, Nel, Hill & Goodenough, Wennekers & Thurik, Knudson et al, Nel & Humphrys, Burton & Ahlstrom, Sirolli,
8.	**Location and Infrastructure**	Sugden, Wei & Wilson, Acs & Szerb, Austin, Mosaine, Binns & Nel, Helmsing, Rogerson, Nel, Bond, Cox & Mair, , Rogerson & Rogerson, Raco, Korsching & Allen, Atherton & Hannon, Nel, Hill & Goodenough, Wennekers & Thurik, Helmsing, Carland & Carland, Nolan, Lele, Ruecker & Trah,
9.	**Place Making of the location**	Blackburn & Ram, Malecki, Austin, Mosaine, Binns & Nel, Amin, Helmsing, Rogerson, Nel, Nel & Humphrys, Bond, , Rogerson & Rogerson, Raco, Korsching & Allen, Nel, Hill & Goodenough, Lele, Walzer, Ruecker & Trah,
10.	**Sustainability of interventions**	Buys & Mbewana, Smilor & Feeser, Austin, Rogerson, Nel & Humphrys, Bond, Schumpeter, Perado & Chrisman, Curran, Rutherfoord & Lloyd Smith, Atherton & Hannon, Bartik, Wennekers & Thurik, Walzer, Sirolli,
11.	**Education, Skills and Talents**	OECD, Meyer-Stamer, Sugden, Wei & Wilson, Buys & Mbewana, Smilor & Feeser, Malecki, Dubini, Acs & Szerb, Austin, Amin, Helmsing, Rogerson, Nel, Simon, Nel & Humphrys, Bond, Cox & Mair, Schumpeter, Perado & Chrisman, Curran, Rutherfoord & Lloyd Smith, Raco, Korsching & Allen, Atherton & Hannon, Nel, Hill & Goodenough, Wennekers & Thurik, Helmsing, Acs, Desai & Hessels, Nolan, Herrington, Kew & Kew, Ruecker & Trah, Sirolli,
12.	**Networks and partnerships**	Meyer-Stamer, Sugden, Wei & Wilson, Branston et al, Buys & Mbewana, Malecki, Dubini, Mosaine, Binns & Nel, Amin, Helmsing, Rogerson, Nel, Cox & Mair, Schumpeter, Perado & Chrisman, Finsterbusch & Van Wicklin, Hampton, Mitchell, Rogerson & Rogerson, Curran, Rutherfoord & Lloyd Smith, Raco, Korsching & Allen, Atherton & Hannon, Nel, Hill & Goodenough, Helmsing, Walzer, Ruecker &

	Trah,
13. Regional Culture	Malecki, Dubini, Austin, Mosaine, Binns & Nel, Amin, Helmsing, Rogerson, Nel, Simon, Nel & Humphrys, Cox & Mair, Schumpeter, Finsterbusch & Van Wicklin, Hampton, Tosun, , Rogerson & Rogerson, Curran, Rutherfoord & Lloyd Smith, Raco, Korsching & Allen, Herrington, Kew & Kew, Wennekers & Thurik, Knudson et al, Nolan, Sirolli,

Source: Literature Review

4.4 Findings pertaining to Proposition 2

The idea of a locality specific Questionnaire for isolating of locality specific LED factors was developed by looking at three previous methods of study by Branston et al (2005), The Development of Local economies and the possible impact of public policy, Lele (1976), Designing Rural Development Programs: Lessons from past Experience in Africa, Economic Development and Cultural Change and Sugden, Wei & Wilson (2005), Clusters, Governance and the Development of Local economies: A framework for case studies. Proposition restated: Based on the principles of economics, incubation and planning theory and local economic development theory develop a set of questions based on environmental conditions, which inform the actions required, in Local economies; in order to initiate the creation of an environment in which entrepreneurship and development can thrive.

In studying the three methods, the idea of developing a generalisable questionnaire that could be applied to any locality, promoting a basic understanding of the situational factors within the locality was devised. LED plans and strategies could be based on answers to these questions. The basis of the questionnaire is the analysis of the 13 influential factors outlined by the research question and proposition 1 discussed above in the study.

Lele (1976) uses a set of questions to understand the success of particular rural development programmes by evaluating what the successes and failures were of previous ones. Some insights outlined by the programmes are that reviewers of the programs emphasise that the paternalism of program administrators

(governmental development departments in many developing country cases) is one of the severe constraints to development of strong viable local organisations. This attitude tends to lead to excessive protection and subsidisation of local organisations at the outset, resulting in inefficiencies and a lack of willingness on the part of the rural people to share responsibility along with benefits. Whether the planners of the programs are expatriates or indigenous administrators, their understanding of the traditional rural people and of the local leadership patterns often seems poor (Lele, 1976).

Branston et al (2005) aim to outline a framework for guiding case study development that analyses the development of local economies and the possible impacts of public policy, which includes not only government actions but also joint actions across private organisations/institutions. Broad aims include:

- To highlight the determinants of the (or lack of) development in a particular locality
- To contribute to an understanding of the (in) significance of public policy in that (lack of) development
- To emphasise the potential that lies in uncovering new capabilities as a result of learning in the development process

A number of questions are posed generally in five sections towards the particular case study in order to get an outline of the particular locations situation;

A. The economic background in a particular locality, and within the particular industries and groupings of firms?

1. What are the principal economic characteristics of the locality?
2. What are mix and impact of firms of different sizes?

B. The extent and provision of, and entitlement to, learning and health.

1. What is the availability of different types of education and health services?

2. Are there effective means of communicating ideas across actors within these sectors?

C. The actual and potential networks that span localities and industries.

1. Are actors in the locality involved in networks that impact on industrial economic development?
2. What linkages exist across actors, localities and nations?

D. Production governance within the locality.

1. Who governs and to what effect in each of the actors and networks in the economy?

E. The extent and impact of public policies – at local, national and international levels, on the above.

1. What public initiatives are currently in force?
2. Do they impact on the development process, and are there opportunities for improvement?

(Branston et al, 2005, p 82)

Sugden, Wei & Wilson (2005) have also developed a framework for case study analysis, but rather than development assistance, it deals specifically with analysing case studies on Clustering. The framework uses a strategic decision making approach. 'It leads to a specific view on the impact of clusters on the development of local economies and simultaneously goes beyond the traditional geographical and industrial boundaries of cluster analysis' (Sugden, Wei & Wilson, 2005, p 61). This is similar to, although more technical than, the proposed questionnaire, as it deals with the broader factors related to local economic development and would be a very good tool to use once the process of development in 'southern' economies have matured in order to test for success. The framework gathers information from the case studies by setting questions for answering from case studies already completed. The Framework or Locality Questionnaire proposed in this research also uses a Strategic Decision Making

approach but in a way in which the answers to the questions can be given by fairly lowly qualified/educated employees within a community development/entrepreneurial programme, rather than someone who is familiar with research methodologies. With the developing environments in which this tool is to be employed, practicality of use is vital. The authors note in the paper the dangers associated with looking at just the quantitative outputs of a cluster for judgement of success. The introduction of the qualitative framework questionnaire, which relates to the Locality questionnaire, tries to develop the qualitative knowledge before interventions can be planned, so that planning can be targeted as specifically as possible (Sugden, Wei & Wilson, 2005).

> 'These approaches, particularly in their consequences for the policy agenda, have resulted in an over-emphasis on the narrow evaluation of traditional quantitative characteristics, for example by giving special stress to the aggregate output of a cluster, its number of new jobs, or its number of new enterprises. Accordingly, this narrow evaluation of relatively superficial attributes, when widely applied to case studies of successful clusters, has led to an assumed association of the label 'cluster' with favourable provision of employment, encouragement of entrepreneurship, and so on, as well as to the label being equated with facilitating long-term, dynamic regional development. From there it seems to have been but a short step for policy makers to appeal to clusters as a panacea for their economic ills without recognising the important evolution of their vital qualitative characteristics' (Sugden, Wei & Wilson, 2005).

Below is an outline of the questioning type employed by the Sugden, Wei & Wilson Framework. See Appendix D for full framework:

A. The economic background to the presence and development of a cluster in a particular locality.

- What are the principal economic characteristics of the locality?
- What are the mix and impact of firms of different sizes within the cluster?
- What is the availability of health services?

B. The actual and potential networks that span the cluster.

- What linkages exist across actors within the cluster and between actors within the cluster and those in other localities?
- Are actors in the locality involved in networks that impact on the development of the cluster?

C. Cluster governance.

- Who governs and to what effect in each of the actors and networks in the cluster?

D. The extent and provision of, and entitlement to, learning within the cluster and the locality.

- What is the availability of different types of education?
- Are there effective means of communicating ideas across actors within the learning sector?

E. The extent and impact of public policies – at local, national and international levels – on the above.

- What public initiatives for clusters are currently in force? Do they impact on the development process, and are there opportunities for improvement?

(Sugden, Wei & Wilson, 2005, p 73)

The framework essentially differs from others in that governance, in terms of strategic decision-making and therefore learning, are its focal points. It aims at identifying the real strategic decision makers or centres, and at relating the cluster to the development path implied by pursuit of the aims and objectives of local people and communities. ‘Without affording a special concern to the governance of the development process and guaranteeing the participation of people and communities in strategic decision making, any development will be flawed’ (Sugden, Wei & Wilson, 2005, p 77).

4.4.1 The Measurement Tool

The merits of the three models for Case Study analysis discussed above, Lele (1976) Rural Development Programme Questionnaire and Sugden, Wei & Wilson (2005) Framework for case study analysis of Clusters, are used with the 13 factors and suitable questions are deductively developed, specific to the factors, but based on those from the established theory. The outcome of this is a self-evaluating questionnaire that becomes a tool for a locality to apply to itself as a means of evaluation to form a baseline from which to begin planning. The relevance of this questionnaire is then evaluated by practitioners/experts in the field to gauge its relevance in practise.

4.5 Findings pertaining Proposition 3

Through validation by expert opinion, assess the relevance of each factor derived from theory. The questionnaire (see Appendix B) was distributed to a group of experts and current practitioners in the Local Economic Development and Entrepreneurship Field, some of whose work has had an influence in the development of this research, in order to gauge their opinions on the relevance of each of the factors proposed in the tool. A Numerical scale of 1 to 10 is used with 1 being not at all relevant and 10 being essential.

The results of the relevance assessments were then tested for the relevance of each factor by looking at the mean of each factor on a 10-point scale designed to assess whether the LED Practitioners gave relevance to each of the specific factors in the context in which they are employed in the study. Any mean which was below 6 out of 10 was deemed to either be not relevant enough to concentrate on or further analysis of the factor was needed to be done through one-on-one interviews in order to define it better in the LED context. The table in Appendix C and summarised below indicates the individual scores gathered for each of the respondents against each of the factors in the questionnaire. The means below each factor in turn show the average score given over the entire sample for that particular factor. Any mean that is below 6 can be considered to

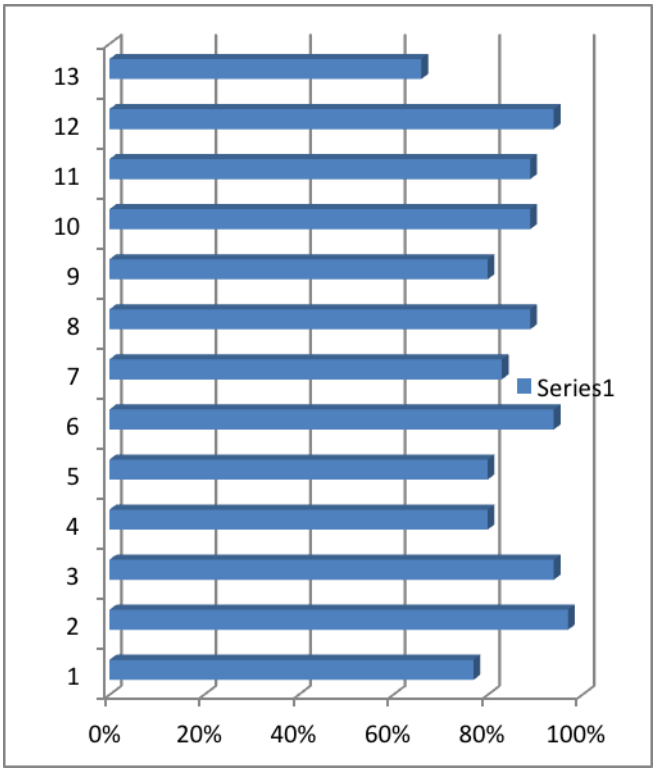
be of less relevance to the sample than can be considered important. This excludes the particular factor for further investigation through the interview process.

During the process of communication some respondents requested further clarity on some factors and their contexts and so telephonic and email conversations were initiated in order to clarify any issues which arose from the respondents and gain further insight into the opinions of the respondents to the instrument. Correspondence and Interview notes can be found in Appendix E.

In general respondents gave positive feedback on the questionnaire although some did not quite understand the process of the particular requirement for a numbered response to the 13 factors. Some respondents, especially those involved in particular LED Interventions, attempted to respond to the entire questionnaire and not just the section highlighted for the response. Although unnecessary, this did give insights into LED and the issues practitioners are experiencing on the ground. Factor 13, Regional Culture, did cause some confusion as it was not fully understood as to the context this was being asked in. Some respondents believed that this was too broad a topic to cover in just one factor, even though the scope was narrowed to Community Specific events affecting cultural behaviours. The question was accused of being too loaded until email correspondence allowed for context to be brought back into factor. One respondent took too much emphasis on Entrepreneurship into context of responding to the questionnaire, as the dissertation title and programme name was mentioned in the Cover Letter. This swayed the interview away from baseline economic environmental issues too far ahead of the goal of this particular study. This telephonic interview was managed by the interviewer in order to bring it back into context each time it started to drift.

4.5.1 Table 4: Summary of the numerical responses for each factor

Factors	Respondents	Mean	Frequency	Percentage
1. Policy	35	7.7	27	77%
2. Champions	35	8.9	33	94%
3. Stakeholders	35	8.97	34	97%
4. Natural resources	35	8.2	28	80%
5. Finance	35	8.1	28	80%
6. The Market	35	8.7	33	94%
7. Opportunity	35	8.3	29	83%
8. Location and Infrastructure	35	8.3	31	89%
9. Place Making	35	7.97	28	80%
10. Sustainability	35	8.83	31	89%
11. Education, Skills and Talents	35	8.4	31	89%
12. Networks and partnerships	35	8.7	33	94%
13. Regional Culture	35	7.2	23	66%



4.5.2 Graph 1: Histogram representing Frequency percentage

4.6 Statistical Analysis of Survey Results

Deeper analysis of the individual scores for the factors and Mean values was done in order to test for any significance or tendencies in the results. Of the 35 respondents, 24 had submitted some information as to which field of the LED spheres they operated within. This allowed for testing to be done on comparing the Mean scores, for each Factor, of the respondents within a particular field to other fields. At first four fields were identified: Government Sector, Municipal/On-The-Ground Sector, Economics and Planning Sector, and Finance Sector. When the respondents were split out into their relevant sectors it was found that two of the four sectors had very few members and therefore had scores which ranked very highly and skewed the comparison.

	Factors	Mean for Government Sector (3)	Mean for Economic/Planning Sector (9)	Mean for Municipal Sector (8)	Mean for Finance Sector (4)	Mean for Overall (35)
1	Policy	8.33	6.22	8.50	8.50	7.69
2	Stakeholders	8.67	8.56	9.38	9.00	8.97
3	Champions	9.33	9.22	8.50	8.50	8.97
4	Natural resources	8.33	8.11	9.63	8.75	8.14
5	Finance	9.33	7.89	9.25	9.25	8.17
6	The Market	8.00	8.33	9.25	9.50	8.57
7	Opportunity	8.00	8.56	9.00	8.25	8.34
8	Location and Infrastructure	9.33	8.11	7.88	9.50	8.31
9	Place Making	8.00	7.00	9.13	9.00	7.94
10	Sustainability	9.00	8.78	9.13	9.00	8.83
11	Education,Skills and Talents	9.00	7.11	8.75	9.25	8.43
12	Networks and Partnerships	8.66	8.00	9.50	8.50	8.71
13	Regional Culture	8.00	6.67	8.13	7.75	7.23

4.6.1 Table 5 – Mean scores for Four Sectors

On further analysis it was decided that two of each of these sectors could be joined due to similar characteristics and this would allow for a better comparison to be done. Government and Municipal were joined and Economic and Finance were joined. This gave an opportunity to study if there was any correlation or significance in the results.

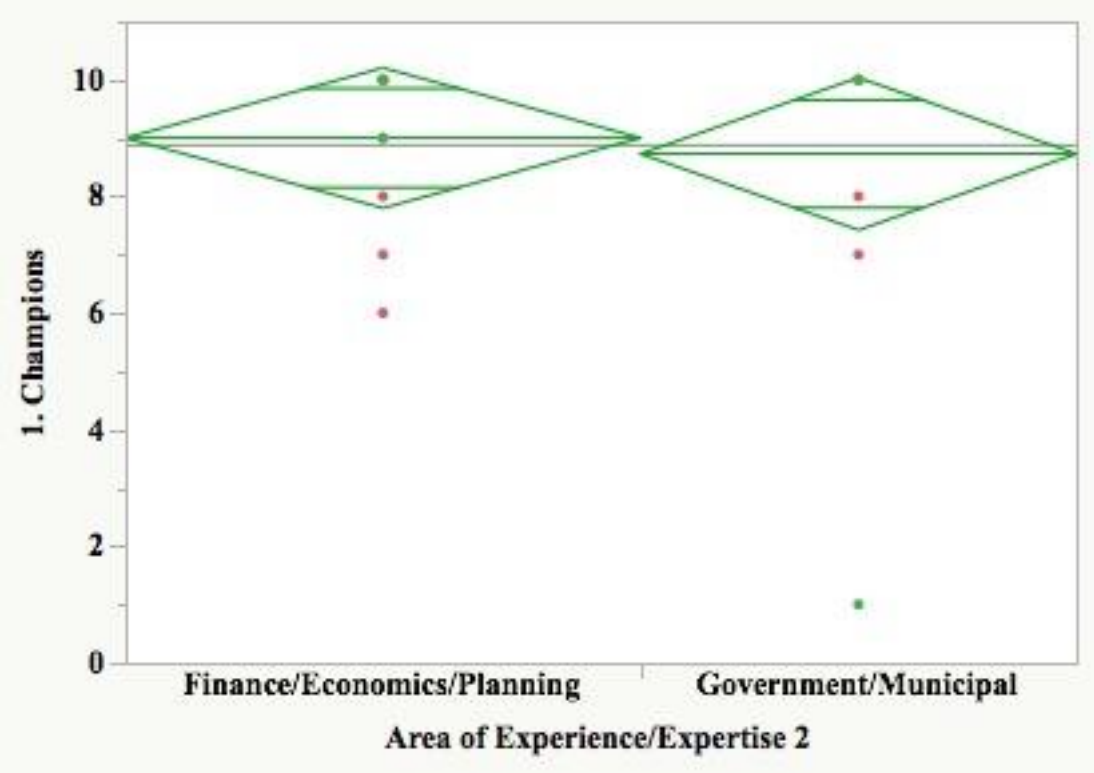
Factors	Mean for Government Sector and Municipalities(11)	Mean for Economic/Planning/Finance Sector (13)	Mean for Overall (35)
Policy	8.46	6.92	7.69
Stakeholders	9.18	8.75	8.97
Champions	8.73	9.00	8.97
Natural resources	9.27	8.31	8.14
Finance	9.27	8.31	8.17
The Market	8.91	8.69	8.57
Opportunity	8.73	8.46	8.34
Location and Infrastructure	8.27	8.54	8.31
Place Making	8.82	7.62	7.94
Sustainability	9.10	8.85	8.83
Education, Skills and Talents	8.82	7.77	8.43
Networks and Partnerships	9.27	8.15	8.71
Regional Culture	8.10	7.00	7.23

4.6.2 Table 6 – Mean scores for Combined Sectors

The design of the study and size of the sample size create some limitations that must be noted and mean that no definitive conclusions can be drawn from the results. The averages above needed to be subjected to the Distribution Fitting Algorithm by Stacy for a less skewed distribution but the 10-point scale and simplicity of each construct do not allow for this to be done. A Wilcoxon one-way Chi Square Approximation test was used in order to test for any significance due to the above limitation and at least some significance can be discussed. Significance highlighted if the Prob>ChiSq is equal to or less than 0.05.

One way Analysis of:

1. Champions By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	150.000	162.500	11.5385	-0.779
Government/Municipal	11	150.000	137.500	13.6364	0.779

1-way Test, ChiSquare Approximation

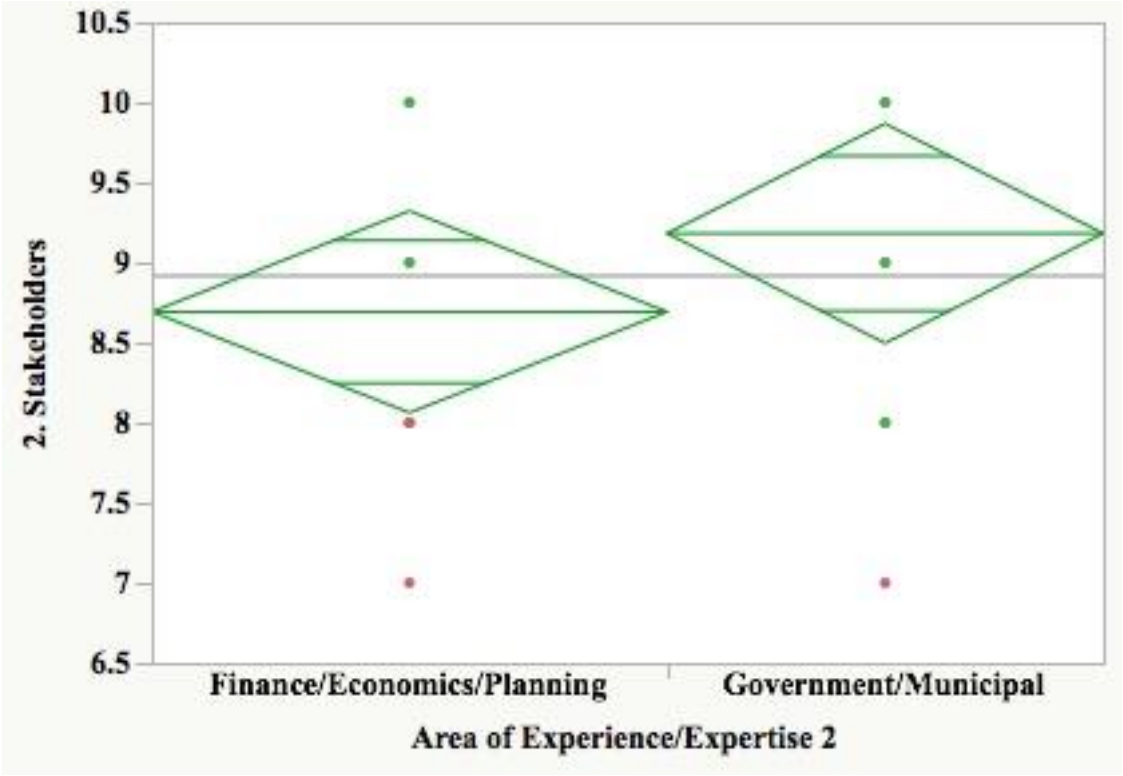
ChiSquare	DF	Prob>ChiSq

ChiSquare	DF	Prob>ChiSq
0.6581	1	0.4172

The Wilcoxon one-way Chi Square Approximation test on the factor Champions shows that there was no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.4172. The Mean scores were very close with only 0.27 between them meaning that both sectors supported this factor. Looking at the overall mean for all the respondents including the anonymous responses the mean remains at a similar high level indicating that support for the factor Champions was universal.

One way Analysis of:

2. Stakeholders By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	144.000	162.500	11.0769	-1.098
Government/Municipal	11	156.000	137.500	14.1818	1.098

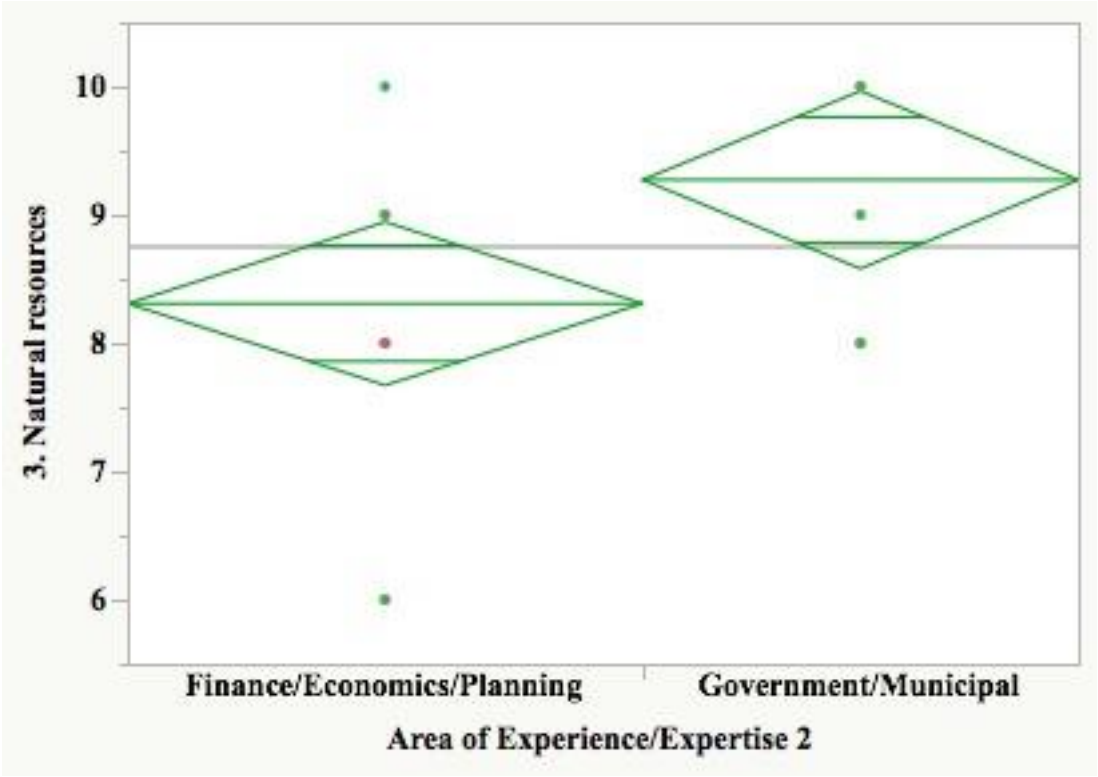
1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
1.2728	1	0.2592

The Wilcoxon one-way Chi Square Approximation test on the factor Stakeholders shows that there was the potential for significance in the way that the 2 sectors viewed this factor but not enough to indicate actual significance. Prob>ChiSq is 0.2592. The Mean scores were high but the difference more pronounced meaning that both sectors supported this factor but the Government and Municipal sector valued the factor higher than the business focussed sector. Looking at the overall mean for all the respondents including the anonymous responses the mean remains at a similar high level indicating that support for the factor Stakeholders was universal.

<u>One way Analysis of:</u>

<u>3. Natural resources By Area of Experience/Expertise 2</u>



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	130.500	162.500	10.0385	-1.912
Government/Municipal	11	169.500	137.500	15.4091	1.912

1-way Test, ChiSquare Approximation

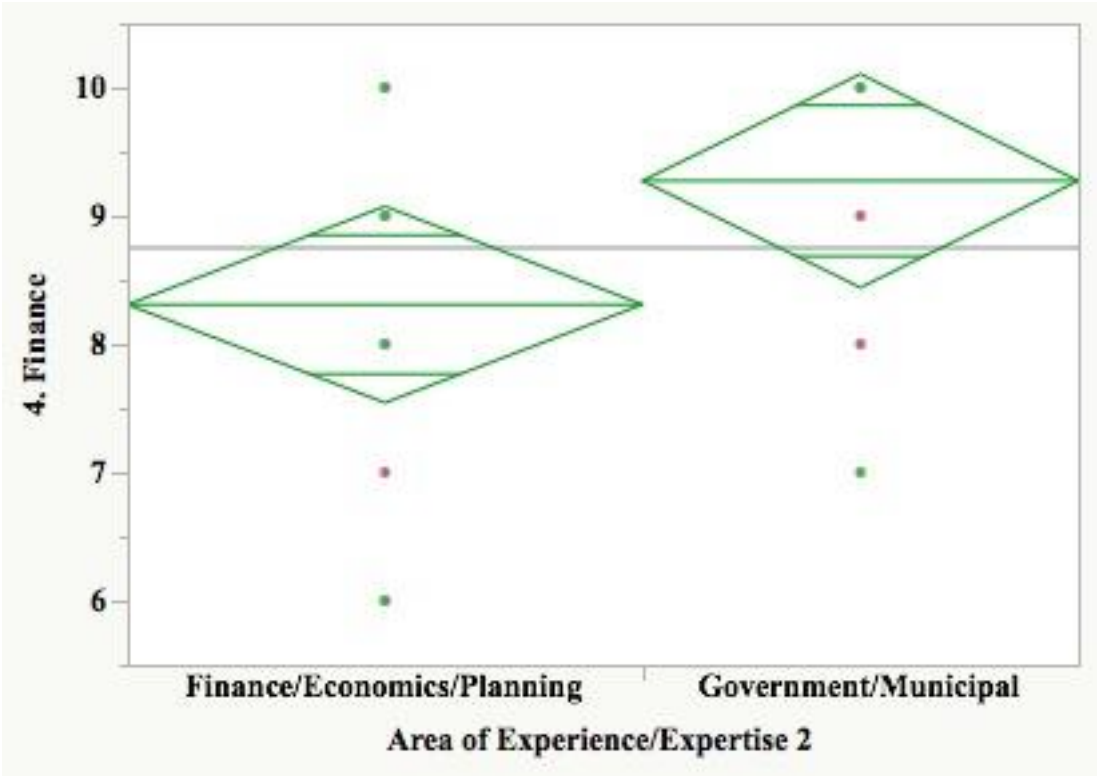
ChiSquare	DF	Prob>ChiSq
3.7717	1	0.0521

The Wilcoxon one-way Chi Square Approximation test on the factor Natural

Resources shows that there was the real potential for significance in the way that the 2 sectors viewed this factor but just not enough to indicate actual significance. Prob>ChiSq is 0.0521. This is only .0021 above the requirement for significance. What this could be could only be surmised and further study into the psychology of respondents from the 2 sectors may reveal this. The Mean scores were high but the difference even more pronounced meaning that both sectors supported this factor but the Government and Municipal sector valued the factor higher than the business focussed sector as with the previous factor. Looking at the overall mean for all the respondents including the anonymous responses the mean remains at a similar high level indicating that support for the factor Natural Resources was universal.

One-way Analysis of:

4. Finance By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	135.000	162.500	10.3846	-1.657
Government/Municipal	11	165.000	137.500	15.0000	1.657

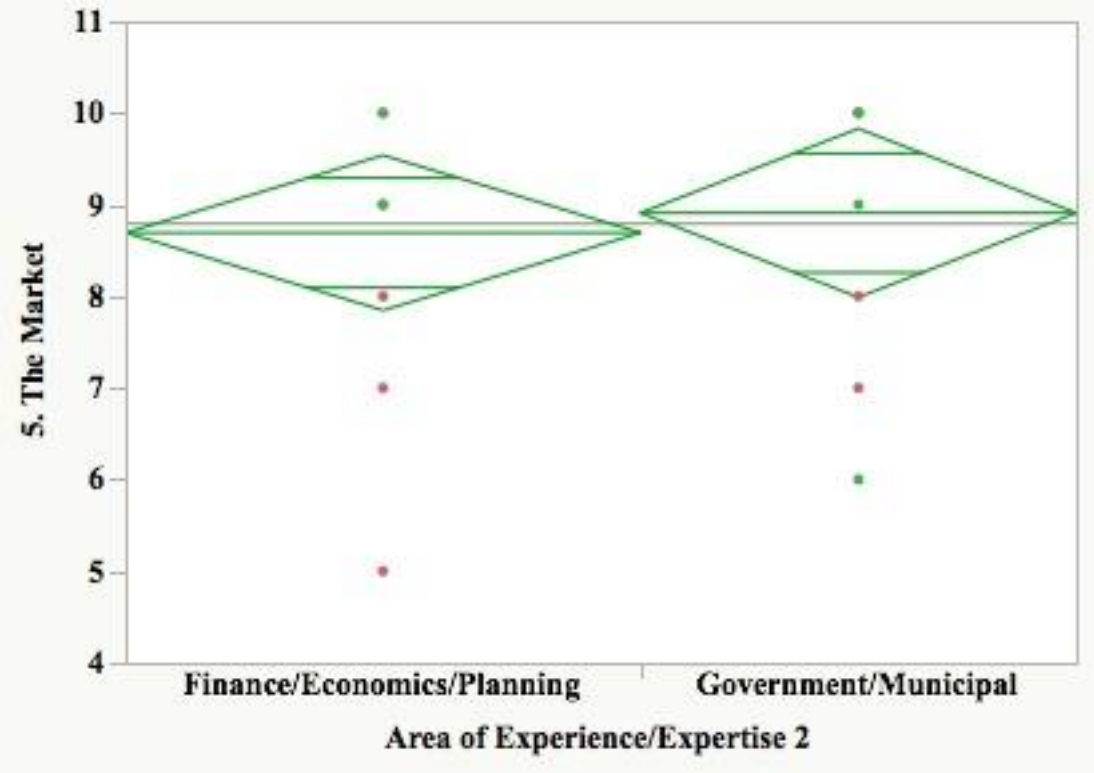
1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
2.8466	1	0.0916

The Wilcoxon one-way Chi Square Approximation test on the factor Finance shows that there was the potential for significance in the way that the 2 sectors viewed this factor but again not enough to indicate actual significance. Prob>ChiSq is 0.0916. The Mean scores were high but strangely enough the Government and Municipal sector valued the Finance factor higher than the financially focussed sector. The reason for this could be a rose tinted view from governmental people on how money solves all whereas the respondents who operate everyday with the particular resource may have other experience. Looking at the overall mean for all the respondents including the anonymous responses the mean remains at a high level indicating that support for the factor Finance is strong but not a convincing as others. The difference between the high scores by Municipal respondents and Overall Mean show that the frequency of high ratings was not as universal as other factors.

One way Analysis of:

5. The Market By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	155.000	162.500	11.9231	-0.430
Government/Municipal	11	145.000	137.500	13.1818	0.430

1-way Test, ChiSquare Approximation

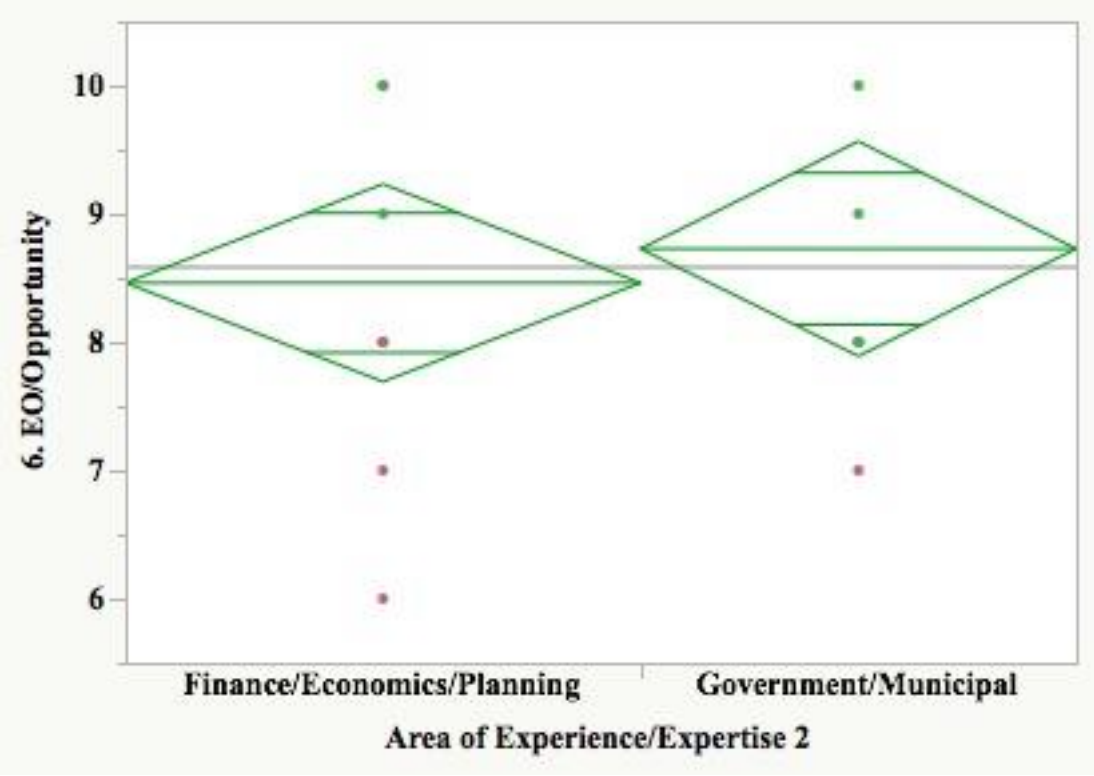
ChiSquare	DF	Prob>ChiSq

ChiSquare	DF	Prob>ChiSq
0.2119	1	0.6453

The Wilcoxon one-way Chi Square Approximation test on the factor The Market shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.6453. The Mean scores were high and very close including the anonymous responses. This is an indication of universal support for the factor The Market.

One way Analysis of:

6. EO/Opportunity By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	157.000	162.500	12.0769	-0.306
Government/Municipal	11	143.000	137.500	13.0000	0.306

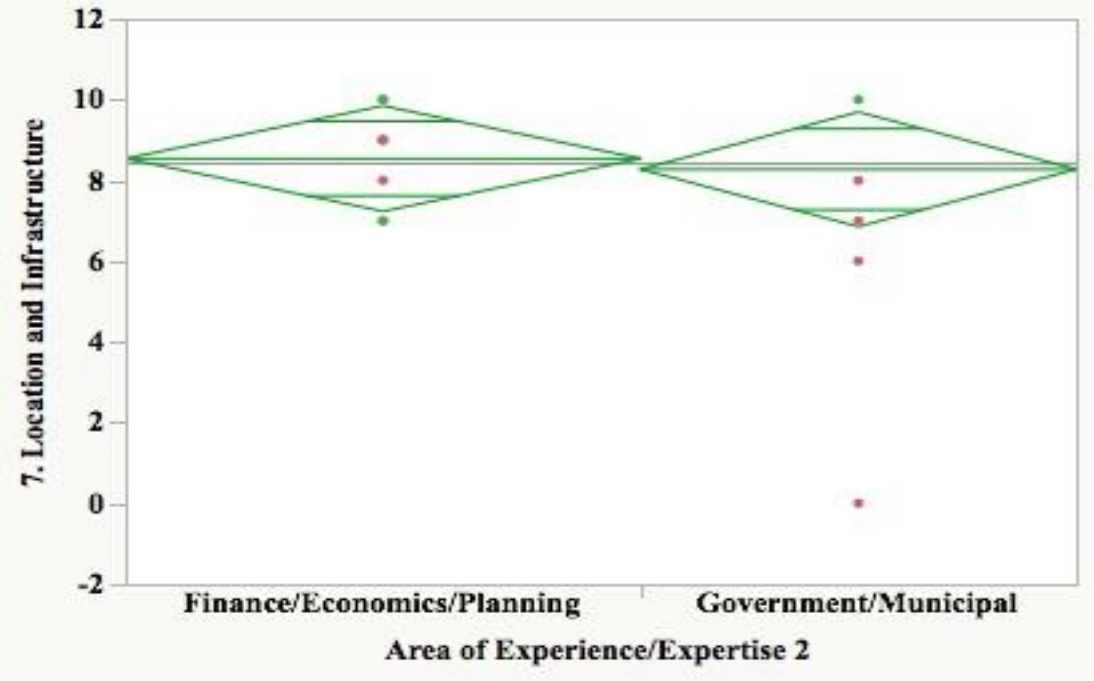
1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
0.1135	1	0.7362

The Wilcoxon one-way Chi Square Approximation test on the factor Opportunity shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.7362. The Mean scores were high and very close including the anonymous responses. This is an indication of universal support for Opportunity as a factor.

One-way Analysis of:

7. Location and Infrastructure By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	147.000	162.500	11.3077	-0.911
Government/Municipal	11	153.000	137.500	13.9091	0.911

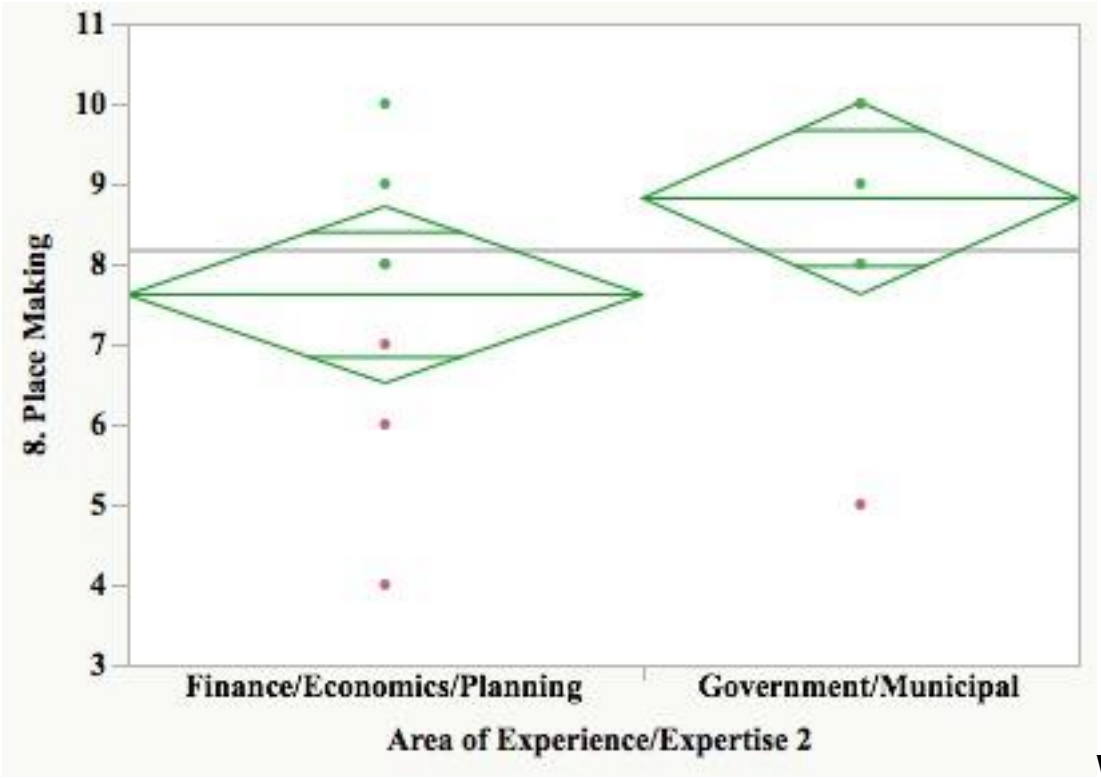
1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
0.8858	1	0.3466

The Wilcoxon one-way Chi Square Approximation test on the factor Location and Infrastructure shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.3466. The Mean scores were high and very close including the anonymous responses. This is an indication of universal support for Location and Infrastructure as a factor.

One-way Analysis of:

8. Place Making By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	139.000	162.500	10.6923	-1.377

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Government/Municipal	11	161.000	137.500	14.6364	1.377

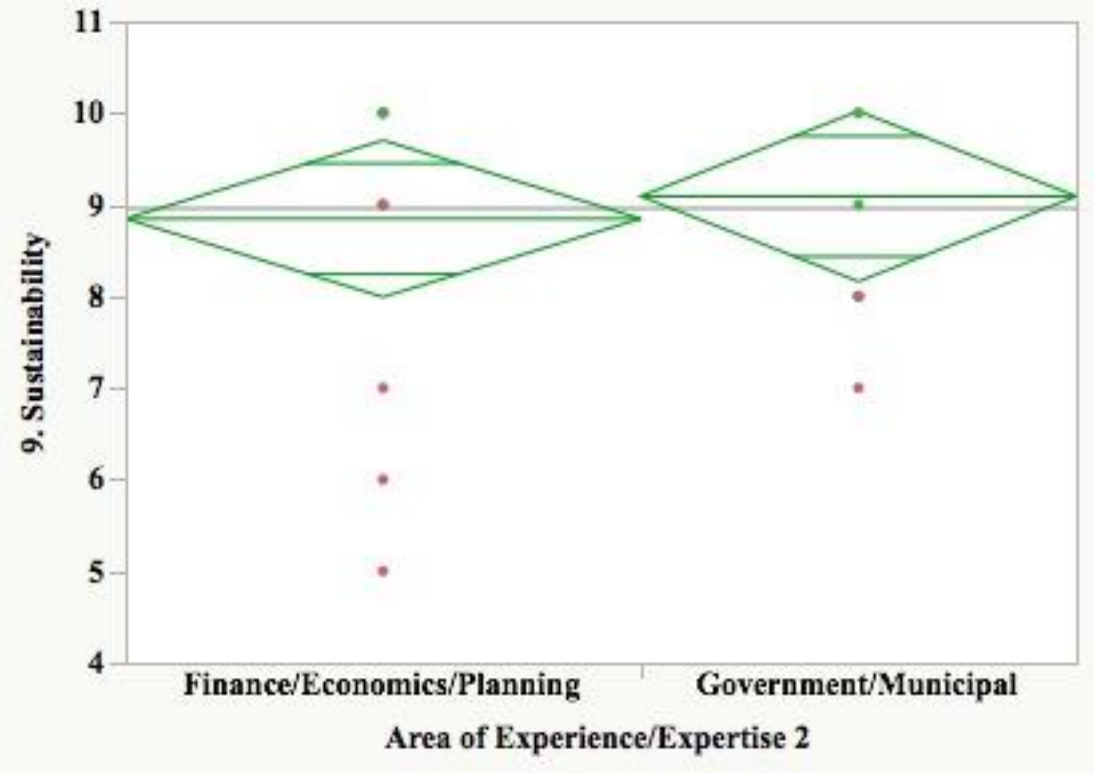
1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
1.9803	1	0.1594

The Wilcoxon one-way Chi Square Approximation test on the factor Place Making shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.1594. The Overall Mean score was high enough to be deemed relevant but this is one of only 3 factors with an Overall Mean of under 8. The lower importance put on this factor by the Financial Sector brings the Mean down. This is an indication of variable support for Place Making as a factor but enough support for the factor to still be deemed acceptable in expert opinion.

One-way Analysis of:

9. Sustainability By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	161.000	162.500	12.3846	-0.063
Government/Municipal	11	139.000	137.500	12.6364	0.063

1-way Test, ChiSquare Approximation

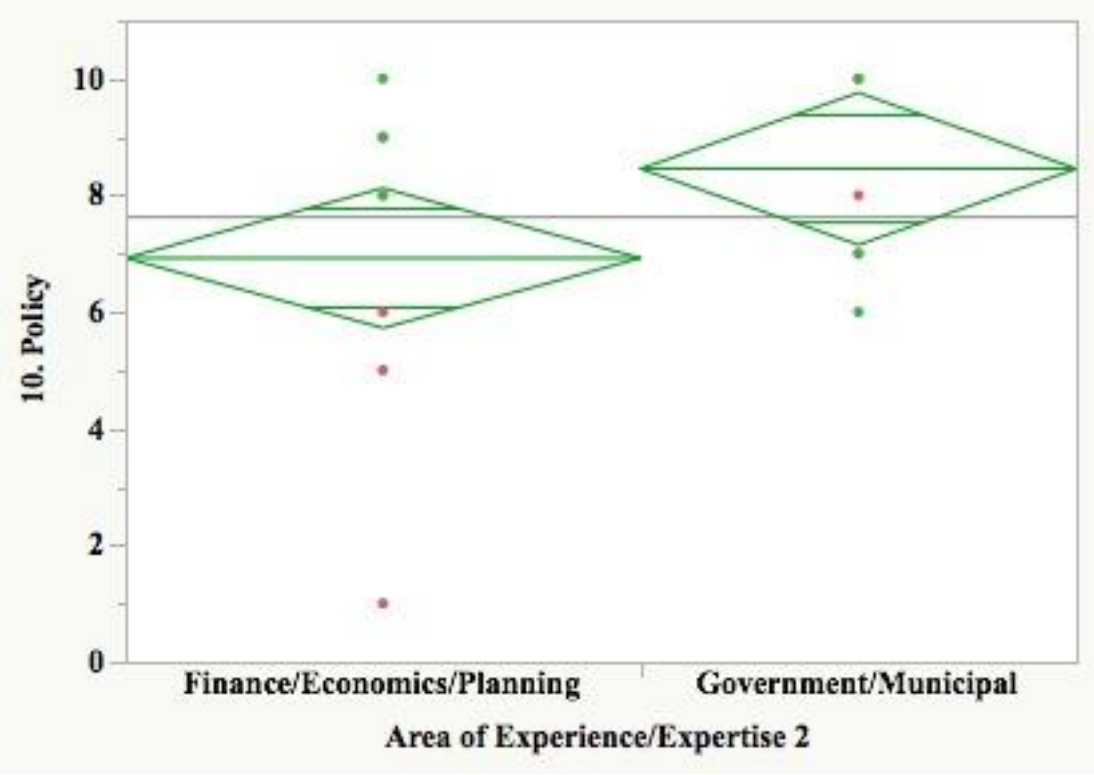
ChiSquare	DF	Prob>ChiSq

ChiSquare	DF	Prob>ChiSq
0.0090	1	0.9242

The Wilcoxon one-way Chi Square Approximation test on the factor Sustainability shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.9242. The Mean scores were high and very close including the anonymous responses. This is an indication of universal support for Sustainability as a factor.

One-way Analysis of:

10. Policy By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	137.000	162.500	10.5385	-1.481
Government/Municipal	11	163.000	137.500	14.8182	1.481

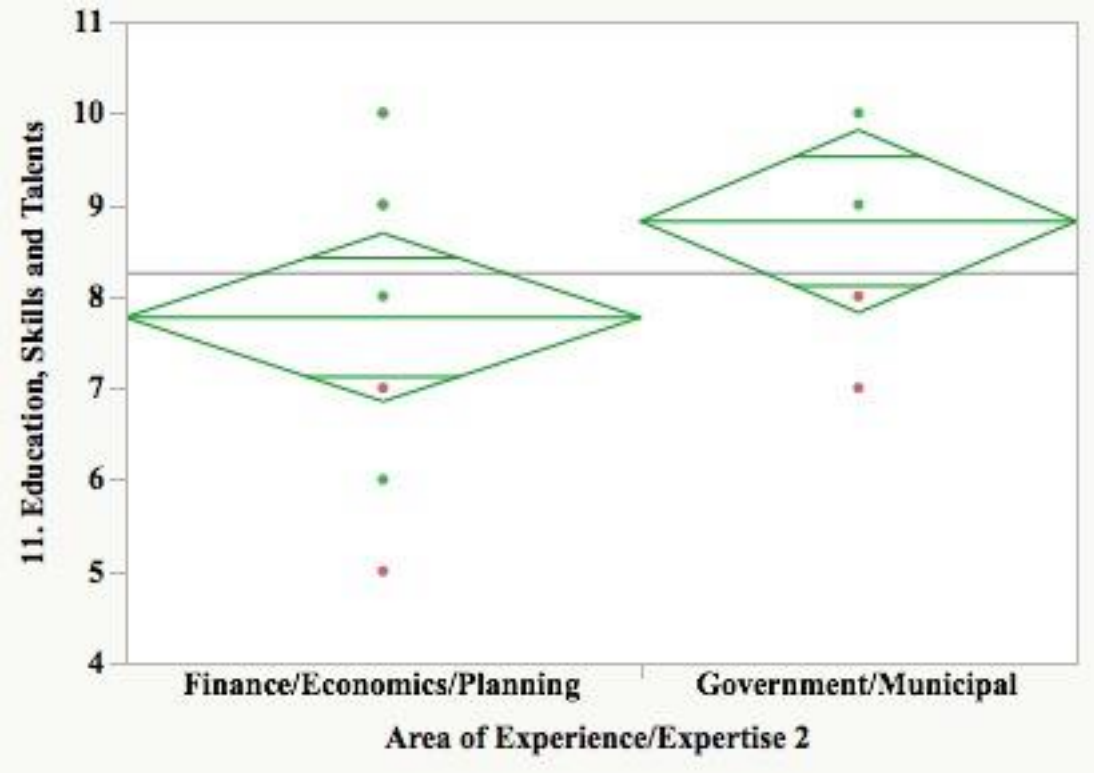
1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
2.2829	1	0.1308

The Wilcoxon one-way Chi Square Approximation test on the factor Policy shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.1308. The Mean scores had a relatively large difference between what was scored by the 2 sectors with Government/Municipal scoring the factor as more important than the economically inclined respondents. This would be expected as the former operate around policy at all times in their work. This may also be an indication that respondents who exist in the business environment feel policy to be inhibiting to their progress.

One-way Analysis of

11. Education, Skills and Talents By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	138.000	162.500	10.6154	-1.433
Government/Municipal	11	162.000	137.500	14.7273	1.433

One-way Test, ChiSquare Approximation

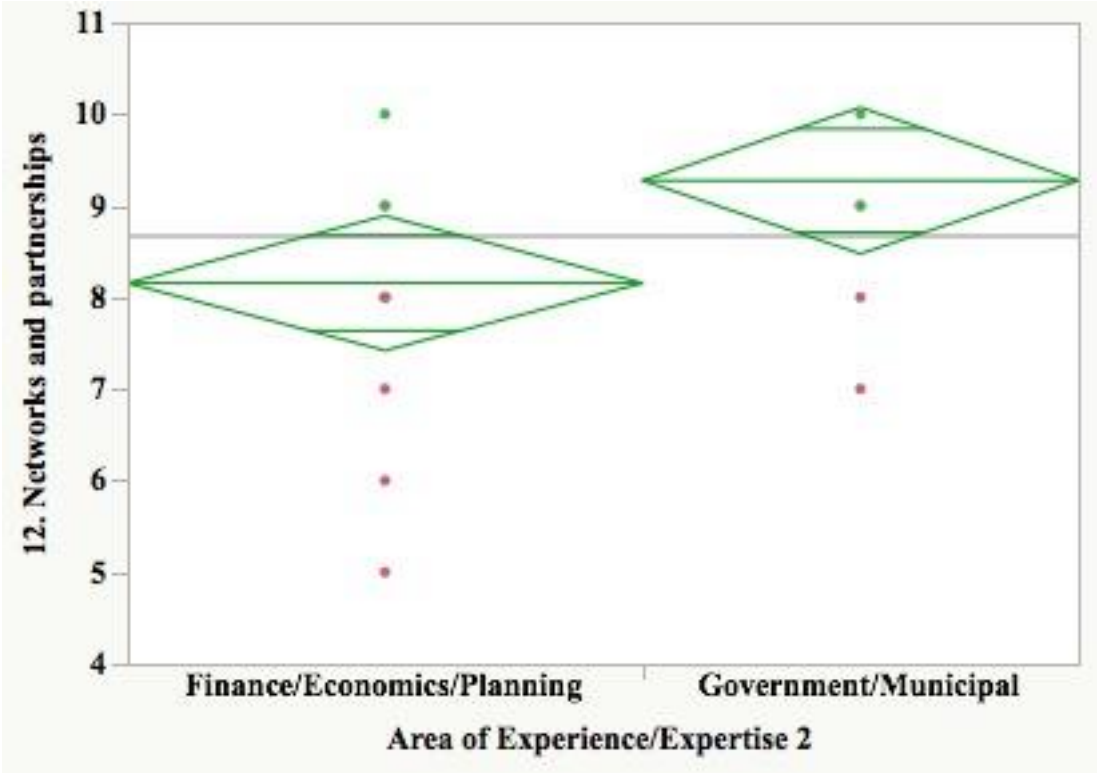
ChiSquare	DF	Prob>ChiSq

ChiSquare	DF	Prob>ChiSq
2.1395	1	0.1436

The Wilcoxon one-way Chi Square Approximation test on the factor Education, Skills and Talents shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.1436. The Mean scores were relatively high, including the anonymous responses which tended to bring the lower score from Economics and Planning up above 8. This is an indication of universal support for Education, Skills and Talents as a factor.

One-way Analysis of:

12. Networks and partnerships By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	127.500	162.500	9.8077	-2.073
Government/Municipal	11	172.500	137.500	15.6818	2.073

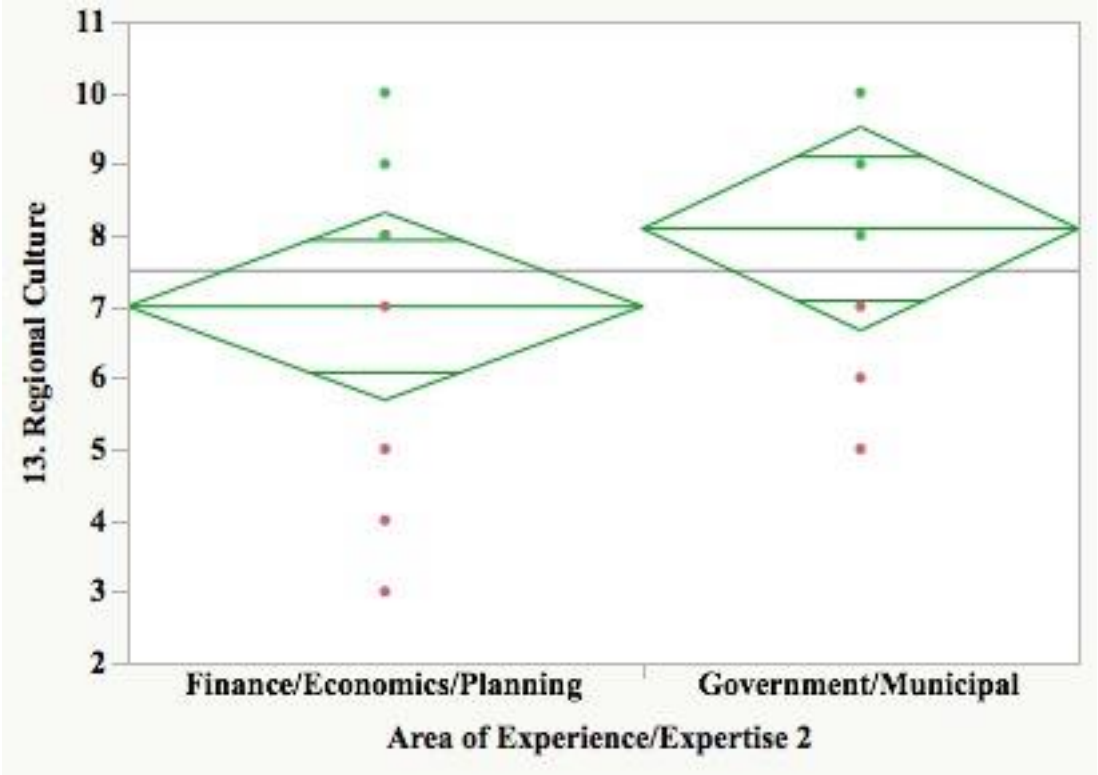
1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
4.4214	1	0.0355*

The Wilcoxon one-way Chi Square Approximation test on the factor Networks and Partnerships shows clear significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.0355. The significance of the attitudes towards Networks and Partnerships is not absolutely clear as the Mean scores were high for both sectors, including the anonymous responses. Therefore the value of the factor, in the opinion of the LED Practitioners is not in question.

One-way Analysis of:

13. Regional Culture By Area of Experience/Expertise 2



Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

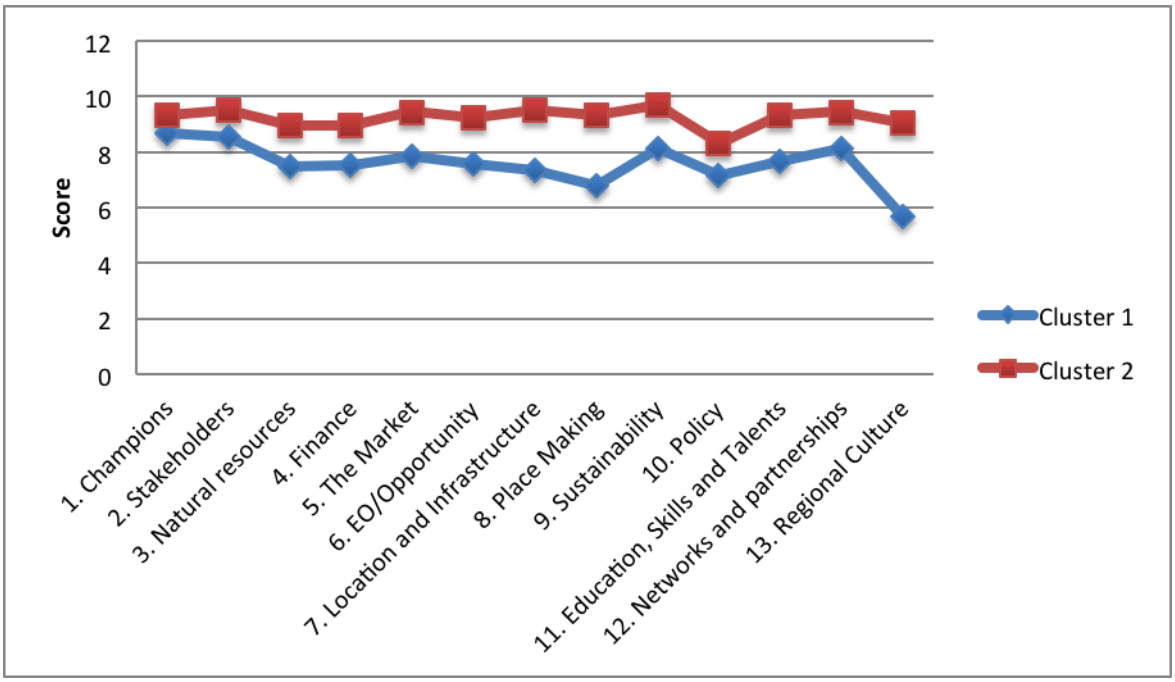
Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean0)/Std0
Finance/Economics/Planning	13	141.500	162.500	10.8846	-1.206
Government/Municipal	11	158.500	137.500	14.4091	1.206

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
1.5274	1	0.2165

The Wilcoxon one-way Chi Square Approximation test on the factor Regional Culture shows no significance in the way that the 2 sectors viewed this factor. Prob>ChiSq is 0.2165. The Mean scores for this factor was the lowest of all the 13 factors and this is an indication of some confusion reported by respondents at exactly what the factor was based on. In future research the description and definition of the factor will need to be made clearer to respondents.

Cluster Analysis was performed on all of the Data in order to test whether there were any clear clusters in within the response group. The results of this analysis clearly identified two clusters of respondents, average high responses all the way through and average low responses all the way through over the entire 13 factors.



4.6.3 Graph 2: Cluster scoring

The table below indicates which of the respondents belonged in which sector.

Area of Experience/Expertise	Cluster
Government/Municipal	2
Anonymous	2
Anonymous	2
Anonymous	2
Finance/Economics/Planning	2
Government/Municipal	2
Government/Municipal	2
Government/Municipal	2
Government/Municipal	2
Finance/Economics/Planning	2
Finance/Economics/Planning	2
Government/Municipal	2
Finance/Economics/Planning	2
Finance/Economics/Planning	2
Government/Municipal	2
Finance/Economics/Planning	2
Finance/Economics/Planning	1
Government/Municipal	1
Finance/Economics/Planning	1
Finance/Economics/Planning	1
Government/Municipal	1
Finance/Economics/Planning	1
Government/Municipal	1
Anonymous	1
Anonymous	1
Anonymous	1
Anonymous	1
Anonymous	1
Anonymous	1
Finance/Economics/Planning	1
Anonymous	1
Anonymous	1
Finance/Economics/Planning	1
Finance/Economics/Planning	1
Government/Municipal	1

4.6.4 Table 7: Clusters

4.7 Statistical relationship to research aim

The three propositions re-stated:

Proposition 1 - Creating an understanding of the environment in which Entrepreneurship has the best possible chance of success within local communities by identifying the factors that most affect this environment.

Proposition 2 - Based on the principles of geographical economics, incubation, planning theory and local economic development theory, create a set of questions based on environmental conditions that inform the actions required, in local economies, to allow for a clearer understanding of the specific environment in which entrepreneurship and development can thrive.

Proposition 3 - Through validation by expert opinion, test the relevance of each factor derived from theory.

Stated above are the 3 propositions which emanated from the research topic and, with regards to the statistical results, they have relevance to one in particular. This is due to the ascending relationship of each propositions to the previous one. The statistics are the result of Proposition 3 and the relatively high scores, in this case above 7 out of 10 mean, received on all of the 13 factors shows that indeed validation has taken place by the LED Practitioners. It has been and is again noted that the sample size is too small for significance but overall for the scope and time of the study, validation is accepted.

Factors	Mean for Overall (35)
Policy	**7.69**
Stakeholders	**8.97**
Champions	**8.97**
Natural resources	

	8.14
Finance	**8.17**
The Market	**8.57**
Opportunity	**8.34**
Location and Infrastructure	**8.31**
Place Making	**7.94**
Sustainability	**8.83**
Education, Skills and Talents	**8.43**
Networks and Partnerships	**8.71**
Regional Culture	**7.23**

For propositions 1 and 2, the above validation in turn reinforces that the theory and manner through which the factors were identified, developed and isolated was done from a sound theoretical basis, no factors were completely discarded by any majority of the LED Practitioners, and in fact, were widely accepted with outlying numbers only slightly affecting the Mean scores.

The further statistical testing using the Wilcoxon test and Cluster Analysis has expanded on the potential relevance and practical usage of the study results by attempting to find reasons for the way in which the factors were interpreted by certain LED Practitioners. This is done by splitting the respondents into 2 areas of expertise/experience. These tests did show that there was a difference in the way in which the 2 types of respondents (Government/Municipal and Finance/Economics/Planning) answered the question but that the differences were not significant enough for any inferences to be made from them.

4.8 Summary of the results

The results of each research question/proposition follow on from its predecessor, building the PEST-type instrument and then this was further tested by exploring the relevance of this instrument through the gathering of expert opinion.

Research question 1 develops the basis of the situation, currently and historically, by outlining the situation as it stands and also the history behind why the situation in local economies is as it is in South Africa at the moment.

Proposition 1 investigates accepted theory from both the developed and developing economies and identifies themes and factors within the literature that appear continuously and which, by way of literature review and analysis, are suggested to have an effect on Local Economic development.

Proposition 2 takes the list of factors that emerges from the review of the theory, and uses various Case Study analysis models and questionnaires developed by other researchers, and applies these factors into a tool that can be used to develop the qualitative basis of the intricate relationships within local economic development and Community Entrepreneurship initiatives.

Finally, Proposition 3 tested the relevance of the tool and factors on which it is based by testing perceived relevance of the factors, among practitioners and researchers in the Local Economic Development field within South Africa. The results of this relevance test show that of the 13 factors at least 11 are considered important by the LED Practitioners, with the other two only being excluded on the basis of the context of this particular scoring matrix. On further discussion in personal interviews with some of the LED Practitioners it was made clear that the factors were rated as not as relevant, but not entirely irrelevant. The frequencies for each factor allows for further analysis by allowing a comparison of the factors with the highest mean score and the frequency of relevant scores. This is in order to allow for an understanding to be developed on whether the highly ranked frequencies are supported by a number of LED Practitioners, or whether a few LED Practitioners gave certain factors much higher scores than they did to others skewing the relevance, therefore giving the particular factor less overall support. The factors with an average-to-high mean score and a high frequency can be considered to be factors that are highly regarded as influential by the LED Practitioners. These factors by this analysis are all of the factors as they all achieve a mean of over 7 and have frequencies of over 50%.

5 CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

The literature review of this research serves the dual purposes of not only confirming the factors proposed in the research methodology as relevant factors in LED, but also outlining why these factors affect LED within the attempts to develop rural areas. Therefore Research Question 1, which sets a historical and contextual base, is described by some of the narrative of the literature review. Sub-Problems 1 and 2 are dealt with by the literature review and theory analysis from past instruments. Propositions 1 and 2 are dealt with by the end of Chapter 3 and 4 of this document. Proposition 3 is dealt with in Chapter 4 through quantitative analysis of the results from Expert opinion.

5.2 Discussion pertaining to Research Question 1

How does the current situation within South Africa's Local Economic Development sphere and rural communities/localities affect the application of planned, strategic local economic development plans? Growth and prosperity in local economies requires planning and a vision for the future (Mitchell, 2009). In developing countries like South Africa, attempts at LED have been in progress for many years without intervention, and small towns around the country have developed due to market forces and natural resource availability. Examples of these towns are those such as Nottingham road in the KwaZulu-Natal Midlands. 'The competitive clustering of activities and attractions in less developed areas, stimulating cooperation and partnerships between communities in local and neighbouring regions with the objective of stimulating tourism-led LED, is best exemplified by the operations of the Midlands Meander in KwaZulu-Natal' (Lourens 2007) (Rogerson, 2008, p 317).

Dullstroom in Mpumalanga was a very small town that took its relative proximity to the Johannesburg/Pretoria metros, its ability to sustain flyfishing and eco-tourism,

and its quiet natural surroundings, and created an area that is the perfect quick weekend getaway for people in Gauteng.

Franschhoek in the Western Cape went from a small wine-growing valley to the food capital of South Africa with award-winning restaurants, becoming a tourist must-see in the already saturated tourist route in the Cape. ‘In the whole Cape Province itself spatial networks are constituted by “packaging” rural tourism products into inclusive and coherent routes through the use of themes and stories which help to move the tourist around geographically dispersed attractions’ (Rogerson, 2008, p 317).

Opportunities for using lessons from clustering in the tourism and craft markets are a potential, where economies of scale in small individual industries can be harnessed (Cooke and Lazzeretti 2007) (Rogerson, 2008). There have also been many interventions that have been initiated by the various governmental initiatives with very mixed results. The activities of the ‘Beehive’ in Lydenburg, the Stutterheim Development Foundation and the COMSEC (the Community Self-employment Centre) in Port Elizabeth are good examples of well-resourced local-level organisations, usually based on a local-level partnership between key local stakeholders, which have positively assisted literally hundreds of prospective entrepreneurs through the offering of advice, assisting with loan applications, training and the occasional provision of workspace (LED News, 1996–98). The case study of Stutterheim, which was exhibited as the example of how community-led development could be successful and achieve reconciliation at the same time, only produced 100 permanent jobs after its first 6 years in existence (Nel, 2001). This non-governmental organisation clearly fills a development gap left by the local authority. It has been able to raise external grants and operate in close conjunction with the local authority and local business interests (Nel, 1994) but the level of development is not substantial enough to change the destiny of the country. The undertaking has been driven entirely from the local level and the central state has not provided any funds or facilitation for the venture (except in terms of small business support). This in itself is highly commendable, but what can be achieved in areas with better resources and with government support?

What will happen to areas that do not have the local champions and leaders that Stutterheim has? Although it provides a possible model for other similar centres, the fact that there are almost no comparable examples suggests that greater external guidance and degrees of support will be required (Nel & Humphrys, 1999).

Atlantis in the Western Cape became a ghost town after incentives of Apartheid industrial policy were removed after 1994 (Nel & Meston, 1996) (Rogerson, 1997).

Klerksdorp became an area requiring LED initiative after the closure of the gold mine and the subsequent collapse of the local economy. Similar instances were clear in Welkom with gold mines and Middelburg with the steel industry crisis. LED initiatives were implemented in both these localities (Dauskardt, 1994) (Rogerson, 1997). A parallel situation of a decline in the local steelworks appears to have galvanised the local authority of Newcastle to become actively involved in a major marketing campaign designed to attract international investors (McDonald, 1996).

These are some examples of small town revitalisation that have taken place over the last 30 years with and without the assistance of formal plans and dedicated policy towards LED. Development projects have had disappointing results despite the acknowledgment of past mistakes and significant evolution in development strategies. ‘A major disappointment has been the failure of most development projects to benefit significantly the poor majorities in developing countries’ (Finsterbusch & Van Wicklin, 1989, p 573).

One of the initiatives established by the National Government to assist with LED projects is the LED Fund that is concerned with supporting innovative partnerships that might contribute to building a strong national economy. In the first round, 346 out of a national total of over 800 municipalities submitted 827 project applications to the Fund but, sadly, only 48 initiatives were successful in being allocated funds (LED News, 2000) (Nel & Binns, 2001). Clearly there is a problem within the LED sphere somewhere as a success rate this low cannot continue. Nel (1994) asserts that ‘better planning and implementation of projects be done in order for success to be achieved.’ The recession and high levels of

unemployment do not help matters, as well as the lack of any innovative solutions like the Stutterheim example all those years ago (Nel, 1994)(Rogerson, 1997).

These successes, limited successes and failures have all occurred due to different and some locality specific reasons, but there are some commonalities in the basis of some of these problems. The research helps to outline the factors proposed in the instrument and allows the questions to be formed in a way which allows for each specific locality's individual traits to be covered in the question posed.

5.3 Discussion pertaining to Proposition 1

5.3.1 New PEST Analysis Factors quantified

The Literature review for this paper has led to the establishment of the 13 factors affecting LED in rural areas. The discussion below relates each of the factors to LED and to how the PEST-type Questionnaire developed from them. Proposition 1 restated as: Creating an understanding of the environment in which Entrepreneurship has the best possible chance of success within local communities by identifying the factors that most affect this environment.

5.3.2 Policy

This factor, supported by the large number of references, is a very important determining factor within the economic environment within developing countries/rural economies. Policy can include anything that is related to the Statutory, Governmental and legal environments that either positively or negatively affects the attempts at economic development. 'Rural communities are characteristically the object of top-down planning processes. Rarely, for example, are they (the communities) given the opportunity to participate fully in the planning of local employment development strategies and projects. As a result, inappropriate policies have frequently been imposed on these communities (O' Cinneide & Keane, 1990, p 475). Although the critical importance of developing LED strategies to assist post-apartheid reconstruction is stressed in

several government documents (South Africa, 1994; 1995a; 1995b; 1997), a clear and concise document outlining all aspects of LED and its implementation and the co-ordination of government functions and responsibilities is missing (Rogerson, 1997). What is clear from research is that there is still no 'winning formula' with regards to the correct policy and parameters to be used in LED. The government has used a number of different strategies in their attempts but each is either superseded by another, 'better' plan or is found to have shortcomings that cause it to falter. The private sector, community movements and the government have released various policy documents on the matter and sought to introduce LED as a hallmark of the post-apartheid era. The general momentum of formalising and entrenching LED has continued through various policy and legal processes (Nel & Binns, 2001) but these often confuse more than clear the process. An examination of current policy towards LED does however reveal that it appears to be rather lacking. 'Whilst NGOs and CBOs are often making valiant, albeit rather limited, efforts to address local-level crises, the general lack of support from government and limited access to resources, seriously constrains their capacity. Policy does not, as yet, adequately acknowledge or support the role of such agencies and, until it does, such actions will remain limited and sporadic' (Nel, 2001, p 1018).

As discussed previously in literature review, the national government has passed LED on to local government as a key output of their mandate. There is a theme that the devolution of responsibility by national government down to local government has been done only on a responsibility basis and the resources, power and finances have remained within the control of the national departments. LED is a new local government responsibility in South Africa and, as such, local officials and councillors will need significant levels of training and support from higher tiers of government. Whilst limited training is already provided, much greater support is clearly needed. In its absence, well-intentioned but poorly funded, supported, structured and managed projects have little chance of success (Nel & Binns, 2001).

LED is in its early stages: government and local governments are often still in the first phases of policy development and application and it would be difficult to claim that significant, concrete results have been achieved to date. Community initiatives, although often well established, do not receive significant policy support at present (Nel, 2001). ‘Local governments, until 1999, have been awaiting new enabling legislation. In the interim this situation has promoted contradictions, conflicts and lack of common purpose ... between and within national and provincial government departments' (Nel & Humphrys, 1999, p 285)

Each locality is different in the way it responds to development initiatives and policy will not be as effective or well received in every area. Cognisance must be taken of the specific attributes of each locality when intervention is planned (Sweeney, 1987) (Malecki, 1993). The use of the current policies to the advantage of local economies is what is important, being able to understand what the specific policies are that affect a particular region and having the ability to operate within these and use the allowances within them to give maximum benefit to each locality. It is clear that LED is important to the national government and, although not always clear, a number of avenues for exploitation of the policy environment are available and these must be understood from a local perspective and utilised to the local advantage. ‘Local government intervention for job creation in the developing world, the weakness and lack of capacity of local governments is a critical gap for maximising entrepreneurship and the prospects of job creation in the informal and micro-enterprise economy, particularly in urban Africa’ (McCormick, 1997) (Rogerson, 1999, p 518). Unfortunately, as much as local politics is under resourced and trained, there is also a tendency to self-sabotage for vested interests. ‘At the local level, as much as nationally or regionally, politics is frequently conflicted rather than consensual. Profound inequalities may also be exacerbated as easily as ameliorated, especially because established and/or new elites are often able to act decisively in defence of vested interests’ (Simon, 2003, p 142). Creating a situation where politics/policy is used to its full advantage without allowing a situation where there can be individual gain is the goal of a community enterprise.

5.3.3 Champions

Whilst there are undoubted weaknesses in LED capacity even in certain large urban centres, the capacity problem for pursuing LED is generally most severe in the country's small towns. Creating a culture of self-sufficiency amongst South African communities should be the goal (Rogerson, 1997). Helmsing (2003) states that, this self-sufficiency is in progress 'sometimes by design but largely by default'. By concentrating inwards and developing the locality from its own competitive advantages, localities will find or create their own places within the national and global markets (Nel, 2001). Champions are actors within the community development sphere who are pro-active and influential in the community, as well as influential in their ability to get action from the multitude of stakeholders. Essentially, they are leaders within the community. These could be tribal leaders, religious leaders, business leaders, governmental leaders or just community members with the respect of other members of the rural community.

> 'Rural leaders concerned about the economic welfare of their communities seek strategies to generate new jobs and additional income. Of the economic development strategies available to many rural communities, self-development strategies offer strong potential for maintaining or improving local economic vitality. Self-development projects develop and strengthen the structure of local relationships by linking and coordinating local resources for the benefit of the community' (Korsching & Allen, 2004, p 29).

Leaders are required who forget self-interest and help to facilitate development in the interests of the whole community (Korsching & Allen, 2004). With the influence and guidance as well as passion of the champions of the locality, the LED Plan is kept current and kept alive through the often long demoralising process that the previously discussed policy issues create during the LED process. Sirolli (1999) argues for the importance of personal relationships in encouraging entrepreneurial activities in a community. Korsching & Allen (2004), in studying the results of the EDGE Programme, found that two specific attributes seemed to contribute substantially to program success and longevity. The first is committed leadership

that is locally situated. The second important attribute is sufficient time and resources for the coordinator to do the job. Champions create the local influence, knowledge and base within any community development programme, which keeps it grounded and realistic due to their vested interest in the improvement of the particular community.

5.3.4 Stakeholders

The objectives of LED can only be achieved if there is co-operation between a wide range of stakeholders. Stakeholders within the LED environment are numerous and sometimes have agendas which conflict with one another. NGOs and business chambers have different reasons for wanting economic development within a rural area, and government wants all of what they want. Workers and employers have different ideas for what is important, as do local governments and national government. Meir (1993) argued that communities are increasingly diverse, and urban economies are undergoing rapid change. This increasingly fluid situation creates unexpected problems that can be resolved best by new inter-organisational linkages incorporating traditional civic, and political leadership along with economic development professionals, but also including mega-industries, academics, labour unions, non-profit philanthropies, urban residents and neighbourhood Community Development Corporations (CDC) (Krumholz, 1999).

By firstly identifying all the stakeholders within a locality, the management of their goals and expectations can be effectively done. The reality is that a significant percentage of local authorities (an estimated 50%) are bankrupt or in serious financial straits (Nel, 1998), and most small towns and rural areas simply do not have the available trained personnel to initiate and oversee LED (Ferreira, 1997). This financial mismanagement gives credence to the proposal that all LED structures should be run as non-profit or by NGOs (Nel, 1999).

> ‘Despite the trendiness of postmodern notions of local autonomy and the principle of local independent economic action inherent in the strategy of LED, in most parts of the world the reality is that it still requires significant

degrees of support, facilitation and funding by government' (Nel & Humphrys, 1999, p 279).

The locally run and supported initiatives which need input on a financial basis (as discussed with regards to neo-liberal economics) may be the best manner with which to manage LED, although some stakeholders such as NGOs with a more social agenda may argue that the pure capitalist agenda does not positively affect the poorest of the poor, a large percentage of rural area populations.

It can be argued that there are four variants of LED that are currently in existence in the country (Nel, 1998), namely:

(1) Formal local government initiatives:

These are parallel to traditional Northern thinking and, to a large degree, overlap with government policies on the topic as detailed in its policies.

(2) Community-based/small town initiatives:

These often develop as a result of NGO facilitation and support.

(3) Non-Profit Development Corporations:

A company 'not for gain' that operates to promote local development within a selected spatial area and facilitates relationships.

(4) 'Top-down' LED:

Government, usually, at the provincial level and/or in the form of various national organisations, is attempting to catalyse and support local initiatives.

LED comes about through the mobilisation of local resources by local leaders for the goal of community-advancing economic development (Stohr, 1990). Alternative sources include the private sector and non-governmental/community organisations that may play an important role in some places, although South African policy and law needs to be more assertive in terms of actively encouraging the participation of such agencies in LED. Until this is done, as Stock (1995) has

noted elsewhere in Africa, local development initiatives are 'unlikely to achieve more than small, sporadic victories for the disadvantaged majority' (Nel & Humphrys, 1999, p 285). Nel and Rogerson in 2005 asserted concern over the lack of opportunity being given to the poor through the growth phase that the country was experiencing then. This is even more pronounced now with that growth a thing of distant memory since 2008. This is an issue that LED needs to focus on with sustainable solutions (Nel & Rogerson, 2005). The range of actors has increased, including governments, communities and their organisations, non-governmental organisations and now also private enterprises (Helmsing, 2003).

As an important stakeholder in LED in the developing world, governments are to provide policy and facilitate for the various actors in LED, but not interfere in the processes of development further to this as this creates confusion (Amin, 1998; Helmsing, 2003). National government has devolved responsibility for LED onto local authorities who often do not have the skills or capacity for it (Mosiane, 2000), but key to the sustainability of LED is to include the other actors who may have the skills to assist in creating successful programmes (Abrahams, 2003).

> 'The policy shift which has taken place however, has and could lead to conflicts between legally empowered, but resource-poor, local authorities and other agencies already active in development. This is particularly the case with leadership issues, to the detriment of all role players and local initiatives' (Nel & McQuaid, 2000) (Nel & Binns, 2001, p 360).

The management of these potential conflicts and interactions is vital in order to get an initiative that is endorsed and supported by all segments of the locality, in order to best take advantage of all potential resources and opportunities present in that locality.

5.3.5 Natural resources

The natural resources of a locality are the competitive advantages that are offered by the locality by virtue of its position and surroundings. 'Natural capital represents the environmental attributes of a region and its natural resources' (Hawken et al,

1999) (Carland & Carland, 2004, p 2). The Accelerated and Shared Growth Initiative – South Africa (ASGISA) strategy has outlined sectors that are to be focussed on in the broad basis, as areas that will drive high growth, employment and enterprise development. These areas being: Tourism, Agriculture, Agro-Processing, beneficiation of Resources and Manufacturing (Mitchell, 2009). All of the above activities are the backbones of most small town/rural area economies, within South Africa, to some degree or another. Unfortunately these sectors are generalised across all rural areas within the requirement for IDPs, with no specific focus on SWOT of particular areas according to their particular natural competitive advantage. The core of locally based economic development is 'the emphasis on endogenous development policies using the potential of local human, institutional and physical resources'. (Blakeley, 1989) (Krumholz, 1999, p 83). Some areas may have a very large number of natural resources, which allows them to choose the development paths that they want to follow, others may be very limited, but unless the natural competitive advantages are identified they cannot be exploited, no matter how seemingly insignificant the advantages may seem to be. Helliwell & Putman (2000) have identified natural capital as a distinct differentiator between regional economic performance of different areas (Carland & Carland, 2004).

> 'There is simply no substitute for a thorough, dispassionate classification of physical resources. Resources, both absent and present are a critical component of the economic feasibility of any proposed entrepreneurial projects' (Hindle, 2010, p 621).

5.3.6 Finance

In developing regions where finance is scarce, risks are high and recognition and support for entrepreneurs is low, the access to finance has many obstacles (Dubini, 1989) (Malecki, 1993). Local governments have enough pressure on their budgets without becoming small business finance houses and the scrutiny, business planning and transparency are just some of the operational issues around financing for public monies (Nel & Humphrys, 1999). The National Ministry of Provincial and Local Government Affairs has recently instituted two financial

support measures – namely, the LED Fund to support local government development projects, and the Social Plan Fund to undertake regeneration studies in towns affected by severe job loss (LED News, 1999). Unfortunately the governance and administration of these is controlled by very restrictive policy from an access point of view. With institutional money come restrictions and rules for use, which restrict the use of this finance in a manner that makes it difficult to use in dynamic entrepreneurial ways. Such public sector action carries with it some unattractive implications, the most important of which is the threat to local autonomy of the LED Plan, with local aims likely to become distorted to conform to those of the financing agency.

> ‘Also, it is easy for initiatives to become dependent on public-sector funding which puts them at the mercy of changes in policy and/or reductions in the finance available’ (Nel & Humphrys, 1999, p 280).

Funding via private means is very restricted due to the requirements for security on monies borrowed and interest. Funds used for the public good are not necessarily going to give a specific monetary return, as is the case with many LED projects. If Good Will had a hard currency value, then this would be viable.

> ‘If risk capital is expected to produce extraordinary wealth, it must be accompanied by seven other intangibles, including access to novel ideas, role models, informal forums, region-specific opportunities, safety nets, access to large markets, and executive leadership’ (Venkataraman, 2004, p 162).

In an LED plan the availability of finance, source, direction of potential use, and potential for sustainable use of funds are all critical in developing a strategy for the LED of a locality. Investigating, identifying and applying for the funds that are earmarked for LED interventions is one of the biggest challenges in municipal LED management (Rogerson, 2008).

5.3.7 The Market

The markets within the locality are very important and this relates to the supply and demand sides of the market. How big is the local market, how close to a bigger regional market is the locality? How close are supply input markets? Does the natural resource mix developed above have enough of a pull to open local products to regional/international markets? Does the mix naturally pull in other businesses when the correct infrastructure is present?

> ‘A good local economic development plan is not only realistic, but also places the local community in the context of the broader economic environment, as well as taking into account prevailing socio-political conditions (Abrahams, 2003, p 194).

Creating a market within the locality that is innovative enough to survive the competition in the national but also international market is essential, especially since the 2008 recession when price differentiation is more important to the cash-strapped consumer (Rogerson & Rogerson, 2010).

> ‘It is a paradox of globalisation that the creation of international, interdependent networks and an increased mobility of factors of production and of products have contributed to the enforcement of regional specialisation and the strong interaction of firms in a local economic setting’ (Arzeni & Pelegrini, 1997, p 29).

In particular, LED ‘offers a means to counteract or take advantages of the forces of globalisation by maximising local potentials’ (ILO, 2006) (Rogerson & Rogerson, 2010). Some strategies for LED need to be defensive strategies in order to deal with competition as the markets are still affected by the national and global markets (Helmsing, 2003; Rogerson, 1997). See what happened in France with champagne and what is happening in Germany with certain cheese varietals.

Lyons (2004), like other commentators, observed that rural enterprise development faces “major challenges” due to: insufficient economies of scale; a lack of ‘critical mass’; low supply of business services; lack of capital; and the

domination of primary industry" (Atherton & Hannon, 2006). Therefore understanding the particular demand market within the locality, then the region and then the greater national and international market is critical in order to get maximum benefit out of the strengths and opportunities in a locality when limited finance is available. By understanding the ability of the supply market to service planned interventions, the demand market can be better serviced. Understanding the network of supplies and demand allows for better focussing of strategies.

5.3.8 Opportunity – Entrepreneurial Perception

LED is about creating favourable framework conditions for business, not about running businesses. Running businesses is the task of risk-accepting entrepreneurs. The core idea of LED is to make the risks involved in running a business calculable and to make sure that the market for business ideas can work properly (Meyer-Stamer, 2003).

Perception along with starting capital, entrepreneurial ability and a conducive economic environment create opportunity (Wennekers & Thurik,1999), but the perception of that opportunity depends on an entrepreneur to link all these together. The ability to recognise an opportunity, and the skills to take advantage of it, are scarce (Nel & Humphrys, 1999).

> 'It is a virtual consensus that entrepreneurship revolves around the recognition of opportunities, along with the cognitive decision to commercialise those opportunities by starting a new firm' (Acs & Szerb, 2007, p 112).

Institutional and cultural forces are not only inhibitors in the entrepreneurial mind set (North, 1990), but can be seen as opportunities with the correct understanding and manipulation of the local institutional regime (Young, Peng, Ahlstrom, & Bruton, 2002). These entrepreneurial members of the locality are vital for any LED initiative to take place and the identification of them and the facilitation of their ideas through creating the best possible opportunities and environment for

success will allow them to succeed in creating businesses which kick-start economic activity and vitality.

According to John Hancock, one of the signatories of the United States Declaration of Independence;

> "The more people who own little businesses of their own, the safer our country will be, for the people who have a stake in their country and their community are its best citizens" (Acs & Szerb, 2007).

5.3.9 Location and Infrastructure

In order for the Supply and Demand Markets to be accessible and for the basic development of internal capabilities, the infrastructure within the locality and linking it to the rest of the region is vital. This relates to all levels of infrastructure from power, water, roads, telecommunications, and all other basic services. Municipalities are required to develop Integrated Development Plans (IDPs), first mooted in the 1996 Local Government Transition Act (RSA, 1996). Such a plan is regarded as `the principle planning mechanism which guides and informs all planning and development' (RSA, 2000), including the following:

- The municipality's development vision;
- Its assessment of current needs ;
- Its priorities and objectives;
- Development strategies and spatial and land development frameworks for realising such objectives;
- Operational strategies and financial plans.

Rogerson (1997) again highlights that economic development has become increasingly a localised phenomenon, with significant shifts occurring in the locus of responsibility for development planning from national to sub-regional or local levels. The IDPs, although a very bold attempt at planning, are failing in bringing all aspects together in a sustainable enough way in order to create the development multiplier.

> ‘If rural-urban linkages and links between towns, cities and regions are promoted there could well be significant spin-offs for small town development’ (Nel & Humphrys, 1999, p 286).

Cox and Mair (1988) propose that any firm that is restricted by its ability to link with external markets is forced to rely on the local market, which, if in decline, will mean the firm will be unable to expand.

Previously disadvantaged areas created during Apartheid are especially at risk as they are areas where infrastructure is most direly in need of upgrade (Nel & Binns, (2001), but are also areas most affected by poverty and service delivery issues. These issues do not assist in creating an environment in which SMMEs can develop and grow. (Bond, 2003)

Helmsing, (2003) describes three areas where infrastructure and the management thereof affect economic development:

1. Physical planning and development controls: Urban land markets are rife with distortions and require government regulation. Zoning and other land and building regulations can be important tools if carried out with flexibility and a developmental attitude. Regulations should be simplified, understood and agreed by all parties.
2. Urban planning and design: Economic performance can be improved if commercial centres are upgraded through improving commercial streets and premises, often involving selective land use conversion and higher densities.
3. Infrastructure: Land is more attractive to potential users if it has already been developed or if this can be done at lower cost.

(Helmsing, 2003)

By co-ordinating with local authorities, one of the most important stakeholders, and planning the required infrastructure interventions required through the IDP, with particular focus on LED interventions, the environment for development can

be made as conducive as possible to the establishment of entrepreneurial enterprises.

5.3.10 Place Making of the location

Place making generally refers to marketing, but this is somewhat deeper than just a superficial campaign promoting the area.

> ‘Localities are increasingly thrown onto themselves, to create ‘place prosperity’, to create the right conditions for the economic advancement of its population’ (Helmsing, 2003, p 69)

Place making is the creation of a brand for a particular area, no matter what the particular competitive advantage of the area might be. Rogerson (2008) notes that identification and highlighting of the brand are the starting point for developing potential cluster relationships and investment opportunities for external investors.

> ‘Several variants of “place entrepreneurialism” are recognised with the most important interventions seeking to promote localities as competitive spaces for production activities, consumption-related activities or information processing/knowledge-based activities’ (Rogerson 2006; 2008, p 310).

Tourism/activity related brands, such as The Garden Route and The Midlands Meander locally, come to mind, or maybe a particular agricultural brand such as the Cape Winelands or Ceres Valley fruit and dried fruit. Intensified competition has caused ‘place’ to become of importance in the market (Cox, 1995; Harrison, 1994) (Rogerson, 1997). Predictability, trust, brand loyalties and unique local knowledge assist in creating a comfort for consumers and therefore maintaining the market for the producers (Cox & Mair, 1988) (Rogerson, 1997). By having a brand and a stable demand, innovation can be pursued therefore further enhance the value of the brand (Arzeni & Pelegrini, 1997).

> ‘Thus local effort might focus on developing the supply-base (from skills through to education, innovation and communications) and the institutional

> base (from development agencies to business organisations and autonomous political representation), in order to make particular sites into key staging points or centres of competitive advantage within respective global industrial networks and value chains' (Amin, 1998, p 9).

As discussed in the section on clusters, smokestack chasing is no longer a local economic development strategy that is seen as beneficial, and therefore place making and differentiation are vital in order to succeed in LED. The term 'smokestack chasing' emerged to characterise the most ambitious attempts to 'place-market' a given municipality. Bond (2003), states that smokestack chasing was the first type of place marketing where a certain competitive advantage or industry was lured to a certain locality. This resulted in 'place wars' with the only winners being the businesses being wooed with lower input costs (Rogerson, 1997). Becoming unique by using the natural competitive advantage and differentiation to create an individual brand is better in terms of creating sustainability.

5.3.11 Sustainability of interventions

Until recently the focus of LED within local municipalities was on community projects such as public works programmes and community upliftment initiatives. These are unsustainable without continuous grant and donor funding (Cohen & van der Heijden, 2010). The new developmental role of local government was articulated in the White Paper on Local Government, which stressed that 'the central responsibility of municipalities is to work together with local communities, to find sustainable ways to meet their needs and improve the quality of their lives' (RSA, 1998). Investment in development/business by national and local government is usually either through grants, subsidies or donor funding or into the parastatals owned by government.

> 'All governments have some direct input into local economies through public ownership or equity investment in industries and services, and/or through wealth redistribution and subsidy' (Nel & Humphrys, 1999, p 279).

These investments do not usually pay back this funding and are very often not sustainable without continued funding. The incubation model is a business model that intends making money either through shared services provision at lower cost through economies of scale or through equity in the incubated firms. Successfully mixed through a CBE with the correct inputs from the various stakeholders, a mixed model of CBE Incubation could provide a sustainable manner in which to kick-start a local economy through support entrepreneurship.

> ‘The provision of government help and support for the early stages of LED is made on certain assumptions. The most important of these is that there is local potential for LED to be successful in the places where the initiative is being undertaken and that this potential will be realised to the point of the local economy becoming self-supporting after an initial pump-priming period’ (Nel & Humphrys, 1999, p 280).

There is in the eyes of economists and politicians no doubt that entrepreneurship and GDP and employment growth are linked (Wennekers & Thurik, 1999). Therefore creating incubators as a first step to LED creates direct and indirect employment as well as an increase in general household spending and the opportunity for sustainability from successfully incubated firms (Markley & Mcnamara, 1996) creating the possibility for a domino effect in Economic Development.

5.3.12 Education, Skills and Talents

Declining economies in rural areas in developing regions cause economic upheaval and uncertainty and is worsened by ‘brain drain’ as younger people take their ideas, labour and energy to other areas. Native regions devoid of both the talented workers and business leaders needed to launch new ventures slip inextricably into a vicious cycle that is very difficult to emerge from (Seymour, 2001) (Atherton & Hannon, 2006). This loss of intellectual and youthful entrepreneurial capital robs the localities of the ability to rejuvenate in times of downturn.

Linked inextricably to the other factors, such as Opportunity Perception, Champions, Networks and Partnerships and Regional Culture, Education, Skills and Talents is the vital Social capital in LED.

> ‘Social capital, in this perspective, represents the combined knowledge, cultural assets, skills, competencies and networks of civic society’ (Nelson, 1998) (Carland & Carland, 2004, p 2)

> ‘For enterprises to be successful not only do the political and legal contexts needs to be in place but, in the majority of cases, the participants will need education and training, not least in control systems to ensure long-term sustainability’ (Nel & Humphrys, 1999, p 280).

Implementation of the business side of their products sometimes comes as a challenge to nascent entrepreneurs (Gnyawali and Fogel, 1994) and often the community as an unorganised unit lacks the ability to assist (Bryant, 1989) (Korsching & Allen, 2004). Amin (1998) refers to the potential lack of highly skilled members of rural societies, or at least the lack of champions with these skills may challenge interventions. Most talent leaves a declining economy in search of better markets. Infrastructure, the availability of educational institutions within the locality as well as potential jobs to support a well-educated population all play a very important part in retaining Human Capital. With immigration of talent an easier possibility now than it ever was, creating opportunity in an area allows for the potential to be filled, which is better than no opportunity existing at all.

5.3.13 Networks and partnerships

Small towns and rural centres do not have an abundance of resources, especially rural areas in decline, which means that collaboration and partnership of the available resources is critical (Gibb & Nel, 2007; Abrahams, 2003).

> ‘A locality/region can perform strategic enterprise support functions that cannot easily be done centrally. Local networks must be forged to facilitate

coordination and convergence across the elements' (Helmsing, 2003, p 73).

Amin (1998) describes a successful local economy as 'a composition of networks and collective influences which shape individual action; a highly diversified set of activities owing to the salient influence of culture and context; and subject to path-dependent change due to the contribution of inherited socio-institutional influences.' Partnerships, clusters, networks and collaborations are all important in giving a locality critical mass in order to influence the manner in which local government plans to develop the locality (Abrahams, 2003).

Clustering around the brand or natural competitive advantage is an example of a collaboration that is locally centred. 'Understanding the way in which small businesses (and stakeholders) link or network with others is of particular significance for any discussion of business and locality' (Curran, Rutherfoord & Lloyd-Smith, 2000, p 131). It is argued by Curran et al (2000) that contemporary small business owners operate within restricted networks based closely on the functional requirements of the business and have little time for any speculative networking or non-economic community participation. One of the most developed versions of these arguments is Pyke (1992) who produced the industrial districts thesis, which opposes the above, stressing that the mutual support of economic and non-economic bonds within a locality is vital, fostering interim cooperation and networking. Any networks that can be formed within a locality can promote 'dynamism, innovation and the reproduction of successful practice' (Raco, 1999). The aim of policy-makers in the 'North' has been to develop lateral networks between local producers which enhance local economic competitiveness and embed economic activity in the local area (Raco, 1999), and this is one of the Northern policies that should be followed in developing markets.

Not only are networks advantageous within the localities, but also with outside stakeholders such as 'big business' and government. It is apparent that the corporate sector, either individually or collectively or through partnership arrangements with the public sector, can meaningfully impact on LED (Nel, Hill & Binns, 1997).

The benefits of collaboration and networking horizontally and vertically from within and without the locality are vital in order to create opportunities that economically benefit all (Nel, 1999). Therefore identifying the existing and potential networks within a locality is vital in order to tap into existing networks and potentially enhance them as well as with the inclusion of all the stakeholders, develop new networks. The construction of a model of local development cannot be undertaken without reference to the global context within which the region is situated (Hindle, 2010).

5.3.14 Regional Culture

Wennekers & Thurik (1999) ask a few very pertinent questions which can spark a very large number of research topics related to this subject. How do cultural variables influence the decisions of individuals to start a business, and how do cultural variables interact with economic and technological developments or with policies designed to promote entrepreneurship and what is the role of the educational system in this respect (Wennekers & Thurik, 1999).

Although culture is potentially a very large study on its own with regards to entrepreneurship and entrepreneurial orientation, in developing strategies for LED, some concentration has to be paid into the basic attributes of the regional culture and history so that there are not blinding omissions or inclusions made in strategies which alienate an entire segment of stakeholders to the detriment of the entire attempt at LED. There is also the need to look deeper to see what the impact of culture is on entrepreneurship.

> ‘It is known that cultural values and norms, religion, and educational systems, shape individual and organisational behaviour including entrepreneurship’ (Ahlstrom, Burton & Obloj 2008, p 8).

Amin, (1998) proposes that it is important to know the firm interdependencies and exchange relations and the affects and advantages these may have on local capabilities and networks.

> ‘In this context, it is worth mentioning that the World Bank has, since the mid-1990s, popularised the concept of social capital, which is taken to mean the networks, bonds of trust and reciprocity and other intangible elements of social cohesion within local communities, as important to the success of local development efforts’ (Simon, 2003, p 140).

Community cultural dimensions within communities are not straightforward, (Wennekers & Thurik, 1999) and in South Africa with its rich, divisive history this is even more pronounced (Simon, 2003). This must be taken into account when developing LED Plans as well as managing the stakeholders, champions, networks and partnerships and the market as a whole.

> ‘Exploration in the specific field of indigenous entrepreneurship revealed that when community context is sensitively incorporated into the design and execution of entrepreneurial initiatives, the results can be a win-win situation: a strengthening of the community’s traditional aspirations simultaneously with the application of innovative business venturing, to create new value for a range of community stakeholders’ (Hindle, 2010, p 617).

> ‘Locally specific attributes, shortcomings, and histories all play a part in defining the future potential of a regional economy. (Sweeney, 1987) (Malecki, 1993, p 122)

5.4 Discussion pertaining to Proposition 2

Based on the principles of geographical economics, incubation, planning theory and local economic development theory create a set of questions based on environmental conditions which inform the actions required, in local economies, to allow for a clearer understanding of the specific environment in which entrepreneurship and development can thrive.

5.4.1 Questionnaire

5.4.1.1 PEST Analysis

The answers to the questionnaire are proposed to form an extended and rural economy specific, Political, Economic, Social and Technological (PEST) Analysis type tool which, together with a Strength/Weakness/Opportunity/Threat (SWOT) Analysis Tool can be used to inform relevant parties of the factors and influences which may be exerted on any attempted LED intervention in any specific area. Planning is essential in LED success and information is vital in order to plan correctly.

> 'The constituents of PEST can be considered as macro-environmental factors and its usefulness lies in the assumption that the success of a particular organisation or management solution cannot be understood without having the information relevant to the specific business environment' (Buchanan & Gibb, 1998) (Peng & Nunes, 2007, p 230).

According to Ward and Rivani (2005), PEST analysis assumes that specific external and indirect circumstances, which characterise the business environment, are able to influence organisational capacity to produce value. Hence, PEST analysis provides a "satellite view" to assess the external environment (Ward and Rivani, 2005) (Peng & Nunes, 2007). This paper proposes to develop an expanded PEST tool, from established theory, to analyse local economies in South Africa and environmental factors influencing economic development in rural settings. By identifying the influencing factors, the causes, impacts, probability of occurrence and frequency of occurrence of identified risk events can be managed better. PEST analysis allows for the development of an understanding of the regions current context in terms of political, economic, social and technological dimensions (Peng & Nunes, 2007).

> However, 'PEST is far from being a precise and clearly circumscribed analysis framework. There are an almost unlimited number of variables that may emerge from each dimension. Therefore there is the need to prioritise

> those variables that have highest impact on the industry, sector, or country being studied' (Peng & Nunes, 2007, p 230).

Nel (1999) sums up the specific issues involved in rural economies in South Africa highlighting the need for a PEST-type tool that is focussed on the specialised environmental and social factors that are present in South Africa.

> 'The frequent loss of a town's economic base, its lack of appeal to external investors and the near-absence of any meaningful state development assistance for LED initiatives in South Africa are obvious causes. To this must be added the out-migration of skilled people, the frequent absence of economically minded local leaders and very high levels of disempowerment in communities devastated by decades of apartheid-induced discrimination, deprivation and denied opportunities' (Nel, 1999, p 1017).

This paper has proposed the use of PEST analysis as a tool to identify narrower contexts and focus developmental actions around feasible and meaningful business/entrepreneurial and planning contexts specific to each locality. This approach will help to develop a profound understanding of both the generic and the specific contexts. Business environment could be defined as all relevant physical and social factors outside an organisation that are considered into the decision-making process (Duncan, 1972).

> 'A PEST analysis is used to help the researcher refine and focus the business context, by defining a set of environmental factors to test, within a study' (Peng & Nunes, 2007, p 231).

5.4.1.2 Proposed Rural Community Development Questionnaire

Unlike the Sugden, Wei & Wilson (2005) Framework, the following questions can be applied to local economies either currently attempting LED strategies or planning to engage in LED. They are designed so as to elicit information for the average LED Programme manager or CBE manager whose background is not wholly research based.

> ‘The importance of undertaking economic research to identify competitive advantage is a strong theme that runs across DPLG LED profiles for 2005–2007 with many DMs (Development Managers) criticised for failing to recognise or capitalise on their competitive advantage’ (Rogerson, 2008, p 318).

The answers will give direction and structure to the factors required for focus when planning LED interventions in that specific locality. Also by identifying the potential risks and highlighting possible future risks, the premise is that interventions will have a better chance of success.

1. **Policy**
    - *Outline the various policies/policy documents that have an affect on this particular locality. Take particular note on land ownership, business creation and municipal governance factors.*
    - *How can these policies be used to influence positive development in the locality?*
    - *What policies/statutory requirements have a negative effect on this development and how can this be mitigated?*

The impact of policy has been established in theory and literature above, but by asking the above questions an attempt is made to focus the respondent on actually studying and identifying the policy which could impact development in the locality. There is such a plethora policy documents that there are some that may be taken advantage of, especially related to potential interventions in the specific locality in question.

2. **Champions**
    - *Identify the community champions, if any, or potential champions helping to drive the LED process or any community-based entrepreneurial initiative?*
    - *How do the champions facilitate and communicate with the community?*
    - *Within how many stakeholder groups do the champions have influence?*
    - *Do the champions identified have any relationships amongst one another?*

By identifying and getting acceptance from champions of a community, half the battle for community involvement is achieved. The more influence the champions have, the larger the percentage of the community that can be included in the interventions.

3. Stakeholders

- *Identify the stakeholder groups within the community.*
- *What are the links between the various stakeholders? Potential negative links?*
- *Which stakeholders have influence from external of the locality? i.e. Non-locally based stakeholders.*
- *What are the goals of the external stakeholders?*
- *What are the goals of the internal stakeholders?*

Stakeholders have influence in the success of any activities in LED and by identifying them and their goals, planning and action can be altered in order to ensure that there are no negative actions from important stakeholders that could jeopardise success.

4. Natural resources

- *Does the region have any defining environmental assets/natural competitive advantage?*
- *Are/is the asset/s being used as a means of Economic Development?*
- *Is the infrastructure for exploitation of the natural asset in place?*
- *How can the assets be linked in order to maximise the potential of the natural competitive advantage?*
- *Which stakeholders, networks or partnerships own the resources?*

Natural resources are the basis from which catalytic development projects can be based and so identifying them and their scope, and the potential there is to harness them, is vital in order to develop projects that may form the basis of a developmental multiplier effect.

5. **Finance**

- *What type of finance is there access to? Private/public/donor?*
- *What are the constraints to accessing this finance for institutions, companies and individuals?*
- *What restrictions come with each type of accessible finance?*

Access to finance is vital in order to allow for not only development on a large scale through catalytic and state-supported projects, but also for smaller entrepreneurs to develop alongside the catalytic developments.

6. **The Market**

- *Is there pre-existing customer interest in the area that could be built on?*
- *Is the market's impression generally positive or negative? Why?*
- *Is the catchment for the demand market local or external? External to the locality, to the region or to the country?*
- *How is information gathered on the demand market and its preferences?*
- *Ask the above to any newly identified natural asset. Is there a potential new demand market unexploited?*

The market spans both outward and inward markets, but basically covers the customers who either come into the local community and spend money on goods and services within the community, or those outside the community who demand the goods produced within the community. Without demand there is no need for a supply.

7. **Opportunity**

- *If the natural competitive advantage is not being fully exploited, what measures can be implemented to open new opportunities? Relate to the IDP already in place.*
- *What aspects of the current land/use mix can be improved upon to compound value from them? (Multiplier Effect)*

Natural resources, finance and the market together create the opportunity and it is important to know whether the opportunity exists, in what form and whether the resources within the community can take advantage of this opportunity.

8. Location and Infrastructure

- *What needs to be improved to open access to the natural competitive advantage? Relate to the IDP already in place.*
- *What needs to be improved to allow better supply market activity?*
- *How can infrastructure not allowed for in the IDP be supplied through networks and partnerships?*

The basis of creating opportunity for development is basic access and services and these need to be identified so that planning can take into account the large-scale requirement or impediments to development, which take the most time to solve and should be part of the IDP.

9. Place Making

- *Does the area have an accepted/locally agreed brand/ identity on which to focus planning?*
- *Does the area have an agreed theme on which to focus production? Food or wine or arts and crafts, etc.*
- *Do the brand and theme relate to one or any of the natural competitive advantages?*
- *Are the natural resources all linked in order to create the brand/theme?*
- *Does the demand market identify with the brand and theme?*

The demand for goods and services is created faster if there is a brand or name already established with the locality. If there is not a brand identifying the strengths and advantages of the locality, this needs to be created or the strengths of the locality must be shaped to create a natural brand.

10. Sustainability

- *What is the position of the following within their development cycle, under-developed, managed or near exhaustion?*
  - *Natural resources*
  - *The Brand*
  - *The Theme*
- *What strategies are in place for the future if the natural competitive advantage is exhaustible?*
- *What services are available or required, i.e. Incubators or Business Development Services, to assist new businesses become self-sustainable?*

Any entity can keep operating inefficiently with continuous external support. The ability for interventions to become sustainable after incubation or development is vital in order to ensure efficiency and also allow support to be moved to other areas in order to create opportunity there. The Development Multiplier effect can begin.

11. Education, Skills and Talents

- *What is the education level average for the locality?*
- *Does the IDP allow for an improvement in the provision for education?*
- *What resources are available for informal education/apprenticeship programmes?*
- *What other resources are available for further education?*
- *Where is the closest resource pool from which to draw talent?*

Human capital is vital for the success of Local Economic Development, and human capital that has an association with the particular locality has a better understanding of the locality and incentive to create a better environment.

12. Networks and partnerships

- *Identify all the formal and informal networks in business and government in the locality.*
- *Can any partnerships (eg.PPP) be formed in the current locality through Community Based Enterprise mediation for the benefit of the entire community?*

- *What external entities can be brought in to partner/network with local entities in order to create value for both parties?*

Networks create value on an exponential basis due to their ability to join resources in a mutually beneficial way faster and more effectively then if the linkages occurred passively.

13. Regional Culture

- *Are there any historical events within the community that might influence behaviour of some networks, partnerships and stakeholders?*
- *What is the basic demographic profile of the locality?*
- *Are networks and partnerships based on demographics alone?*

Community and inter-community actions and reactions can sometimes be shaped by major events, disasters or historical and political issues. These need to be added to the thinking when planning interventions, in order to ensure that actions taken do not insult or alienate sections of the community, therefore ensuring that there will be very limited cooperation from that section of the community.

5.5 Discussion related to Proposition 3

An electronic survey was sent out to a select group of LED Practitioners in the LED/Development Economics field in order the gauge their opinion on the relevance of the factors used in developing the instrument. The results of these opinions are shown in the tables that follow. The survey presented the 13 factors in their contexts with regards to LED, established above, and asked respondents to score the factors on a 10-point scale on importance of each factor to LED. Summarised results are shown below and the full data in Appendix C. A smaller group of LED stakeholders was then issued with the actual PEST-type questionnaire as presented in this research and given the opportunity to give in-depth feedback on its usability and relevance. There were 29 responses out of 100 approaches to the survey and 6 responses out of 10 to the more detailed PEST tool enquiry. Within the detailed responses, as well as some of the surveys

there were comments given for each of the factors. These have been presented in Chapter 4 and the relevance of them will be discussed here.

5.5.1 Champions

With a Mean of 8.89 and a frequency of scores above 7 of 33/35, this particular factor is considered to be critical to LED process. The frequency is indicative that most (94%) of the respondents gave this factor a score of above 7. This indicates that not only is it rated highly, but also that many respondents considered this the case as well.

The comments are supportive of this by mentioning in no uncertain terms the importance of this factor, with close ties being connected to networking and stakeholders within communities, governmental institutions and the private sector.

- On champions – Political, tribal and business leaders working together;
- Business leaders and entrepreneurial activists;
- Communication facilitation by networking the whole spectrum of society;
- Single stakeholder with multiple network influence with positive crosspollination of influence;
- Type of champion depends on the dynamics of the area;
- Champions are critical for LED. (9)
- Crucial (10)
- I truly agree with this statement. (10)
- Firstly, the municipalities should establish well-equipped LED units as a co-ordinating structure with the staff that is conversant with economics in general, convening regular LED forums to solicit contributions to the drafting of clear LED strategy which will be owned and honoured by ward councillors, private sector (guided by their charters in different sectors of the economy), community structures involved in businesses or with interests in different kind of projects, government agencies as well as the recognized traditional leadership in the area. (10)
- Role models are important. (8)

- As long as the champions are not primarily self-interested. (10)
- Without a strong local champion who is respected by the community development projects do not 'fly'. The personality of the champion is essential for getting people on board and for maintaining commitment to the long-term goals of the project. (10)

5.5.2 Stakeholders

Mean: 8.97

Frequency: 34/35

Clearly the most important of the factors as rated by the respondents with almost all respondents giving the factor a score above 7 and an average score well above this threshold, with 8.97 out of a possible 10.

The comments surrounding this factor tend to expand it a little further by not only highlighting the importance of the identifying of the stakeholders but also the critical importance of how they are managed and through which authority this management can be achieved. This is especially highlighted with regards to stakeholders with political power or goals.

- On stakeholder management – Conflict can develop between all these groups at any time, especially with local politics.
- Stakeholders – Understanding the influence stakeholders have is vital as there may be political stakes that can cause derailment of efforts.
- All of these are important but one needs to stick to business principals and the rest add value where they feel they will benefit.
- There will always be tension between the different role players especially if there is money (grant funding) involved. Political completion is your killer.
- Political stakeholders are important influencers from outside political control gets votes.
- Other stakeholders become locals as soon as they invest in the area.
- Goals of internal stakeholders – LED, jobs, business opportunities.

- All of the mentioned stakeholder groups (including government).
- Negative stakeholder relationships – Labour and business if they are not willing to compromise.
- Internal stakeholder goals – To see their area grow both economically and socially (jobs, skills, competitiveness).
- LED can work without broad collaboration – in fact it most often is inhibited by a requirement of broad collaboration. (5)
- It's all about relationships. (9)
- LED strategy which all the relevant stakeholders own can also manage their interactions successfully. Identification of the relevant stakeholders is important. (10)
- Understanding them yes. Management of them absolutely crucial. But how the manager gets authority is the crucial factor. (10)
- Understanding different stakeholders is very important to getting 'buy-in' to the project as well as minimising conflict within the community and between stakeholders. Without a proper understanding of all role players project come unstuck on small problems that grow into big hairy dramas. (8)
- On political stakeholder influence – politics wields the most control.
- On Stakeholder Goals – political ambitions through votes.

5.5.3 Natural Resources

Mean: 8.2

Frequency: 28/35

With a solid average of over 8 as well as a well-supported frequency of 80%, this factor is well within the constraints to be considered an important factor in the opinions of the respondents.

Although the numbers show a positive trend, from the comments it is clear that there is either some hesitation to give this factor an easy entrance into the list of important factors. The two themes that become evident in the responses are that firstly, economic development and a well-endowed natural environment are not to

be made synonymous but that the natural endowments are a bonus. Secondly, that access to (ownership) and development of the infrastructure around the resources is also critical in order to take advantage of it. This links back closely to stakeholders and who can unlock the above access and development. The management of these natural endowments is also highlighted by asking:

'How much competition can the area withstand in terms of the natural resources before competition becomes cannibalistic?'

- Natural resources – Governed by supply and demand. Is the natural resource exclusive, the more exclusive the better the competitive advantage? How much competition can the area withstand in terms of the natural resource before competition become cannibalistic?
- They are very important, it's difficult to develop from nothing
- Catalytic infrastructure must be identified.
- Identification of stakeholder holding control of resources essential
- A few influential stakeholders own most of the resources
- Resource ownership – It is context specific; all stakeholders are owners in some. In tribal authority owned land it would be community ownership, for example.
- Comparative advantage represents the natural endowment of a locality. Competitive advantage represents the means by which this is deployed to achieve the LED objectives of that locality. One can have natural endowment that does not result in LED. (3)
- It helps but is not necessary; lack of "natural competitive advantage" can be overcome. (5)
- It is important to undertake a study of economic opportunities in the area, quantify them and create an access and prepare the local communities, starting with natural resources. (10)
- It is important – providing the base. But the ability to mobilise resources and people is crucial in order to actually utilise those natural resources. (6)
- The natural resources available can make or break a LED project. LED works on the back of trade in tourism or hunting or holidaying. By bringing

the market to the people, these activities make it possible to develop a rural area. So the natural resources have to be what the public/market wants to draw people to that area. (10)

5.5.4 Finance

Mean: 8.11

Frequency: 28/35

With a mean and frequency close to those of the above factor and over 80%, finance as a factor influencing LED is certainly one to be considered important in the opinions of the respondents. Many aspects of finance are highlighted in the comments, including the management and use of finance, source and accessibility of development funds and even private loans for entrepreneurship. The crux seems to be that access to finance will be better when it is used properly and responsibly, giving rise to confidence.

- On LED Funding – Funding is needed for consultations with the community and to do basic research.
- Finance – The source of the finance is vital. Rather external finance for development of assets than internal finance. Otherwise finance within the community is just changing hands internally and not growing. Internal funding must be kept for set-up purposes for inviting external funding.
- Sources of finance need to be identified and used according to the needs of the development
- No track record, therefore no credit history.
- Lack of good reliable accounting and audit services as well as lack of transparency.
- Type of finance depends on what needs to be done. The government, for productive purposes, prefers risk and cost-sharing rather than 100% grants or donor funding. It funds permit, private funds show confidence in the venture.

- Constraints to accessing finance come down to the lack of showing or proving that markets exist for products that require funding.
- Restrictions to finance – If its government funding, we require jobs to be created, we need partnerships that will empower previously disadvantaged individuals or skill them in scarce sectors.
- Skills are also important, it is no use giving finance to people who do not have the ability to carry out, manage a project or grow an idea. Also, finance is important when you have a feasible idea/innovation/intervention. (8)
- In my view finance is not the catalyst but at some stage becomes an enabler. (4)
- Most projects are not realised because of no funding. (10)
- Although this still remain a serious challenge for small businesses to secure funding for start-ups, business growth and development, funding is the bone of contention for all types of business. (10)
- The issue is affordable finance too, and then how that finance is utilised. (8)
- Access to finance is important mainly for small role players who have no access to the market for their craft and need to expand their operations to be more than a survivalist enterprise and to make products that are competitive in the market in which they find themselves. However, no matter how much money you throw at people, if the other elements of the project such as co-operation between stakeholders, an active consumer market for the products of the stakeholders and a strong local champion do not exist, the project cannot work. (6)

5.5.5 The Market

Mean: 8.7

Frequency: 33/35

Mean and frequency show a high acceptance of the importance of this factor in LED, despite some comments and interviews showing a lack of full understanding of the economic concepts that this factor is based on. The scale and stakeholders in the markets seem to distract some respondents when the intention was to base the assumptions wholly of the precepts of supply and demand in the market in order to avoid exactly that type of bias. Most other observations were based on market trends and demands which link to the demand market but not directly to the supply side. Potentially this factor can be split in order to allow for an easier description and split between supply and demand.

The Market - The internal market only leads to organic growth, creating external demand for goods and services critical for development.

- Look at what is being done successfully and see if market can take more of the same, then look for more.
- Assess the market's perception of the locality and then change perception, if possible.
- Market research required to assess the demand and market opportunities.
- There is usually a lack of a source of reliable information (most are estimates) in determining the markets impression of the locality.
- The catchment of the demand market could be internal or external (export) depending on the product produced.
- Information about the market can obtained from DEDT Quarterly performance sector reports.
- LED is about enabling environment, access to markets is often external to LM influence. This is a difficult question to answer as markets are always important for absorption of products and skills but this is not necessary within the ambit of LED... (5)
- The issue is the difference between LED (local markets) and possibly even municipal procurement and ED, which is broader and arguably more influenced by market dynamics. (7)
- It is very important to conduct a market research, target market and be prepared to compete. (10)

- It is essential to know what the local and regional and even international market is for a locale where LED will take place. It is only by selling the goods and products made available that LED can work. The LED project should be tailor-made to fit the current market and aim to grow in sync with the market as it broadens and deepens in response to additional attractions offered by LED projects and products. (10)

5.5.6 Entrepreneurial Orientation/Opportunity

Mean: 8.3

Frequency: 29/35

Despite the high scoring of this factor, the understanding of the meaning of this factor was concerning. Despite the concern there was an indication that, with the description of its context in the survey question, the respondents did understand the context and meaning. The comments, although fairly limited, show this, with opportunity recognition (non-recognition) being a key theme as well as entrepreneurial environment and how conducive an area is perceived by entrepreneurs.

- Make the broader public aware for the potential of the area for business.
- Not a pre-condition, can be learned by starting an LED strategy.
- The future belongs to those who see possibilities before they become obvious. (10)
- This should involve a wide range of trainings including mentorship and incumbency programmes. (10)
- Apartheid destroyed or undermined initiative of individuals. Bringing that back but in an environment that does not develop a "development on a tray" attitude is important. (10)
- Really all LED is dependent on entrepreneurial activity by the community. They need to recognise the value of what they produce and offer to their market and be able to generate business opportunities as conditions shift in their immediate environment. (10)

- Opportunity – If opportunity is recognised by the LED process then it is too late, entrepreneurs should have recognised it already. Development of opportunities is a vital aspect of LED though. Creating a loss-leading catalytic project is the role of LED.

5.5.7 Location and Infrastructure

Mean: 8.3

Frequency: 31/35

High scores hide some intense debates that occurred on this factor surrounding whether location and infrastructure should be in the same factor or whether location shouldn't be under place making or natural resources. There was also the view that some 'places' are given a better competitive advantage by having restricted infrastructure and access. Generally though, the need for infrastructure and access/location with regards to infrastructure was supported, but provision required on an IDP level rather than an LED Level.

- Location and Infrastructure - Location should move to place making as location is vital but infrastructure is not. Amount of infrastructure to the natural competitive advantage could be a competitive advantage in itself.
- Lobby for infrastructure spend vital through IDP.
- This section should look at both basic and economic infrastructure that give a locality an advantage in terms of ease of access and means of production.
- The issue is LED vs. ED infrastructure may be important to ED but arguably less so to LED where a lack of infrastructure can protect otherwise less-competitive local enterprises. (6)
- Economic growth cannot be realised without adequate infrastructure. (10)
- Alternatives can be found if necessary. It does make it easier. (7)
- LED can occur without comprehensive infrastructure availability if the products and services offered at that locale take this into account, i.e. no hi-tech computer project in an extremely remote rural area but yes to an

adventure tourism project that will provide for an authentic rural experience incorporating the lack of services into the product, i.e. use local forms of energy production or green forms. Use local sewage disposal along green lines, etc. (7)

5.5.8 Place Making

Mean: 7.97

Frequency: 28/35

Strong numbers again hide some strong opinions in the in-depth interviews with regards to the value proposition of branding an area and its influence on LED at a grass-roots level. This is due to the importance put on branding by the higher-profile consumer rather than the general public as a whole. Despite the concerns, a general consensus, shown by the numbers, is in agreement that in creating a strong brand, with regards to an area, at least differentiates products from the competition.

- Place making – The location is essential but the brand needs to be very recognisable. Importance of the brand depends on the land-use mix of the particular area.
- Branding is less of an issue than the value proposition that underpins the sentiment of existing or potential investors. (5)
- Branding of both business and product or service is important as well as effective marketing mix. (10)
- For certain products this is absolutely crucial. For others it is less important. (8)
- The more catchy and inclusive the brand the better the area becomes known for what it is offering. The markets that are attracted to the LED project in an area is what makes the LED work. (10)

5.5.9 Sustainability

Mean: 8.83

Frequency: 31/35

Sustainability in the broader environment is a popular concept but the context of it in this survey had to be defined quite tightly to avoid confusion. The ability of enterprises to become self-sustainable is clearly a very important factor to the respondents with it attaining the 3rd highest mean out of all 13 factors. Despite this, the factors frequency was lower than some factors, which had lower means which indicates a lower overall acceptance. Despite this enough support is evident to deem this factor very relevant. The comments given by respondents are mostly focussed towards how sustainability is achieved with Business Development Services and Education being cited as important.

- Education required for sustainability
- LED and sustainability are not interdependent. There are cases where unsustainable activities will be happily cross-subsidised if the subsidy creates leverage. The concept of social enterprise is entrenched in many societies but only emerging in South Africa. (5)
- Mentorship and other after funding support can lead to sustainability. (10)
- Projects don't work. (10)
- There is no point in doing LED if the project collapses once external support ends. The entire project must be built on the basis that it becomes self-supporting and independent at the end of the project. This means up-skilling people in attitudes towards themselves, their community and their lives – not just in a practical skill. They must be able to plan and act for their future. (10)

5.5.10 Policy

Mean: 7.74

Frequency: 27/35

Results for this factor were surprisingly low, especially considering the state of apathy that can be created by the current legislative regime in South Africa. Although still scoring a high enough mean to keep the factor relevant, its ranking as the 2nd lowest is unexpected. The comments and concerns raised seemed to highlight the reason for its low ranking. There seems to be an inverse attitude to scoring, with many scoring this factor low due to how badly it affects development and progress rather than judging it as a factor with regards to it importance without a negative or positive connotation. Maybe better framing of the position is required. Much of the comment reflect the above and also highlight policy and politics as being very symbiotic and therefore bring this factor closer to the stakeholders factor.

- Role of the local and district authorities to be highlighted.
- Role of DLPG to be highlighted.
- On policy documents – The ability of the municipality to develop a good pro-development relationship with local business and the community.
- On Land Tenure – Tribal land tenure PTOs do not provide security of tenure for investors.
- Policy – Too much policy for development through entrepreneurship as ‘red tape’ and labour laws restrict business formation and expansion. Entrepreneurial spirit broken.
- Need to look at Ngwenama Trust Act in KZN.
- LED plan must be far reaching and anticipate future development so as to not slow the process of development up. Often things not in the current LED Policy will not get support from provincial or national government.
- ESTA Act 1996 can be used in a positive way if funds are able to be leveraged to get security of tenure for people making sure the result is a sustainable development.

- Include the new 2013-2018 LED Framework, NDP, IPAP.
- When planning for LED, it is important to cross check with current policies what has been seen as an opportunity for the locality. There are lots of available funds that respond to the identified opportunities.
- It is fair to ask for fair and just labour costs/charges. However, productivity and the skill of the worker should be considered and have somehow being neglected so business is suffering since they are not getting the responsive production levels desired.
- Policy is NB, but more NB is having support aligned at all levels of government for the policy. LMs and DMs are at the very bottom of the pile. (9)
- Policy only can impact on formal business – informal/survivalist business is widespread and in fact grows under increased policy. The value of informal business is important to LED but not to the tax authorities. (6)
- Procurement policies are still not designed to empower the small and disadvantaged businesses. (10)
- Political, legal and economic factors strongly impact on LED projects and can affect their success dramatically. True LED can only exist if government and private sector share the values of sustainability, education and economic growth in the community. (8)
- If policy doesn't assist, creative entrepreneurs can find ways around the problem. Good supportive policy and create an enabling environment. It is always important to clarify the unintended impacts of policy. (8)

5.5.11 Education, Skills and Talents

Mean: 8.43

Frequency: 31/35

As expected in a country with a highly publicised education crisis, this factor was considered important, which is a good sign. Recognition that education is vital for development is encouraging. A frequency of 100% would have been better but

following on from the comments it is clear that some believe that the three aspects should be split. This may require a renaming of this factor to Human Capital going forward. The theme of the types of skills required is very strongly evident in the comments – skills that are relevant to economic development and relevant industries are vital.

- Skills can be developed and enhanced. (7)
- It would be a mistake to directly link education to skills and talent. Creating space for talent to surface is more important than education, but the combination makes success more likely. (6)
- Important but can be improved over time.
- Investment in skills development to provide skills that are relevant to the economic opportunities is very important as well as the availability of training and academic institutions. (10)
- Very important, but these can be built in carefully worked out situations. (8)
- Human and social capital is always rich – what is important is to find the usefulness of the human capital that does exist. To help the community find value in themselves and their own talents and ideas will automatically result in a better project. (6)
- Mostly technical skills that are required by industries
- For informal education programmes, some are provided by SETA other by Cooperative Development programmes
- Available social capital is relevant to the needs of the industry within the locality. I am including this because we have seen many places that have mismatched skills and opportunities that end up not serving either people or businesses.

5.5.12 Networks and Partnerships

Mean: 8.71

Frequency: 33/35

With high mean and frequency, as well as very positive comments highlights, this is an important factor in the opinion of the respondents. Parallels are drawn to champions and stakeholders as well as partnerships being a substitute for human capital if unavailable in the short term.

- Critical, LED is a partnership between local government and business and social spheres. (10)
- This is the critical success factor! (10)
- When lack of HC (Human Capital), networks and partnerships can be a substitute. (10)
- Networking and partnership between well-developed business and SMMEs is important. (10)
- Crucial. Particularly between capable and non-capable people. (10)
- Yes and no. The Bulungula project was developed mainly by a private landowner and co-workers. http://www.bulungula.com/. The co-operation with the local community was thorough but there were no great number of stakeholders involved. In other situations where LED is taking place in a more populous or urban area, stakeholders are more diverse and have more impact on the project. (9)

5.5.13 Regional Culture

Mean: 7.23

Frequency: 23/35

This factor received the least support, although still within the relevant category. A sense that the factor is not entirely understood is gained through the comments as they describe varying cultural attitudes and stereotypes, which was not the aim of the factor's generation. The factor was generated to allow for some social historical context to be added to planning rather than culture, specifically due to the complex and objective view that affects culture. Better casing of the factor will be required in the questionnaire in order to ensure tighter responses.

- Political independence of the process as far as possible will make it survive changes in political support in area and encourage people across the political spectrum to do business with each other.
- How critical is the regional populations psyche to implementing an LED strategy…? Very loaded for a 1-10 score.
- Culture is all in the consideration and sensitivity factors. It is only a major issue if there is total ignorance of local custom and traditions. (5)
- The "Tall Poppy Syndrome" and solidarity are probably the constraint. (8)
- Preferential procurement in terms of the points system should be practiced in reality, monitored and enforced. (10)
- This is important. Where people have been co-opted, compromised, have been encouraged with entitlement to development attitudes – one can expect difficulties in encouraging entrepreneurship. (9)
- It is very important that a culture allows for change and growth – and a positive culture in this regard will allow for much more successful LED than a culture that confines and restricts its people. (9)

5.6 Discussion of Statistics

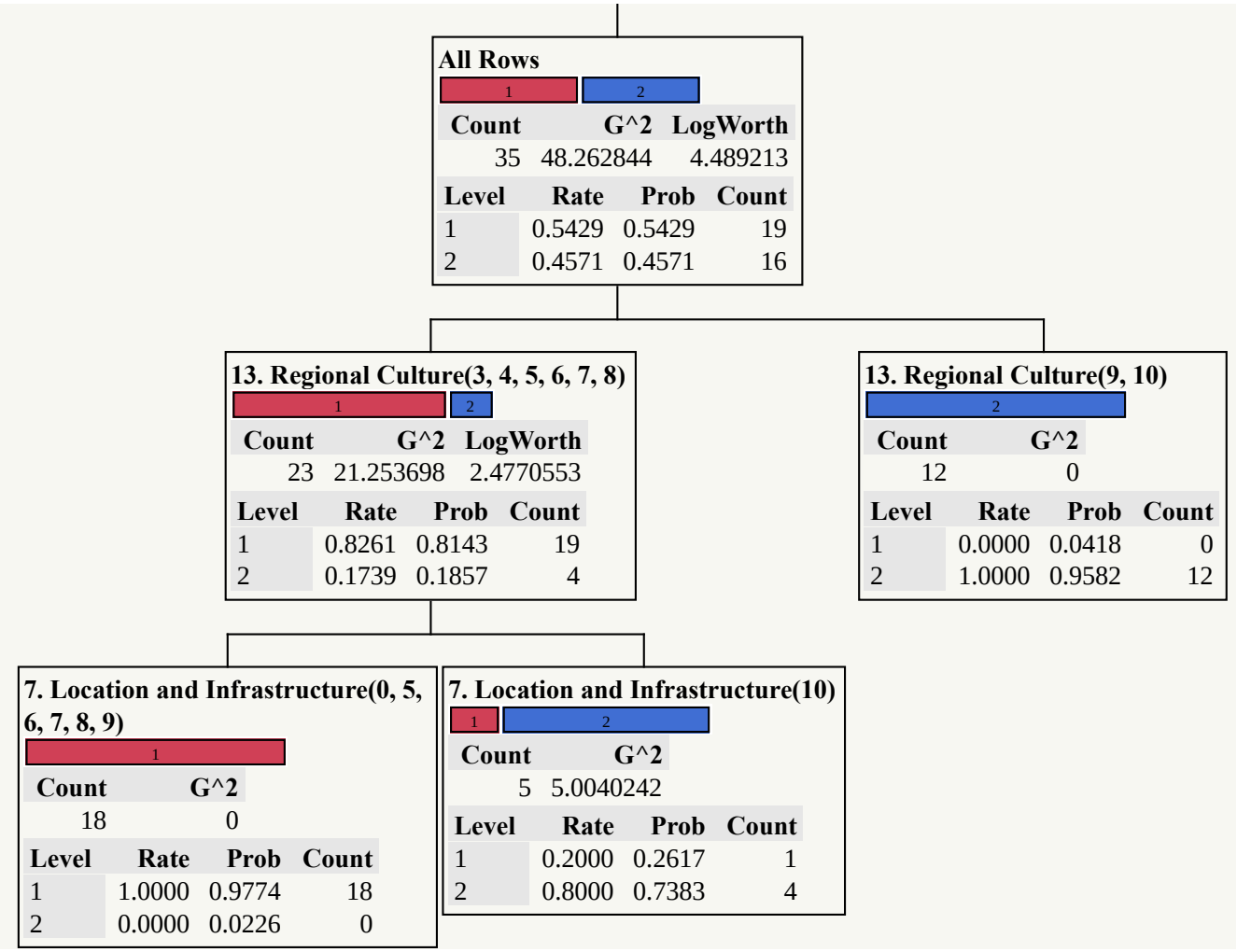
Mean scores of all the factors developed and tested showed that all lay above the lower limitation of 7, set in the beginning of the analysis by the researcher. This shows that, at least for proposition 3, the LED Practitioners have agreed, on average, that each of the factors are relevant within LED in Developing Economies within the context of the study. Validation of the factors in turn validates the manner in which the factors were developed in Proposition 1 and 2.

From the results of the Wilcoxon Test it can clearly be determined that real significance only lay between the sectors for one factor and this is Networks and Partnerships, although Natural Resources was very close to significant being 0.0021 off the mark. With a mean of 8,71 overall and both sectors scoring the factor above 8 on average, the meaning of this significance was not immediately clear.

The results of the cluster analysis clearly identified two clusters of respondents, average high responses all the way through and average low responses all the way through over the entire 13 factors. (It must be noted that average low factors in the above description does not mean lower on the relevance scale, just lower grouping of scores.) In returning to the tables that outline which of the respondents belonged in which sector, it indicated that those in the Government/Municipal Sector on average belonged to Cluster 2 with higher responses. This potentially indicates that these people, who deal with LED interventions often directly, identified strongly with the factors, more than those in high-level planning and strategic positions in the Economics and Planning sector.

Looking at the relationship tree between the two factors with the biggest variances from the two clusters, Regional Culture and Locations and Infrastructure, it could be suggested that the reason that Cluster 2 has higher rankings on both these factors over Cluster 1 is again the nature of the environment in which the respondents work, as with the significance in the Wilcoxon Test above, with those in the municipality directly affected by both factors on potentially a daily basis whereby this may not be so for the more removed members within the Planning sector. The context within which each expert comes to experience LED in the local space will naturally have an effect on the way they judge certain projects and assign importance to certain factors. Although regional; culture plays a part in the psychology of LED, specific psychology of LED Practitioners and participants is far outside the scope of this investigation.

Due to the limitations discussed previously, it must be reiterated that these are purely potential indications for discussion purposes and cannot be assumed to be fact or even propositions.



5.6.1 Graph 3: Relationship Tree

5.7 The Framework Proposed

What are the factors affecting Rural Economies and how do they influence Local Economic Development and Entrepreneurial activity in South African rural economies?

The context, within which the information can be used, from a theoretical standpoint, is discussed below by inserting the above model amongst other recognised frameworks within the development process. According to Blakeley (1989), the local economic development process is broken into a number of tasks. These include:

- Data gathering and analysis;
- Selecting local development goals;
- Strategies and criteria;
- Selecting local development projects;

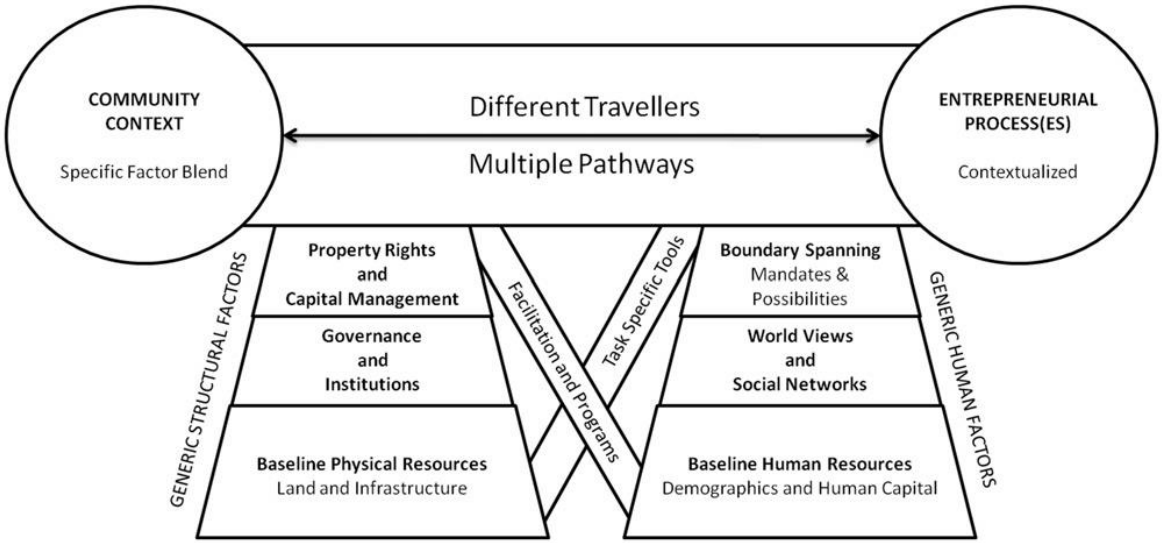
- Building action plans and analysing financial alternatives;
- Specifying feasibility and project details;
- Preparing the overall development plan;
- Scheduling its implication.

(Krumholz, 1999)

The Coffey and Polese (1985) Model of Local Development argues that accumulated local knowledge, values, experiences and resources are significant factors in the formation of new firms (Malecki, 1993). Therefore local knowledge and input are vital for a model suited to its environment. The proposed framework fits between the models developed by Sankaran Venkataraman in the paper Regional Transformation through technological entrepreneurship, Journal of Business Venturing, 19 (2004) 153 – 167, the Virtuous vs. the Vicious Cycles, and by taking all the various influences on Regional/Rural/Local Economic Development which have been outlined, and focussed not only on small localities, but also specifically on South Africa with the unique set of circumstances which affect economic development. 'Sound legal systems, capital markets, and other structural features are necessary prerequisites for technopreneurship; however, what I am calling the intangibles of entrepreneurship are the sufficient conditions that allow, specifically, for Schumpeterian entrepreneurship to thrive in a locality' (Venkataraman, 2004, p 153).

The development of the framework came about after the study of other models dealing with the subject of Economic Development, Declining Economies and factors affecting these economies. The models studied and followed in the development of this framework were: Vicious Cycle vs. Virtuous Cycle, Venkataraman (2004), Hindle Framework on Community Context (2010) and Stages Model of Endogenous Regional Growth – Coffey & Polese (1984).

5.7.1 Diagram 3: Hindle Framework on Community Context



This Framework had its influence on the proposed framework due to the attempt at getting location- or community-specific information into the equation of entrepreneurial processes. It is this specificity that the PEST and SWOT Analyses are trying to enhance in LED planning.

> 'This study reports a multi-faceted search to discover and articulate, in the form of a manageable framework, a diagnostic system for assessing the influence that community factors will have upon the conduct and outcome of any proposed entrepreneurial process. The origin is a deep understanding of the community as an intermediate environment containing factors both conducive and hostile to any proposed entrepreneurial process' (Hindle, 2010, p 599).

In his Framework, Hindle has identified a number of reasons behind looking at community context as important to entrepreneurial development, but one that resonates best with the proposed framework is 'the ability to identify the focal areas where facilitations and programmes of varying kinds might be created to enhance the existing resources and skills of various community members and institutions, so that desired initiatives, which are not feasible at present, may become feasible in future' (Hindle, 2010, p 611).

Hindle (2010) proposes that the ultimate goal of highlighting context in studies is for every case study of entrepreneurship which deals with some aspect of entrepreneurial process to include a succinct ‘contextual positioning statement’, derived from application of the diagnostic framework presented in his article. The researchers would position the context of their study in its intermediate environment (community) through provision of a formal, summary description of the contextual situation confronting the entrepreneurs regarding:

- Resources (physical and human);
- Important stakeholder perspectives (world views) and networks;
- Governance and institutional constraints;
- The economic benefits feasibly desired by the entrepreneur and benefit implications for others (property rights);
- A list of the ‘pluses and minuses’ in the context facing the entrepreneur (boundaries in need of spanning).

The Coffey and Polese (1984) Stages Model of Endogenous Regional Growth discusses the development of a community once the entrepreneurial process has already been started or regenerated within the locality, on the way to a Virtuous Cycle. The framework is based principally upon economic considerations.

‘Development is defined as sustained and irreversible economic growth which will be characterised, in quantifiable terms, by an increase in real income per capita for a given region. The process of development will necessarily be accompanied by certain structural and social transformations’ (Coffey & Polese, 1984, p 1).

5.7.2 Stages Model of Endogenous Regional Growth – The Coffey & Polese (1984)

1. The first stage of local development is the creation of local firms; in other words, the emergence of local entrepreneurship and local entrepreneurial talent.
2. In its second stage, local development entails the expansion of local firms beyond the region. This expansion must be based not only upon the "natural" advantages of the region but also upon the man-made comparative advantages with which the entrepreneurs (and the other inhabitants of the region) have endowed it.

These man-made comparative advantages are, in turn, embodied in the institutions, the infrastructure and the knowledge of the population.

3. Further, in stage three, in order that the extra-regional expansion of local firms continues to have a full development impact upon the local region.
4. The result of the process of local development, stage four, manifests itself in the form of a regional economic structure composed in large part of local firms together with a labour force and a local entrepreneurial class capable of adapting and modifying the output and the structure of the region's economy.

5.7.3 Regional Transformation through technological entrepreneurship Venkataraman, (2004)

The Venkataraman model, although based on technological entrepreneurship, is used in this paper to represent declining economies (Vicious Cycle) and growing economies (the Virtuous Cycle). The models proposed as well as those discussed above are proposed to be the actions between these two cycles taking declining rural economies to virtuous entrepreneurial economies through the application of planning and community specific action. The premise of the two states of economy is based on certain conditions within the economy and areas in the economy that have an effect on each other, by not only either depressing or encouraging development but also then encouraging a cyclical movement either in the positive or negative direction. This ‘multiplier effect’ as such in the Virtuous Cycle is what should be aimed at, and the achievement thereof comes from aspects of all the other models and theory discussed in this paper.

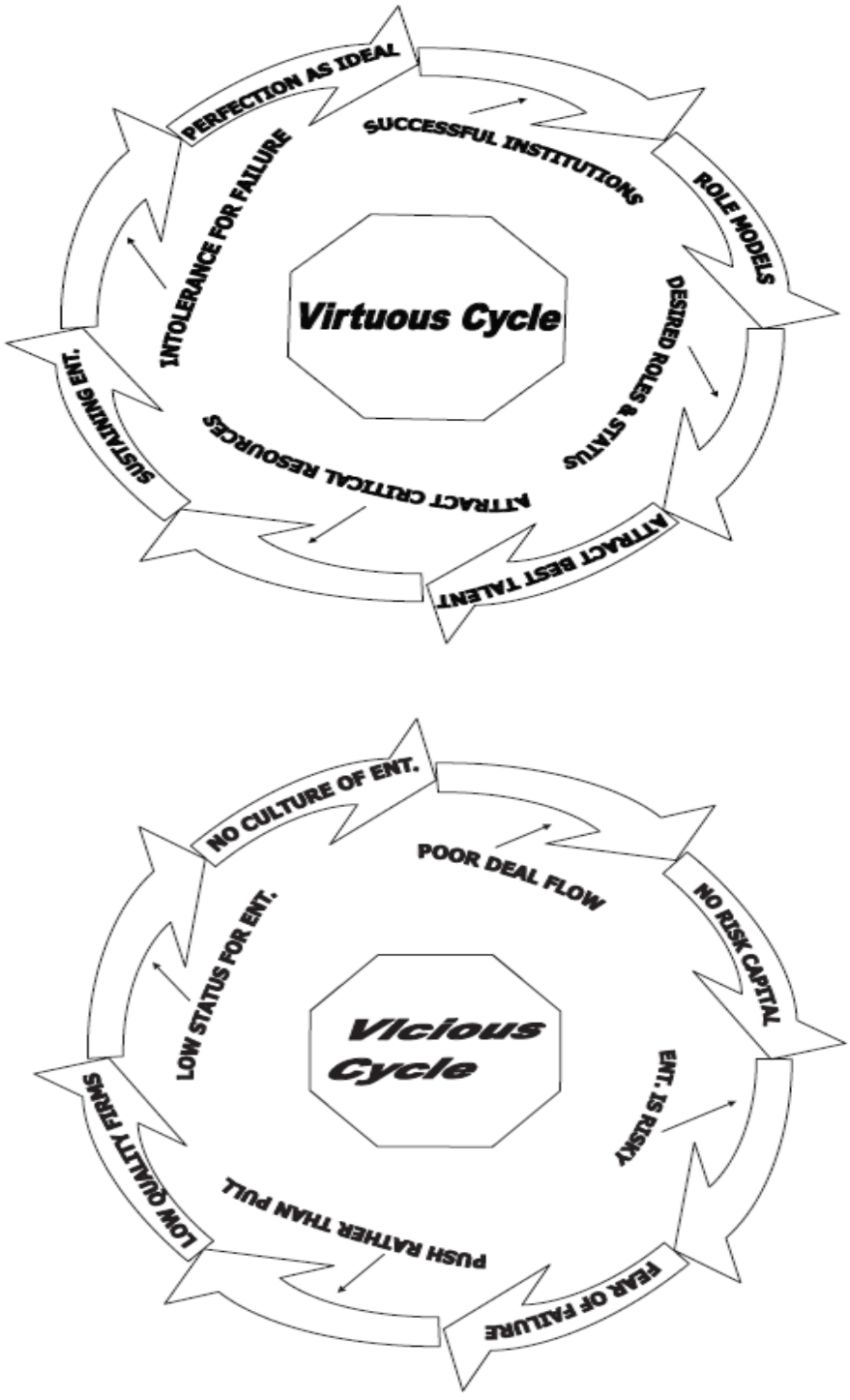


Diagram 4: Venkataraman (2004)

Although it is not intimated that just the gathering of the information evaluated by the models will rescue declining economies, the information developed in the studies allows for better planning to be initiated in order for the best possible chance for success to be created within localities.

By using the various models and their relevant applicability suited to Local/Rural environments, a framework can be set up showing how each of the models fits and where within the development timeline these are to be applied in order for declining communities to be put on the pathway to rejuvenation and economic development.

Diagram 5, which follows, shows how all the models would be proposed to flow through between the Vicious cycle and Virtuous cycle assisting local economies to get from the Vicious Cycle to the Virtuous Cycle. The two frameworks highlighted in **RED** are the two proposed by this study as additions to existing theory for developing economies. The intention is to try and supplement to theoretical information gathering and therefore planning for better LED Interventions.

5.8 Conclusion of the results discussion

As in all research, after conducting the analyses there is a process of integration of results, on which inference is then based. The particular challenge in mixed methods research is both to conduct the analyses and to integrate the results from different types of data and different types of analyses in such a way that the findings are valid (Potter, 2012). The numerical results achieved through the online survey yielded not only numerical responses but opportunity was also given for comments on each factor. The more in-depth discussions held with other respondents on the PEST Questionnaire itself obviously led to more in-depth answers. These have been collated and summarised per factor in Chapter 4 and their relevance is outlined above.

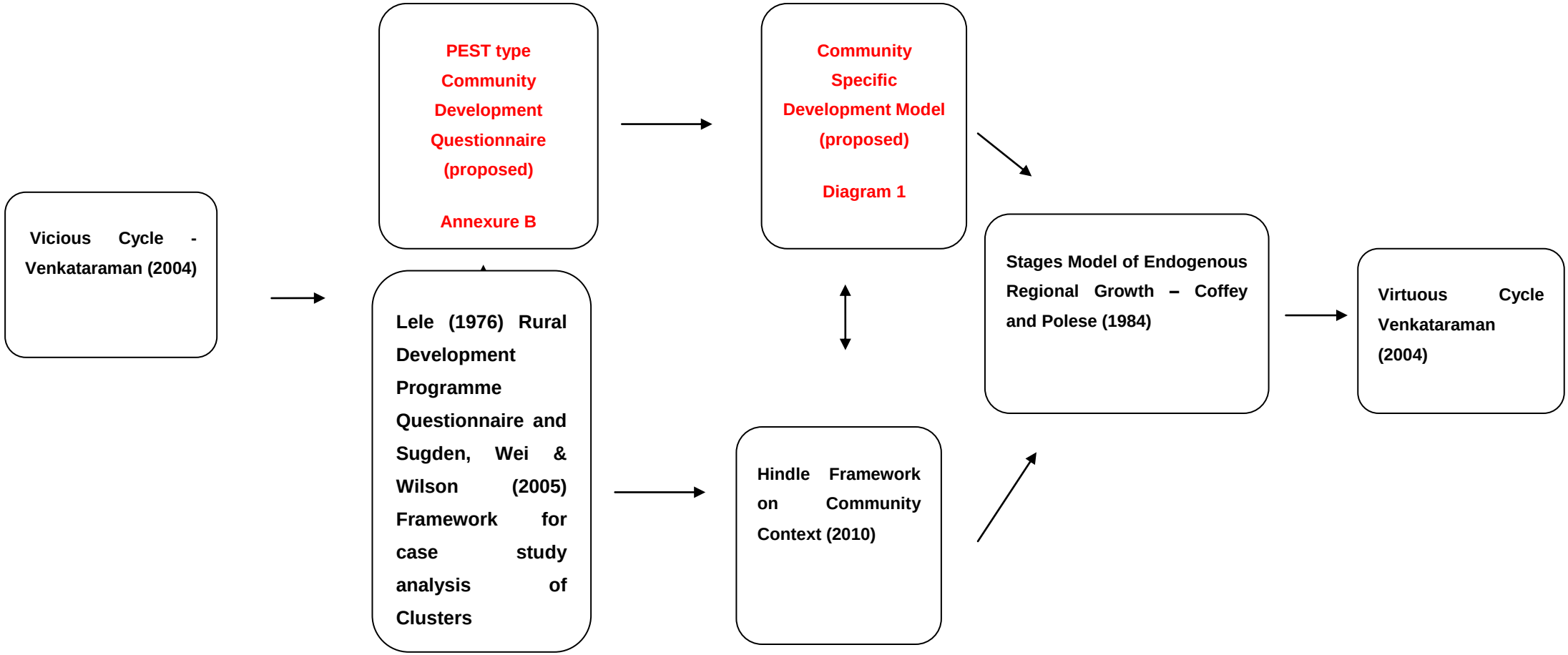
The study is an attempt at producing a generic template to assist in evaluating the environment in a locality with regards to LED, which must be adapted to suit localities, as LED is not a one-size-fits-all process. Therefore some generalisation will be present in the framework that will need to be specified during planning and implementation. The success rate will be directly linked to the SWOT analysis and stakeholder input at ground level. Although the factors have been developed from extensive literature review and theory adaption, the factors cannot be deemed to be

exhaustive, only that they are the factors that featured most prominently. For example, technology, which is a mainstay for the PEST Analysis on which this tool is based, does not feature. This is due to the fact that from literature, although this particular factor featured, the other factors featured more heavily due to the concentration being in the 'South' or developing world, which has many overriding issues to deal with before lack of technology becomes a hindrance to development in the opinion of the author and suggested by Singer (1953).

Work by Singer (1953), who argued that some Schumpeterian rules for economic development do not apply to underdeveloped markets, allows for a new perspective on development in Africa. Firstly, he replaces entrepreneurs with government as the catalysts to spark development due to the lack of resources in their entirety. Secondly, he changes the premise of 'creative destruction' with the back-to-basic argument, whereby he asserts that development should begin with the tried and tested before getting revolutionary, considering that the tried and tested has never been tried in some underdeveloped localities. Lastly, he replaces the ability to supply, which Schumpeter espouses as the force behind development, with demand, demand of the local inhabitants to reach the consumption levels of developed nations.

The 13 factors have been identified, contextualised and tested within the context of LED in developing economies and have been found to be relevant, not only within the theoretical context within which they have been developed, but also within the practical context through which they are proposed to be used. Despite this, there have been found certain areas within the entire proposed concept of a Locality Questionnaire and factor list which may need to be tightened or given a more focussed context but these are minor changes.

Diagram 5: The Framework Proposed fits into existing models as illustrated:



6 CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

Learning from past experiences and research in developing for the future is critical for the success of LED interventions. The gathering of the information needed to diagnose the environmental factors affecting development within specific localities has been the aim of this research. The result is a set of factors, drawn from and backed by literature and practice, which are then formulated into a set of generic PEST-type questions for application into any locality. This assists in the identification of important information for planning and strategy development for Local Economic Development.

6.2 Summary of Theory

What are the factors affecting Rural Economies and how do they influence Local Economic Development and Entrepreneurial activity in South African rural economies?

Local and rural economies worldwide are becoming more of a focal point in development literature as their value is recognised as a strong base for the national economy. ‘Local Economic Development (LED) is a discipline still coming into its own, with competing strands of argumentation still generating conflict’ (Bond, 2003, p 147). It is also accepted that entrepreneurship and enterprise development play a very important role in this development. Enterprise development activities must be selected on the basis of their ability to provide direct benefits to the client population and also have an economic as well as “developmental” multiplier or impact on the rest of the community (Sirolli, 1999) (Lichtenstein, Lyons & Kutzhanova 2004, p 19). Emerging economies are too often placed in a single type when, despite some similarities, there are too many differences in histories, size and economies for them to be bundled into one grouping. Understanding the differences and how they affect

development is critical (Young, Peng, Ahlstrom, & Bruton, 2002). Therefore tools are required in order to be able to identify the specific influences on LED within developing economies and specifically, in this case, on South African local economies.

How does the current situation within South Africa's Local Economic Development sphere and rural communities/localities affect the application of planned, strategic local economic development plans?

Local Economic Development (LED) has become the universal strategy when dealing with local economic crises and decline (Glasmeier 2000; Hambleton et al. 2002) (Nel, Hill & Goodenough, 2007). By using locality-specific information in order to develop plans, these plans can be based on a 'bottom-up' approach with more relevant information to the area where the plan is to be implemented.

> 'LED is defined as a process in which partnerships between local governments, community and civic groups and the private sector are established to manage existing resources to create jobs and stimulate the economy of a well-defined area. It emphasises local control, using the potentials of human, institutional and physical and area natural resources. LED initiatives mobilise actors, organisations and resources, develop new institutions and local systems through dialogue and strategic actions' (Helmsing, 2003, p 69).

Government policy, although encouraging LED, falls short in the area of providing clear guidelines of how to undertake and operationalize strategies. As Rogerson (1997) notes, 'although the critical importance of developing LED strategies to assist post-apartheid reconstruction is stressed in several government documents … a coherent set of guidelines and a framework for LED has yet to emerge (Nel, 2001). Using the clear intention of the government to enhance and prioritise LED within the new economy, the advantage must be taken to develop specific interventions that can be used with state assistance in order to create a local environment that fosters entrepreneurship and enterprise.

Creating an environment in which entrepreneurship has the best possible chance of success within local communities by identifying the factors that most affect this environment.

> ‘Every community in the world has recently been buffeted in some way by the financial crises that burst in 2008 and represents the profoundest shock to the West’s collective perception of economic wisdom since the great crash of 1929. Now more than ever, every community needs entrepreneurship, the midwife of new wealth and sustainable prosperity.’ (Hindle, 2010, p 639).

Meyer-Stamer (2003) lists some general principles of LED for definition purposes:

- LED aims at making local markets work better.
- LED aims at creating favourable locational factors, i.e. qualities that make a given place a good place to do business.
- LED aims at promoting business. This can be existing businesses, start-ups or external companies coming into the location.
- LED aims at making better use of locally available resources.

Based on the principles of economics, incubation, planning theory and local economic development theory, create a set of questions based on environmental conditions that inform the actions required, in local economies in order to initiate the creation of an environment in which entrepreneurship and development can thrive.

Regional success must be seen as relational, constructed from a complex interaction of local and wider processes operating over space (Raco,1999). Identifying not only all the relevant factors within a specific region, but also how these currently do and can influence each other, in a manner that affects development within that specific locale, is key. It is important to recognise that few rural communities have all the resources needed to initiate and maintain sustained development. ‘An effective strategy must consider the constraints to development and the need to access resources available externally while retaining and building on resources and advantages that exist locally’ (Wilkinson, 1991) (Korsching & Allen, 2004, p 29).

The above leads us to define the principal characteristics of a new generation of local economic development promotion as follows:

(a) It is multi-actor. Its success depends on its ability to mobilise public, private and non-profit actors.

(b) It is multi-sector. It refers to public, private and community sectors of the economy.

(c) It is multilevel. Globalisation, both as a competitive threat and as an opportunity, forces local initiatives to be framed by an analysis of global changes.

(Helmsing, 2003)

6.3 Implications and Recommendations

Audretsch and Thurik (1999) show that an increase of the rate of entrepreneurship, (number of business owners per labour force) leads to lower levels of unemployment in 23 OECD countries in the period 1984 through 1994. To increase the rate of entrepreneurship, an environment conducive to its development must be fostered. Until the development process involves more people and local revenue bases can be enhanced, development endeavours will be impeded (Nel, 2001). Rural councils often lack the most resources, finance and skills to implement any sort of development initiative, but it is these councils that need it the most. Without dedicated funding and support from national governments, the vicious cycle will continue (Nel & Humphrys, 1999). There is an urgent need to make available, to local councils and authorities, the ability to allocate further funds to targeted LED initiatives, develop precedents for locally relevant bylaws, and also the assistance to develop human resources for economic development purposes.

In discussing the Umhlatuze case study in Richard's Bay in KwaZulu-Natal, Nel, Hill & Goodenough, (2007), highlight the two seemingly opposing forces at work, the poor and the capitalist environment, both of which require attention, but which can be successfully tackled together through LED, if development occurs:

> 'While the poorer, rural areas need pro-poor interventions and support for micro-projects, if the city is to carry on growing, the application of more

boosterist, pro-growth interventions are also required. It is however imperative that both be pursued in parallel to draw in investment, expand the current economy and simultaneously either directly or indirectly address issues of poverty and improve the overall skills and social base of the area to support further growth and development' (Nel, Hill & Goodenough, 2007, p 44).

Rogerson (2008) highlights four select groups of issues from his analysis, requiring further consideration for LED to be consolidated as an essential facet of the landscape of development planning, in South Africa.

- First is the issue of identifying and subsequently maximising competitive local advantage.
- Second is the question of the most appropriate support base for developing SMMEs.
- Third is the issue of building upon "good practice" LED and provision of support for specialised local and regional clusters of enterprises. It is evident that support for joint action, learning networks, and upgrading has been shown to be central to achieving "collective efficiency" and the enhanced competitiveness of localised clusters of activity.
- The last is the thorny but critical LED challenge of enhancing the "second economy". Of crucial importance is the need to leverage support for "community empowerment" and to unleash local creativity and innovation.

(Rogerson, 2008)

6.4 Limitations

The 13 categories described are ones that do not involve any personal, cultural and interpersonal relationships such as personal Entrepreneurial Orientation or proclivity to act entrepreneurially on the part of the individual, as these factors open an entire section of research which would cause the scope of the research to become too interdependent and cross influenced. The cultural aspect within the factors just deals with cultural histories and demographic and the potential relationships within these.

As discussed below by Helmsing (2003), the psychological aspects of entrepreneurs are a research topic on their own. There have been many studies on attempting to isolate the factors affecting local economic development and entrepreneurial orientation of locales, such as Shapero (1984), Andersson (1985) and Perrin (1988). These include resilience, creativity, initiative taking, diversity and synergy of creative regions. While these have established some valuable factors affecting entrepreneurial behaviour and environments, these remain fairly abstract and difficult to implement in policy (Malecki, 1993) and programmes for creating the entrepreneurial environment by diagnosing the factors that are direct stakeholders in development. Although valuable insights and factors, these factors can easily be attributed to an environment where there is a modicum of First World development. It unfortunately falls short of the number of factors affecting a rural environment in a developing country such as South Africa. An important challenge of locality development is the creation and expansion of economic and social overhead capital. This refers to public, non-profit and private institutions in education and training, research and technology, information and communication and social capital serving the locality as a whole as well as institutions dedicated to its specialised industries (Helmsing, 2003). It may well turn out that a particular community, systematically and dispassionately analysed according to the formalised criteria, is so bereft of requisite physical, human and institutional resources that it is not, in its current state, a suitable context for any viable entrepreneurial initiatives. The deficiencies of the context thus defined will then become the focal impediments that any programmes aimed at enhancing entrepreneurial capacity in that community must address (Hindle, 2010).

Due to the size of the populations sampled and therefore the results achieved for statistical analysis, no real significance can be taken from the results other than the suggested implications of the creation of the planning model for intervention.

Only in creating a model to, at least identify the areas that can be used to the advantage a particular community, and also identifying the potential areas of impediments, can plans be developed with the best possible chance of success?

6.5 Suggestions for further research

Each of the 13 Factors discussed above create on their own a large array of potential research avenues by individually allowing each to be tested within LED. Case studies before and after interventions would allow for either addition to the 13 factors and changes to the proposed model and framework guided by the results.

Developed countries recent scholarship highlights the priority that is attached to LED activities. Among salient LED research foci are issues of local governance and promotional strategies (Park 2003, 2005; Coulson & Ferrario 2007; Hackler 2007;Reese and Sands 2007), the influence of charismatic individuals and academic consultants in shaping LED policy and projects (Ozcan 2000; Boland 2007), institutional arrangements and the importance of fostering multi-agent initiatives or partnerships (Bennett and Payne 2000; Bennett et al. 2004; Donald 2005; Ozcan 2006; Ramsden et al. 2007), the development of social capital (Lukkarinen 2005; Evans and Syrett 2007), and the critical role of local industrial clusters (Brenner 2006; Brenner and Gildner 2006; Holmstrom 2006; Lazzeretti 2006; Chaminade and Vang, 2007; Cooke and Lazzeretti, 2007; Thompson-Fawcett 2007; Tolliday and Yonemitsu 2007). (Hindle, 2010)

Future research should also look more deeply into the issue of how culturally bounded entrepreneurial behaviour is. Entrepreneurial theories today include assumptions such as profit maximization and self-interest maximisation. However, this may not be universally true in all emerging economies. The values and motivations in some emerging economies include an emphasis on the welfare of others, maintaining the status quo, maintaining networks and relationships which may change the implications of assumptions an individual on profit maximization and self-interest maximization (Young, Peng, Ahlstrom, & Bruton, 2002).

6.6 Conclusion

In conclusion I would like to use an extract from the paper by Dr. J. Meyer-Stamer, Stimulating Rural Enterprise in SA for the Stimulating Rural Enterprise Conference in May 2003. This extract outlines the principle requirements for developing an

adequate concept of LED in South Africa and it is from these principles that the Factors influencing LED Interventions as proposed in the research methodology, were developed.

- Establish a clear distinction between LED and community development. LED is about creating functioning markets that encourage competitive business. Community development is about solving social problems.

- Introduce a clear market and business focus in LED. Conceptualise black empowerment and the promotion of emerging entrepreneurs from this perspective.

- Realise the opportunities involved in better utilisation of local resources.

- Instead of encouraging the creation of oversized, ineffective LED Forums, persuade local stakeholders to look for specific project ideas that are quickly implementable and make a difference for local business.

- LED must be based on a partnership between government and the private sector and it should involve other stakeholders that are targeting economic issues.

The literature review has shown that there has been much work done in defining the concept of LED and in showing its importance in attempting to revitalise local economies. What it has also shown is that the implementation of this knowledge into action is and has been lacking through the unfocussed activity around development agencies and LED Plans. O' Cinneide & Keane (1990) have noted three outcomes to implementing a strategic approach to LED. Firstly, business decisions can be based on longer-term objectives rather than short-term expediency. Secondly, development initiatives can be based on comparative advantage and the development thereof, and thirdly, integration of the various initiatives, for further advantage, is likely due to planning around common advantages.

South Africa, with its unique history and complex policy debates, requires strategic planning and focussed implementation in order to reach a position where the implementation success matches the depth of policy papers. In rural areas with a low skills and resource base, approaches that build on what already exists and promote

organic low-cost initiatives that are not too complex and difficult to implement are crucial for the success of Local Economic Development (Trah, 2005).

‘What became clear as a principle explanation for bureaucratic and administrative ineptitude was that South Africa after 1994 placed much more emphasis on policy making than it did on planning. It was assumed, so it seemed, that merely generating policies would translate smoothly into the realities of planning and practise amongst a docile electorate. Of course the policy literature is clear that in any context, even when there is a huge electoral support for the governing authority, policy is never ‘implemented’; it is interpreted within the constraints of context by practitioners’ (Jansen, 2012).

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8 APPENDIX A: CONSISTENCY MATRIX

Sub-problem	Literature Review	Hypotheses or Propositions or Research questions	Source of data	Type of data		Analysis
The status of Rural Economic Development and Community Entrepreneurship in the Local Economic Development sphere in South Africa currently	Austin. N, (2003) Binns, T & Nel, E, (2002) Buys & Mbewana, (2007); Global Entrepreneurship Monitor (2011) Helmsing A, (2001) (2003)	**Research Question 1** How does the current situation within South Africa's Local Economic development sphere and rural communities/Localities affect the application of planned, strategic local economic development plans?	Case Study and literature review.	Primary and Secondary		The status of Rural Economic Development and Community Entrepreneurship in the Local Economic Development sphere in South Africa currently

	Herrington, Kew and Kew (2009) Meyer-Stamer, J, (2003) Mitchell, C, (2008) (2009) Mosiane B. (2000) Nel E, Hill T, & Goodenough C, (2007) Nel, E & Binns, T (2001) Nel, E & Humphrys, G					

	(1999)					
What are the Factors in the economic environment which affect development and the entrepreneurial potential within Rural Communities?	Bouchiki, H, (1993) Peng G, and Nunes M, (2007) Lele, (1976) Korsching P, and Allen J, (2004) Korsching P, and Allen J, (2004) Hindle K, (2010) Coffey and	**Proposition 1** Creating an environment in which Entrepreneurship has the best possible chance of success within local communities by identifying the factors that most affect this environment. **Proposition 2** Based on the	Case Study, literature review, interviews and questionnaire	Mixed		What are the Factors in the economic environment which affect development and the entrepreneurial potential within Rural Communities? .

	Polese (1984), Venkataraman S, (2004) Sugden, Wei & Wilson (2005) Branston et al, (2005)	principles of economics, incubation, planning theory and local economic development theory create a set of questions based on environmental conditions which inform the actions required, in Local economies in order to initiate the creation of an environment in which entrepreneurship and development can				

		thrive. **Proposition 3** **Through validation by expert opinion, test the relevance of each factor derived from theory.**				

9 APPENDIX B - LOCALITY QUESTIONNAIRE

Diagnostic Tool on Economic Environmental Factors affecting LED

This Questionnaire is designed to assist Local Economic Development practitioners within Local municipalities and rural centres to investigate, through a Locality self evaluating Questionnaire, the basic attributes of the particular locality with regards to specific factors which affect Local Economic Development Plans and IDP's therefore allowing better planning of these initiatives going forward.

Definitions of factors in this context are:

Policy

Policy can include anything that is related to the Statutory, Governmental and legal environments which either positively or negatively affect the attempts at economic development.

Champions

Champions are actors within the community development sphere who are proactive and influential in the community as well as influential in their ability to get action from the multitude of stakeholders.

Stakeholders

The objectives of LED can only be achieved if there is co-operation between a wide range of stakeholders. The management of these interactions is vital in order to get an initiative which is endorsed and supported by all segments of the locality in order to best take advantage of all potential resources and opportunities present in that locality.

Natural resources

The natural resources of a locality are the competitive advantages which are offered by the locality by virtue of its position and surroundings.

Finance

The availability and access to finance from any and all sources.

The Market

This relates to the supply and demand sides of the market. How big is the local market, how close to a bigger regional market is the locality? How close are supply input markets? Does the natural resource mix developed above have enough of a pull to open local products to regional/international markets? Does the mix naturally pull in other businesses when the correct infrastructure is present?

These members of the locality are vital for any LED initiative to take place and the identification of them and the facilitation of their ideas through creating the best possible opportunities and environment for success will allow them to succeed in creating businesses which kick start economic activity.

Opportunity – Entrepreneurial Perception

The actions of entrepreneurially perceptive members of the locality and the degree to which opportunities are seized.

Location and Infrastructure

The infrastructure within the locality relates to the availability of all levels of infrastructure from Power, Water, Roads, Tele-communications, and all other basic services.

Place Making of the location

Place Making is the creation of a Brand for a particular area, no matter what the particular competitive advantage of the area might be.

Sustainability of interventions

The ability of the intervention to be self sufficient after external support, of which ever type, has been stopped.

Education, Skills and Talents

The Social or Human Capital available within the locality and the level of skills and education being produced or available to the Community.

Networks and partnerships

The linkages between the various stakeholders, internal and external, within a locality who have affects on interventions and LED activities.

Regional Culture

The basic attributes of the regional culture and history excluding entrepreneurial orientation, which have an impact on entrepreneurship.

Policy

Indicate which policies/policy documents have an effect on this particular locality. Take particular note on Land Ownership, business creation and municipal governance factors.

Constitution (RSA, 1996) ☐

Local Government Transition Act of 1996 (RSA, 1996) ☐

Local Government Municipal Structures Act (RSA, 1998) ☐

Local Government Municipal Systems Bill (RSA, 2000) ☐

LED Policy Framework (2006) ☐

Other - Specify ☐

How can these policies be used to influence positive development in the locality?

LED Fund ☐

Social Plan Fund ☐

Others – Specify below

☐

What policies/ statutory requirements have a negative effect on this development and how can this be mitigated?

Security of Tenure act 1996 ☐

Labour Laws ☐

Others – Specify below

☐

Stakeholders

Identify the Stakeholder groups within the community.

Cultural/Demographic group ☐

Religious institutions ☐

Business organisations ☐

NGO's ☐

Political Parties ☐

Social organisations/ Community Groups ☐

Educational Institutions ☐

What are the Potential negative links between the various stakeholders?

Political competition ☐

Business vs. NGO ☐

Religious vs. Cultural ☐

Racial ☐

Other – Specify below

☐

Which Stakeholders have influence from external of the locality? I.e. Non Locally based Stakeholders.

Political ☐

National/Multi-national Business ☐

What are the goals of the external Stakeholders?

Political control ☐

Business friendly advantages in Cost of Operations ☐

Market dominance ☐
What are the goals of the internal Stakeholders? Local economic Development ☐ Services delivery ☐ Infrastructure Development ☐ Social Development ☐ Selfish/Individualistic ☐

Champions
Identify the community champions, if any, or potential champions helping to drive the LED process or any community based entrepreneurial initiative? Political Leader ☐ Religious Leader ☐ Business Leader ☐ Tribal Leader ☐ Non Governmental Organisation ☐ Social Commentator ☐
How do the champions facilitate and communicate with the community? Formal planned meetings ☐ Informal Gatherings/communication ☐ Electronic communication ☐ Physical marketing ☐
Within how many stakeholder groups do the champions have influence? Singular influence ☐ Cross network influence ☐

Single stakeholder with Multiple network influence ☐
Do the Champions identified have any relationships amongst one another? Positive cross pollination of influence ☐ Negative cross pollination of influence ☐

Natural resources
Does the region have any defining Environmental assets/Natural Competitive advantage? Mountains ☐ Body of Water ☐ Natural habitat or phenomenon ☐ Resources ☐
Are/Is the asset/s being used as a means of Economic Development? Development for few influential stakeholders ☐ Development for whole community ☐
Is the Natural asset/s accessible for further development? Physical Access ☐ Human/ Knowledge capital ☐ Accessible Market ☐
How can the assets be linked in order to maximize the potential of the Natural competitive advantage? Networks ☐ Beneficiation of raw materials/products ☐

Which Stakeholders, Networks or partnerships own the resources?

Individual ☐

Groups ☐

Community ☐

Government ☐

Finance

What type of finance is there access to?

Private ☐

Public/Government ☐

Donor ☐

What are the constraints to accessing this finance for:

Institutions ☐

Companies ☐

Individuals ☐

What restrictions come with each type of accessible finance?

Legal/Statutory restrictions ☐

Efficiency restrictions ☐

Other - Specify

The Market

Is there pre existing Customer interest in the area that could be built on?

What is the Market's impression of the Locality?

Positive? Why? ☐

Negative? Why? ☐

Unknown ☐

Is the catchment for the Demand market Local or External?

Local/Internal ☐

External to the Locality ☐

External to The Region ☐

External to The Country ☐

How is information gathered on the Demand Market and its preferences?

Formal Market research/Survey ☐

Financial indicators ☐

Informal estimation ☐

Opportunity

If the Natural Competitive advantage is not been fully exploited, what measures can be implemented to open new opportunities? Relate to the IDP already in place.

Increased infrastructure for access and service provision ☐

Marketing and Branding ☐

Business Development services ☐

Other - Specify ☐

What is the current Land/Use mix and can any of the activities be improved upon to compound value? (Beneficiation and the Multiplier Effect)

Agriculture

Tourism

Agro-processing

Mineral Extraction

Manufacturing

Location and Infrastructure

What needs to be improved to open access to the Natural competitive advantage? Relate to the IDP already in place.

How can infrastructure not allowed for in the IDP be supplied through Networks and Partnerships?

Foreign Government Development Funds

Local Government Grant and Development Funds

Private Investors

Public Private Partnerships

Place Making

Does the area have an accepted/locally agreed Brand/ identity from which to focus planning?

Yes – Elaborate?

No

Does the area have an agreed Theme from which to focus production? Food or Wine or arts and crafts etc.

Yes – Elaborate?

No

Do the Brand and Theme relate to one or any of the Natural competitive advantages?

Are the Natural resources all linked in order to create the Brand/Theme?

Does the Demand Market (Public) identify with the Brand and Theme?

Sustainability

What is the position of the following within their development cycle,

Under-developed

Managed

Near exhaustion

Natural resources -

The Brand -

The Theme –

Are strategies in place for the future if the Natural Competitive advantage is exhaustible?

Yes

No

Non-Exhaustible resource

What services are required in order to assist businesses to become self sustainable?

Incubators

Business Development Services

Advisory Committees

Education, Skills and Talents

What is the education level average for the locality? % of Population

None

Junior Schooling

High Schooling

University

In what way does the IDP allow for an improvement in the provision for education?
What resources are available for informal education/apprenticeship programmes?
Where is the closest resource pool from which to draw talent?

Networks and partnerships	
Can any partnerships (eg. PPP) be formed in the current locality through CBE mediation for the benefit of the entire community? Large infrastructure projects Capital intensive Catalytic Projects NGO - Community Projects	
What external entities can be brought in to partner/network with local entities in order to create value for both parties?	
Foreign Government Development Funds	☐
Local Government Grant and Development Funds	☐
Private Investors	☐
Public Private Partnerships	☐

Regional Culture
Are there any historical events within the community which might influence behaviour of some Networks, Partnerships and Stakeholders? Wars ☐ Political intervention (Apartheid Policies) ☐ Tragedy or Natural Disaster ☐
What is the basic Demographic profile of the Locality? Approximate % Black ☐ White ☐ Coloured ☐ Asian ☐ Men ☐ Women ☐ Children >18 ☐
Are Networks and Partnerships based on Demographics alone? Yes ☐ No ☐

Suggested Additions to factors or any relevant commentary

APPENDIX C - RESEARCH INSTRUMENT

Empirical test of relevance on Diagnostic Tool on Economic Environmental Factors affecting LED

This Questionnaire is designed to assist Local Economic Development practitioners within Local municipalities and rural centres to investigate, through a Locality self evaluating Questionnaire, the basic attributes of the particular locality with regards to specific factors which affect Local Economic Development Plans and IDP's therefore allowing better planning of these initiatives going forward.

Description of research:

The research related to this subject attempts to create a diagnostic tool for creating a planning base for Local Economic Development Plans and Integrated Development Plans, which is generic enough to prompt planning discussions in any locality.

Definitions of factors in this context are:

Policy

Policy can include anything that is related to the Statutory, Governmental and legal environments which either positively or negatively affect the attempts at economic development.

Champions

Champions are actors within the community development sphere who are proactive and influential in the community as well as influential in their ability to get action from the multitude of stakeholders.

Stakeholders

The objectives of LED can only be achieved if there is co-operation between number of stakeholders. The management of these interactions is vital in order to get an initiative which is endorsed and supported by all segments of the locality in order to

best take advantage of all potential resources and opportunities present in that locality.

Natural resources

The natural resources of a locality are the competitive advantages which are offered by the locality by virtue of its position and surroundings.

Finance

The availability and access to finance from any and all sources for entrepreneurial activity and development activity.

The Market

This relates to the supply and demand sides of the market. How big is the local market, how close to a bigger regional market is the locality? How close are supply input markets? Does the natural resource mix developed above have enough of a pull to open local products to regional/international markets? Does the mix naturally pull in other businesses when the correct infrastructure is present?

These members of the locality are vital for any LED initiative to take place and the identification of them and the facilitation of their ideas through creating the best possible opportunities and environment for success will allow them to succeed in creating businesses which kick start economic activity.

Opportunity – Entrepreneurial Perception

The actions of entrepreneurially perceptive members of the locality and the degree to which opportunities are seized.

Location and Infrastructure

The infrastructure within the locality relates to the availability of all levels of infrastructure from Power, Water, Roads, Tele-communications, Health and all other basic services.

Place Making of the location

Place Making is the creation of a Brand for a particular area, if it has one, no matter what the particular competitive advantage of the area might be. The Brand is what makes the area recognisable to the general public.

Sustainability of interventions

The ability of the intervention or development/entrepreneurial initiative to be self sufficient after external support, of which ever type, has been stopped.

Education, Skills and Talents

The Social/Human Capital available within the locality.

Networks and partnerships

The linkages between the various stakeholders, internal and external, within a locality having affects on interventions and LED activities.

Regional Culture

The basic attributes of the regional culture and history excluding entrepreneurial orientation, which have an impact on entrepreneurship.

Questionnaire

Please respond via the number scale on the relevance of the factors and the related diagnostic questions to Local Economic Development. In order to provide context to the questions, please note that the intention of the questions is to promote thought and discussion by either a single LED Practitioner/Manager or an LED Committee/Board in Rural or under developed communities, to develop a baseline for creating a LED Plans or an Integrated Development Plan for the locality.

The area on the above and right of the questions highlighted in Yellow is the response area in which you are requested to give a score out of 10 for each factor based on the description above and relevance to LED. Therefore the more important the factor in success of LED the closer to 10 it must be scored.

Scale – (Place a cross in the relevant box and add any comments if relevant)

1 – Not at all relevant

10 – Critical to successful intervention

Policy

Rate the importance of Policy in terms of the success of LED

Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**

Indicate with a cross which policies/policy documents have an effect on this particular locality. Take particular note on Land Ownership, business creation and municipal governance factors.

Comments?

Constitution (RSA, 1996) ☐

Local Government Transition Act of 1996 (RSA, 1996). ☐

Local Government Municipal Structures Act (RSA, 1998), ☐

Local Government Municipal Systems Bill (RSA, 2000) ☐

LED Policy Framework (2006)

How can these policies be used to influence positive development in the locality?

Comments?

LED Fund ☐

Social Plan Fund

Others – Specify

What policies/ statutory requirements have a negative effect on this development and how can this be mitigated? Security of Tenure act 1996 ☐ Labour Laws ☐ Others – Specify ☐	Comments?

Stakeholders

Rate the importance of understanding Stakeholders in terms of the success of LED

Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**

Identify the Stakeholder groups within the community. Cultural/Demographic group ☐ Religious institutions ☐ Business organisations ☐ NGO's ☐ Political Parties ☐ Social organisations/ Community Groups ☐ Educational Institutions ☐	Comments?
What are the Potential negative links between the various stakeholders? Political competition ☐ Business vs. NGO ☐ Religious vs. Cultural ☐ Racial ☐	Comments?

Other - Specify	
Which Stakeholders have influence from external of the locality? I.e. Non Locally based Stakeholders. Political ☐ National/Multi-national Business ☐	Comments?
What are the goals of the external Stakeholders? Political control ☐ Business friendly advantages in Cost of Operations ☐ Market dominance ☐	Comments?
What are the goals of the internal Stakeholders? Local economic Development ☐ Services delivery ☐ Infrastructure Development ☐ Social Development ☐ Selfish/Individualistic ☐	Comments?

Champions **Rate the importance of strong Champions in terms of the success of LED**											
Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**
Identify the community champions, if any, or potential champions helping to drive the LED process or any community based entrepreneurial initiative? Political Leader ☐ Religious Leader ☐ Business Leader ☐											Comments?

Tribal Leader ☐ Non Governmental Organisation ☐ Social Commentator ☐	
How do the champions facilitate and communicate with the community? Formal planned meetings ☐ Informal Gatherings/communication ☐ Electronic communication ☐ Physical marketing ☐	Comments?
Within how many stakeholder groups do the champions have influence? Singular influence ☐ Cross network influence ☐ Single stakeholder with Multiple network influence ☐	Comments?
Do the Champions identified have any relationships amongst one another? Positive cross pollination of influence ☐ Negative cross pollination of influence ☐	Comments?

Natural resources **Rate the importance of a Natural competitive advantage in terms of the success of LED**											
Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**

Does the region have any defining Environmental assets/Natural Competitive advantage? Mountains ☐ Body of Water ☐ Natural habitat or phenomenon ☐	Comments?

Resources ☐	
Are/Is the asset/s being used as a means of Econom☐evelopment? Development for few influential stakeholders ☐ Development for whole community	Comments?
Is the Natural asset/s accessible for further development? Physical Access ☐ Human/ Knowledge capital ☐ Accessible Market ☐	Comments?
How can the assets be linked in order to maximize the potential of the Natural competitive advantage? Networks ☐ Beneficiation of raw materials/products ☐	Comments?
Which Stakeholders, Networks or partnerships own the resources? Individual ☐ Groups ☐ Community ☐ Government ☐	Comments?

Finance **Rate the importance of access to Finance in terms of the success of LED**											
Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**
What type of finance is there access to?											Comments?

Private ☐ Public/Government ☐ Donor ☐	
What are the constraints to accessing this finance for: Institutions ☐ Companies ☐ Individuals ☐	Comments?
What restrictions come with each type of accessible finance? Legal/Statutory restrictions ☐ Efficiency restrictions ☐ Other - Specify ☐	Comments?

The Market **Rate the importance of understanding the make-up of the Market (internal and external) in terms of the success of LED**												
Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**	
Is there pre existing Customer interest in the area that could be built on? Yes. Elaborate? ☐ No. ☐												Comments?
What is the Market's impression of the Locality? Positive? Why? ☐												Comments?

Negative? Why? ☐ Unknown ☐	
Is the catchment for the Demand market Local or External? Local/Internal ☐ External to the Locality ☐ External to The Region ☐ External to The Country ☐	Comments?
How is information gathered on the Demand Market and its preferences? Formal Market research/Survey ☐ Financial indicators ☐ Informal estimation ☐	Comments?

Opportunity **Rate the importance of the entrepreneurial environment and opportunity in terms of the success of LED** **Not at all important** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **Of great importance**	
If the Natural Competitive advantage is not been fully exploited, what measures can be implemented to open new opportunities? Relate to the IDP already in place. Increased infrastructure for access and service provision ☐ Marketing and Branding ☐ Business Development services ☐ Other – Specify ☐	Comments?
What is the current Land/Use mix and can any of the activities be improved upon to compound value? (Beneficiation and the Multiplier Effect)	Comments?

Agriculture	
Tourism	
Agro-processing	
Mineral Extraction	
Manufacturing	

Location and Infrastructure

Rate the importance of Location and Infrastructure to the success of LED

Not at all important	1	2	3	4	5	6	7	8	9	10	Of great importance

What needs to be improved to open access to the Natural competitive advantage? Relate to the IDP already in place.

Comments?

How can infrastructure not allowed for in the IDP be supplied through Networks and Partnerships?

Foreign Government Development Funds ☐

Local Government Grant and Development Funds ☐

Private Investors ☐

Public Private Partnerships ☐

Comments?

Place Making

Rate the importance of Brand and Marketing in terms of the success of LED

Not at all important	1	2	3	4	5	6	7	8	9	10	Of great importance	
Does the area have an accepted/locally agreed Brand/ identity from which to focus planning? Yes – Elaborate? No ☐												Comments?
Does the area have an agreed Theme from which to focus production? Food or Wine or arts and crafts etc. Yes – Elaborate? No ☐												Comments?
Do the Brand and Theme relate to one or any of the Natural competitive advantages?												Comments?
Are the Natural resources all linked in order to create the Brand/Theme?												Comments?
Does the Demand Market (Public) identify with the Brand and Theme?												Comments?

Sustainability

Rate the importance of the sustainability of ventures and interventions in terms of the success of LED

Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**

Comments?

What is the position of the following within their development cycle,

Under-developed

Managed

Near exhaustion

Natural resources - ☐

The Brand - ☐

The Theme – ☐

Comments?

Are strategies in place for the future if the Natural Competitive advantage is exhaustible?

Yes ☐

No ☐

Non-Exhaustible resource ☐

Comments?

What services are required in order to assist businesses to become self sustainable?

Incubators ☐

Business Development Services ☐

Advisory Committees ☐

Education, Skills and Talents

Rate the importance of Human Capital in terms of the success of LED

Not at all important	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Of great importance**

What is the education level average for the locality? % of Population None ☐ Junior Schooling ☐ High Schooling ☐ University ☐	Comments?
In what way does the IDP allow for an improvement in the provision for education?	Comments?
What resources are available for informal education/apprenticeship programmes?	Comments?
Where is the closest resource pool from which to draw talent?	Comments?

Networks and partnerships

Rate the importance of Networks and Partnerships in terms of the success of LED

Not at all important	1	2	3	4	5	6	7	8	9	10	Of great importance

Can any partnerships (eg.PPP) be formed in the current locality through CBE mediation for the benefit of the entire community?

Comments?

Large infrastructure projects ☐

Capital intensive Catalytic Projects ☐

NGO - Community Projects ☐

What external entities can be brought in to partner/network with local entities in order to create value for both parties?

Comments?

Foreign Government Development Funds ☐

Local Government Grant and Development Funds ☐

Private Investors ☐

Public Private Partnerships ☐

Regional Culture

Rate the importance of Regional Culture and History in terms of the success of LED

Not at all important	1	2	3	4	5	6	7	8	9	10	Of great importance

Are there any historical events within the community which might influence behaviour of some Networks, Partnerships and Stakeholders?

Comments?

Wars ☐

Political intervention (Apartheid Policies) ☐

Tragedy or Natural Disaster ☐

What is the basic Demographic profile of the Locality? Approximate %

Comments?

Black ☐ White ☐ Coloured ☐ Asian ☐ Men ☐ Women ☐ Children >18 ☐	
Are Networks and Partnerships based on Demographics alone? Yes ☐ No ☐	Comments?

Suggested Additions to factors or any relevant commentary

Signed: _____

Name: _____

Thank you for your contribution to this researchPlease sign and PDF this document and return to Andrew.stockil@aecom.com. If you would like to remain anonymous please indicate as such. If you would like to receive a copy of the Full Thesis once complete please also indicate as such

Best Regards

10 APPENDIX D – SUGDEN, WEI AND WILSON FRAMEWORK

The Cluster and the Locality

A brief description of the locality to provide the background and context for the study, focusing on:

- The overall economic, social, political, geographical and cultural background to the cluster, including a historical perspective and a comment on the infrastructure.
- The number of firms in the cluster, by size (number of employees, turnover), ownership type (for example, sole traders, partnerships, public limited company), production process and sector.
- The identification of any especially prominent actors or groupings within the cluster.
- Identification of the significant non-firm actors/influences in the cluster. These include governmental institutions, non-governmental institutions, financial institutions, educational and health institutions, and international agencies.
- Presence of a broader range of associations, forums and activities where people meet in common function and/or where ideas are exchanged. Included in these are local trade associations and trade unions, service centres, science parks, media, youth/activity/community groups, sports clubs, religious gatherings/churches and other interest/pressure groups.
  Aggregate indicators for the cluster and for the locality over recent years, notably as regards: employment and unemployment; output; value added; exports and imports; productivity; innovation; investment; immigration and emigration; dependency ratios and demographics.

Linkages and Networks

Evidence of actual and potential networks involving firm and non-firm actors in the cluster and locality, focusing on:

- Linkages (both formal and informal) between actors within and across sectors. These might include ties over trade – such as common marketing and purchasing, forward and backward industrial linkages or subcontracting relationships – as well as ties over investment, research and development, and joint activities in the pursuit of public support (for example, European Union funding).
- The membership and activities of significant non-firm actors in the cluster and the locality, such as trade associations, as a gauge to the extent and characteristics of relationships across the economy.
- Linkages (both formal and informal) with economic actors in other localities, including in different nations

Cluster Governance

In certain respects this issue is the fulcrum of the case study, focusing on:

- Decision structures of the cluster, including of its firms and non-firm actors. This includes identification of who is involved in making the decisions, and thus of dominant sectors, firms or non-firm actors within the cluster.
- Evidence on the actors involved in making strategic decisions in the cluster, specifically on where those decision-makers are based (within or without the locality), how decisions are taken, and on whose interests are taken into account. Included in this, the influence of interest groups (local/national/international, and concerned with issues that affect the cluster).
- The ownership structures of firms operating in the cluster, highlighting whether firms tend to be owned by individuals, families, governments, institutions, other firms, workers or co-operatives, and commenting on where those owners are based geographically.

- Co-operation and conflict between actors in the cluster in making strategic decisions be it amongst themselves and/or with others. Focus on the governance of networks with which the cluster is involved
- The existence of mechanisms, processes and social norms that serve to self regulate relationships within the cluster, and their influence on governance.
- The significance of forums and channels for interested parties to represent their views on strategy to firms and other actors in the cluster. These might include the use of media, discussion groups, planning enquiries, consultation exercises and regulatory agencies.

Learning

The levels and process of learning are the particular concerns, focusing on:

- The existence of networks between actors within the cluster and the locality for the purposes of learning and knowledge generation.
- The availability of education in the cluster and locality, including: the numbers in school, and in further and higher education, as a proportion of their respective age groups; the duration of compulsory education; the extent of vocational training programmes; and, financial and other constraints on access.
- Attainment levels in education, in their national and international contexts.
- The provision of training by firms and industry organisations in the cluster, including its effectiveness, budgets by sector and firm size, and the provision of public support.
- The generation of new knowledge in firms and in other institutions in the cluster, including investments in R&D (by firm size), the amount of research funds directed to local educational institutions (in absolute terms and relative to amounts elsewhere), and the ability to take advantage of the knowledge generated.
- The degree to which new knowledge is accessible by interested actors in the cluster and the locality.
- Access to and use of communication media (including libraries and the internet) for different actors within the cluster and the locality.

Public Policy

A description focusing on:

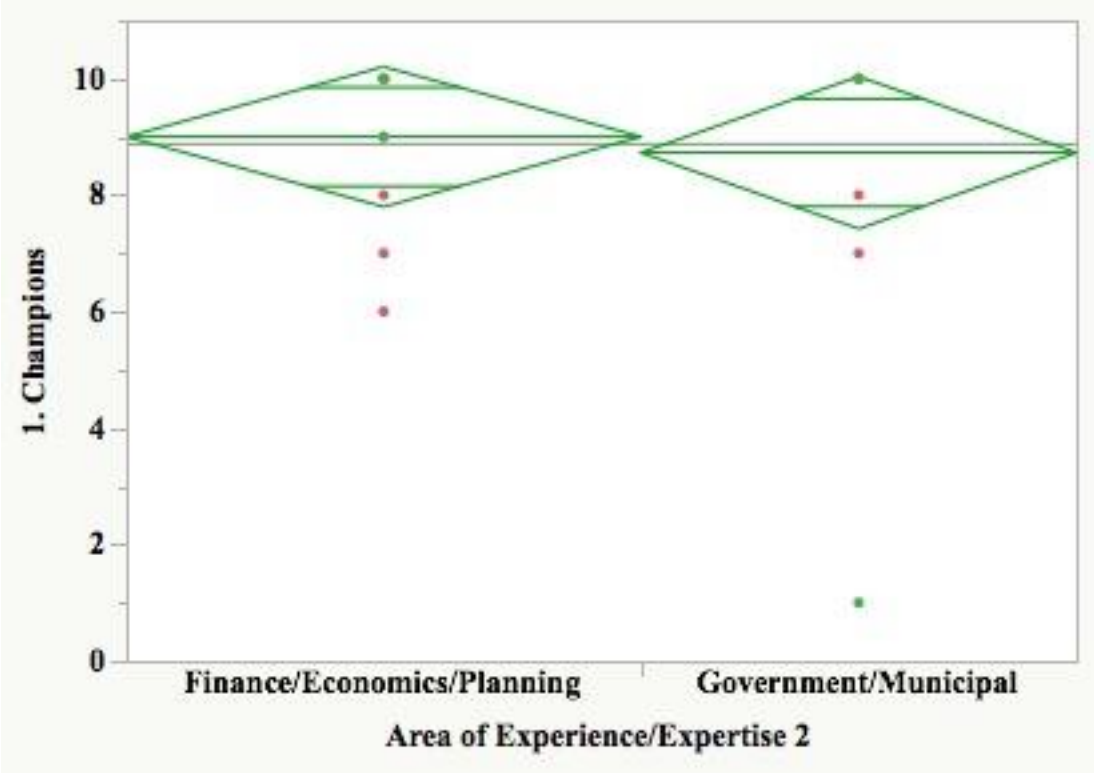
- An outline of the apparently significant public policies (including laws, regulations, and joint actions across private organisations/institutions) that are currently in force in the cluster and its locality, whether these be local, national or international initiatives.
- The decision-making processes for determining these public policies.
- The impact of these policies on the cluster, including: evidence on whether or not particular policies are actually implemented; on whether or not affected actors are aware that the policies exist and, if so, were involved in their formulation; and (where available) quantitative and qualitative data.

(Sugden, Wei & Wilson, 2005)

11 APPENDIX E – STATISTICS

Area of Experience/Expertise 2		
	Finance/Economics/Planning	**Government/Municipal**
1. Champions	9.00	8.73
2. Stakeholders	8.69	9.18
3. Natural resources	8.31	9.27
4. Finance	8.31	9.27
5. The Market	8.69	8.91
6. EO/Opportunity	8.46	8.73
7. Location and Infrastructure	8.54	8.27
8. Place Making	7.62	8.82
9. Sustainability	8.85	9.09
10. Policy	6.92	8.45
11. Education, Skills and Talents	7.77	8.82
12. Networks and partnerships	8.15	9.27
13. Regional Culture	7.00	8.09

Fit Group
Oneway Analysis of 1. Champions By Area of Experience/Expertise 2



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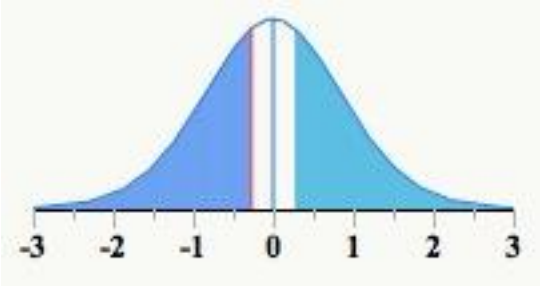
Oneway Anova
Summary of Fit

Rsquare	0.004587
Adj Rsquare	-0.04066
Root Mean Square Error	2.090909
Mean of Response	8.875
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	-0.2727	t Ratio	-0.31839
Std Err Dif	0.8566	DF	22
Upper CL Dif	1.5037	Prob > |t|	0.7532
Lower CL Dif	-2.0492	Prob > t	0.6234
Confidence	0.95	Prob < t	0.3766



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	0.443182	0.44318	0.1014	0.753
Error	22	96.181818	4.37190		
C. Total	23	96.625000			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	9.00000	0.57991	7.7973	10.203
Government/Municipal	11	8.72727	0.63043	7.4198	10.035

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	150.000	162.500	11.5385	
Government/Municipal	11	150.000	137.500	13.6364	

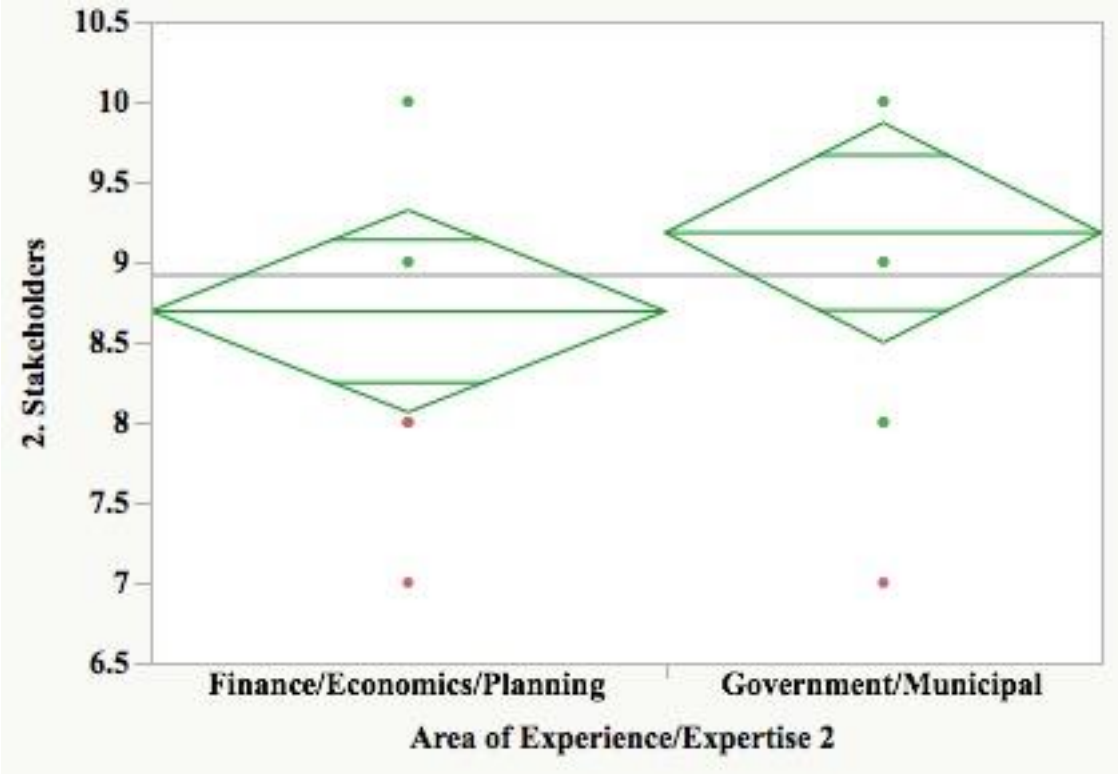
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
150	0.77878	0.4361

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
0.6581	1	0.4172

Oneway Analysis of 2. Stakeholders By Area of Experience/Expertise 2



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11

Oneway Anova
Summary of Fit

Rsquare	0.051296
Adj Rsquare	0.008173
Root Mean Square Error	1.095561

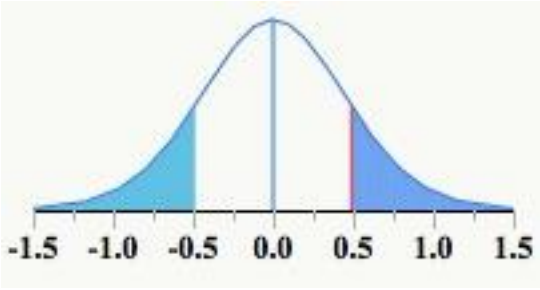
Mean of Response	8.916667
Observations (or Sum Wgts)	24

t Test

Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	0.4895	t Ratio	1.090656
Std Err Dif	0.4488	DF	22
Upper CL Dif	1.4203	Prob > |t|	0.2872
Lower CL Dif	-0.4413	Prob > t	0.1436
Confidence	0.95	Prob < t	0.8564



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	1.427739	1.42774	1.1895	0.287
Error	22	26.405594	1.20025		
C. Total	23	27.833333			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.69231	0.30385	8.0622	9.3225
Government/Municipal	11	9.18182	0.33032	8.4968	9.8669

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	144.000	162.500	11.0769	
Government/Municipal	11	156.000	137.500	14.1818	

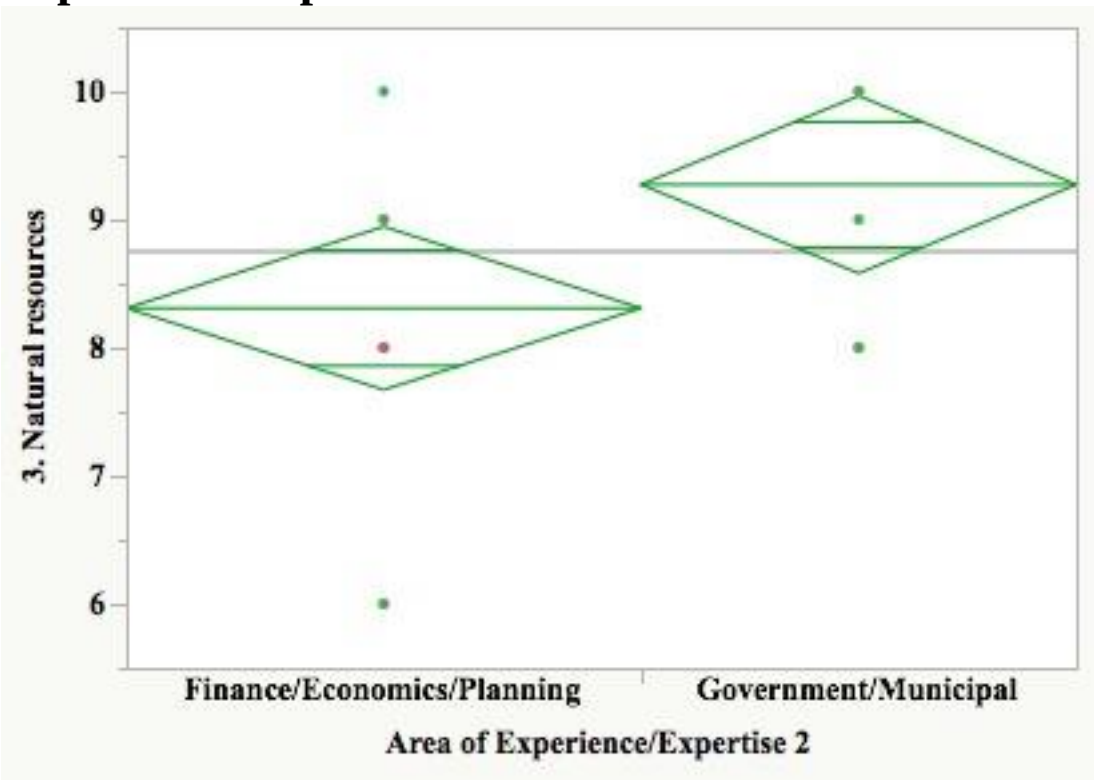
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
156	1.09768	0.2723

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
1.2728	1	0.2592

Oneway Analysis of 3. Natural resources By Area of Experience/Expertise 2



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Oneway Anova
Summary of Fit

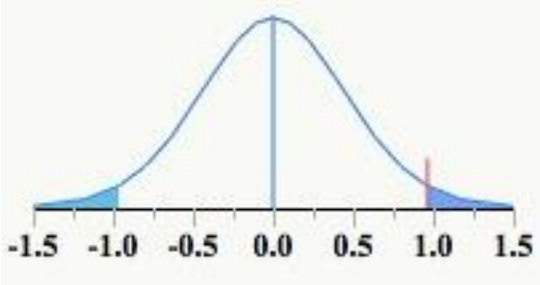
Rsquare	0.170737
Adj Rsquare	0.133043
Root Mean Square Error	1.106819
Mean of Response	8.75
Observations (or Sum Wgts)	24

t Test

Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	0.96503	t Ratio	2.128281
Std Err Dif	0.45343	DF	22
Upper CL Dif	1.90540	Prob > |t|	0.0448*
Lower CL Dif	0.02467	Prob > t	0.0224*
Confidence	0.95	Prob < t	0.9776



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	5.548951	5.54895	4.5296	0.0448
Error	22	26.951049	1.22505		
C. Total	23	32.500000			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.30769	0.30698	7.6711	8.9443
Government/Municipal	11	9.27273	0.33372	8.5806	9.9648

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	130.500	162.500	10.0385	
Government/Municipal	11	169.500	137.500	15.4091	

2-Sample Test, Normal Approximation

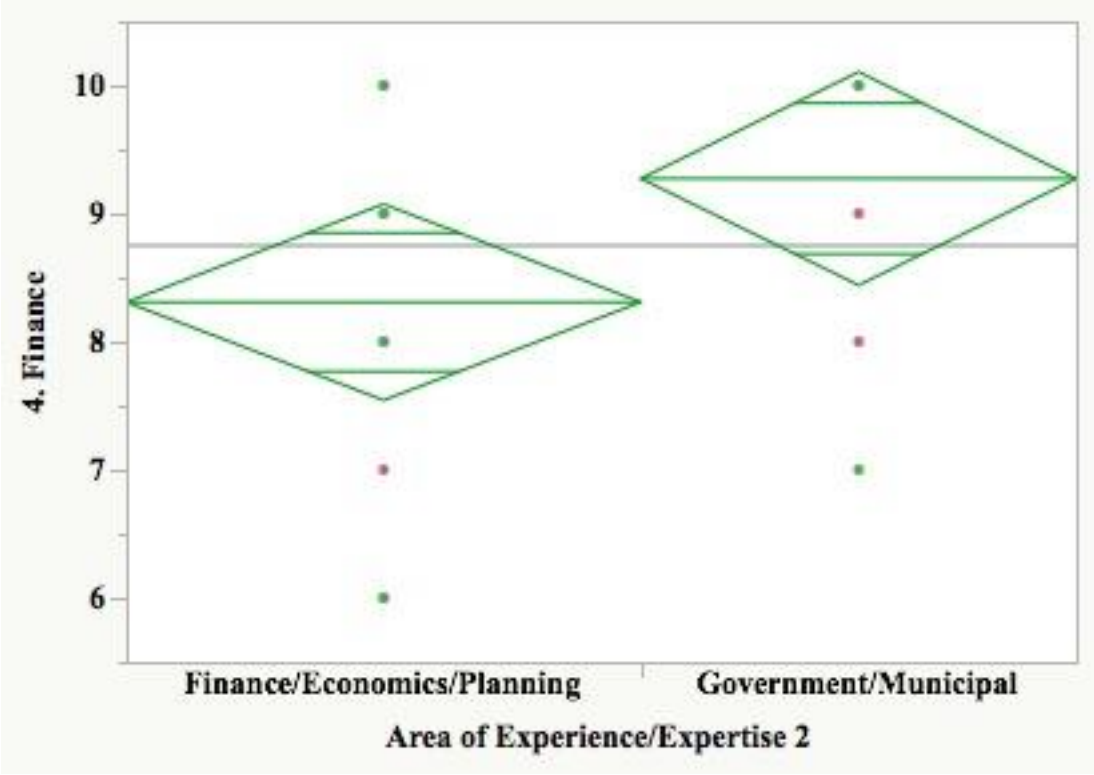
S	Z	Prob>|Z|
169.5	1.91175	0.0559

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
3.7717	1	0.0521

Oneway Analysis of 4. Finance By Area of

Experience/Expertise 2



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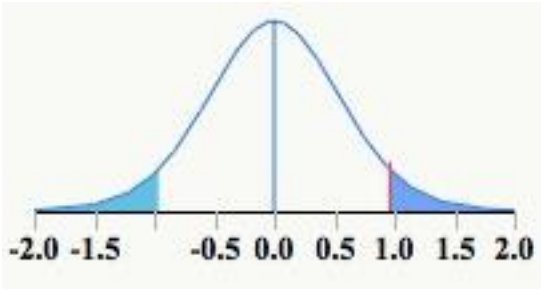
Oneway Anova
Summary of Fit

Rsquare	0.124696
Adj Rsquare	0.084909
Root Mean Square Error	1.330602
Mean of Response	8.75
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	0.9650	t Ratio	1.770342
Std Err Dif	0.5451	DF	22
Upper CL Dif	2.0955	Prob > |t|	0.0905
Lower CL Dif	-0.1655	Prob > t	0.0453*
Confidence	0.95	Prob < t	0.9547



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	5.548951	5.54895	3.1341	0.090
Error	22	38.951049	1.77050		
C. Total	23	44.500000			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.30769	0.36904	7.5423	9.073
Government/Municipal	11	9.27273	0.40119	8.4407	10.105

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	135.000	162.500	10.3846	
Government/Municipal	11	165.000	137.500	15.0000	

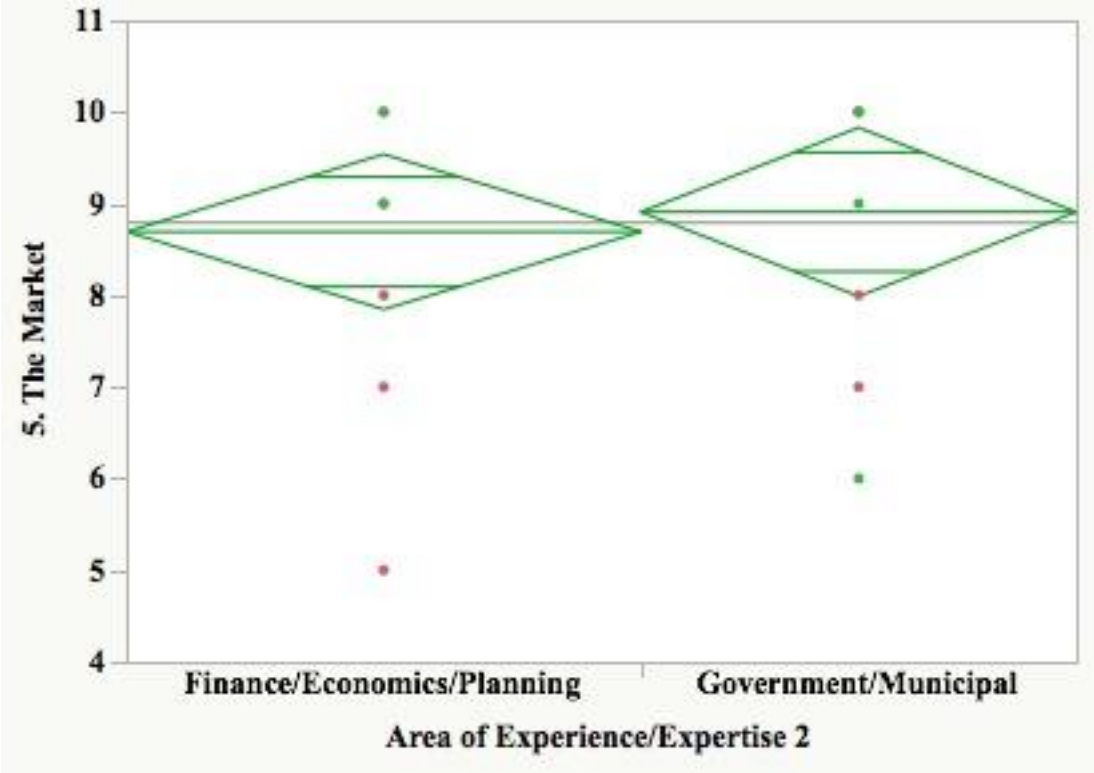
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
165	1.65652	0.0976

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
2.8466	1	0.0916

Oneway Analysis of 5. The Market By Area of Experience/Expertise 2



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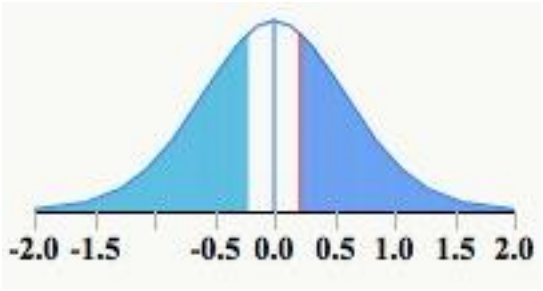
Oneway Anova
Summary of Fit

Rsquare	0.005839
Adj Rsquare	-0.03935
Root Mean Square Error	1.47214
Mean of Response	8.791667
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	0.2168	t Ratio	0.35945
Std Err Dif	0.6031	DF	22
Upper CL Dif	1.4675	Prob > |t|	0.7227
Lower CL Dif	-1.0340	Prob > t	0.3613
Confidence	0.95	Prob < t	0.6387



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	0.280012	0.28001	0.1292	0.722
Error	22	47.678322	2.16720		
C. Total	23	47.958333			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.69231	0.40830	7.8455	9.5391
Government/Municipal	11	8.90909	0.44387	7.9886	9.8296

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	155.000	162.500	11.9231	
Government/Municipal	11	145.000	137.500	13.1818	

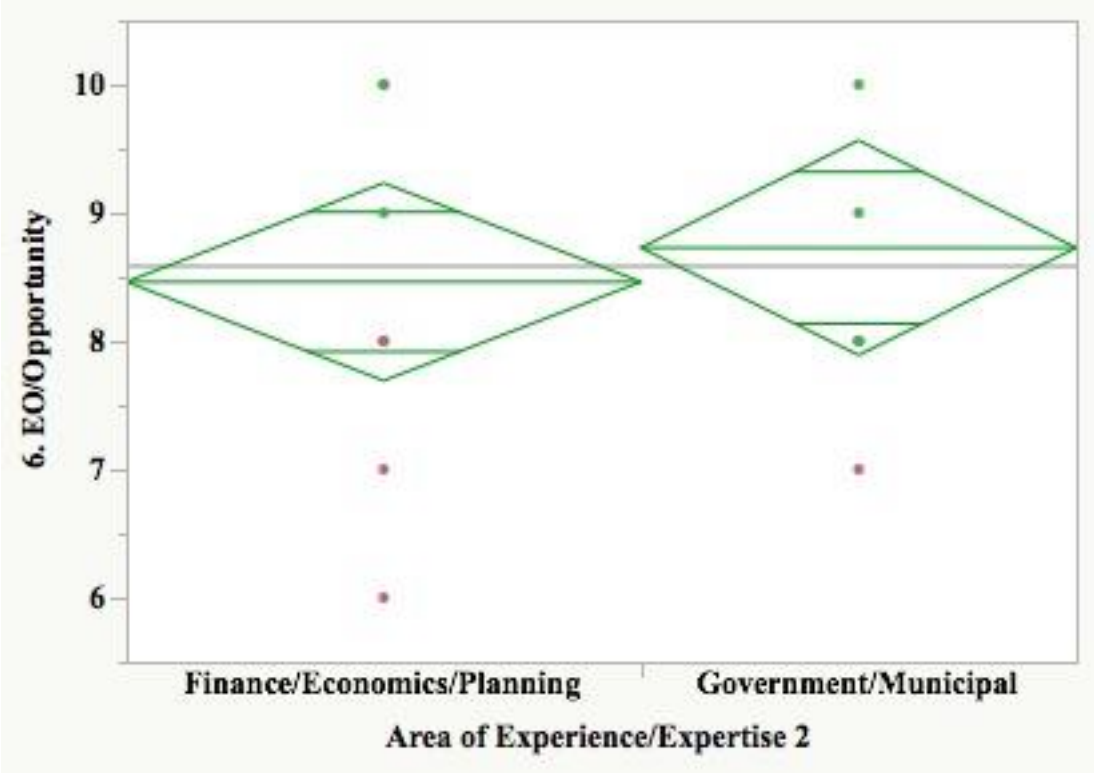
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
145	0.42968	0.6674

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
0.2119	1	0.6453

Oneway Analysis of 6. EO/Opportunity By Area of Experience/Expertise 2



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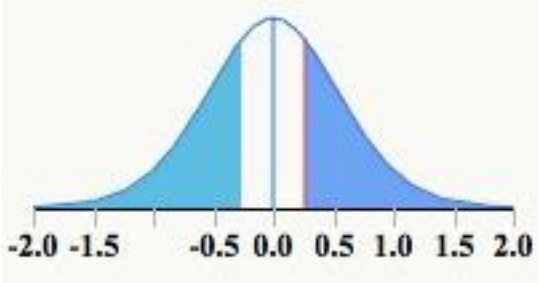
Oneway Anova
Summary of Fit

Rsquare	0.010563
Adj Rsquare	-0.03441
Root Mean Square Error	1.338462
Mean of Response	8.583333
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	0.2657	t Ratio	0.484623
Std Err Dif	0.5483	DF	22
Upper CL Dif	1.4029	Prob > |t|	0.6327
Lower CL Dif	-0.8714	Prob > t	0.3164
Confidence	0.95	Prob < t	0.6836



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	0.420746	0.42075	0.2349	0.632
Error	22	39.412587	1.79148		
C. Total	23	39.833333			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.46154	0.37122	7.6917	9.2314
Government/Municipal	11	8.72727	0.40356	7.8903	9.5642

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	157.000	162.500	12.0769	
Government/Municipal	11	143.000	137.500	13.0000	

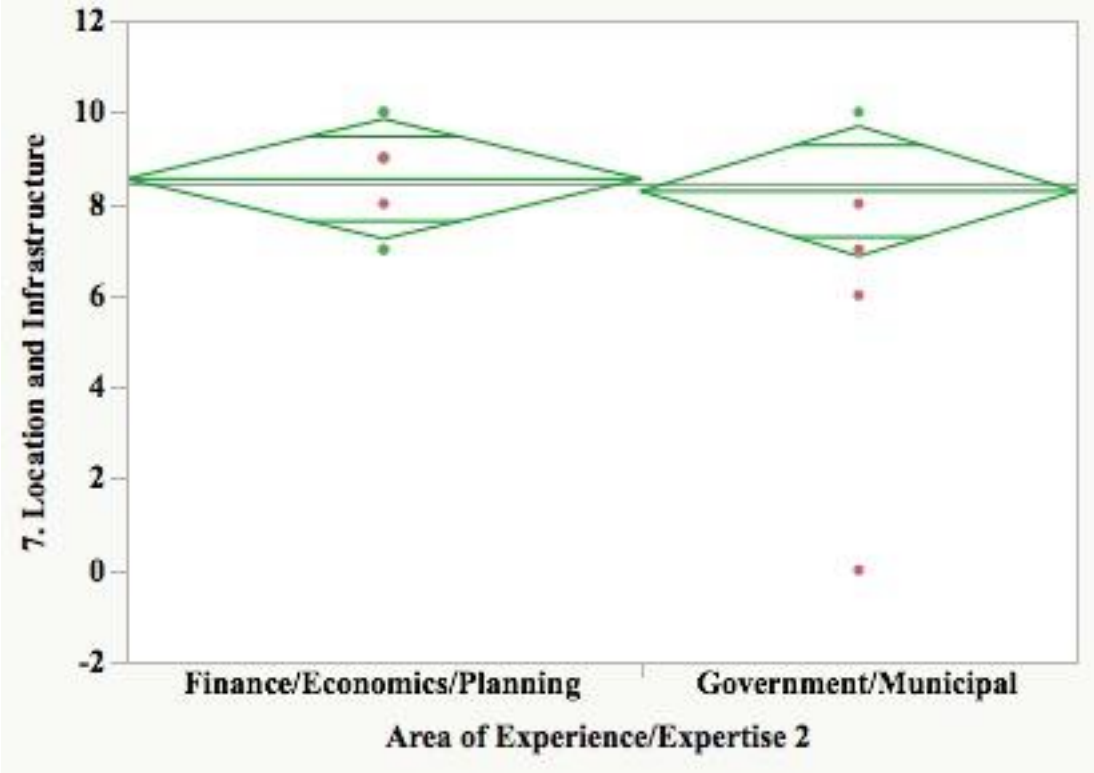
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
143	0.30632	0.7594

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
0.1135	1	0.7362

Oneway Analysis of 7. Location and Infrastructure By Area of Experience/Expertise 2



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11

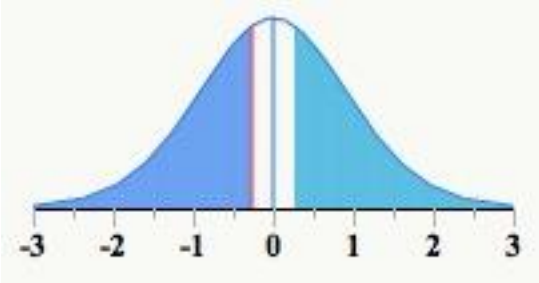
Oneway Anova
Summary of Fit

Rsquare	0.003696
Adj Rsquare	-0.04159
Root Mean Square Error	2.270488
Mean of Response	8.416667
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	-0.2657	t Ratio	-0.28569
Std Err Dif	0.9302	DF	22
Upper CL Dif	1.6633	Prob > |t|	0.7778
Lower CL Dif	-2.1948	Prob > t	0.6111
Confidence	0.95	Prob < t	0.3889



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	0.42075	0.42075	0.0816	0.777
Error	22	113.41259	5.15512		
C. Total	23	113.83333			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.53846	0.62972	7.2325	9.8444
Government/Municipal	11	8.27273	0.68458	6.8530	9.6925

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	147.000	162.500	11.3077	
Government/Municipal	11	153.000	137.500	13.9091	

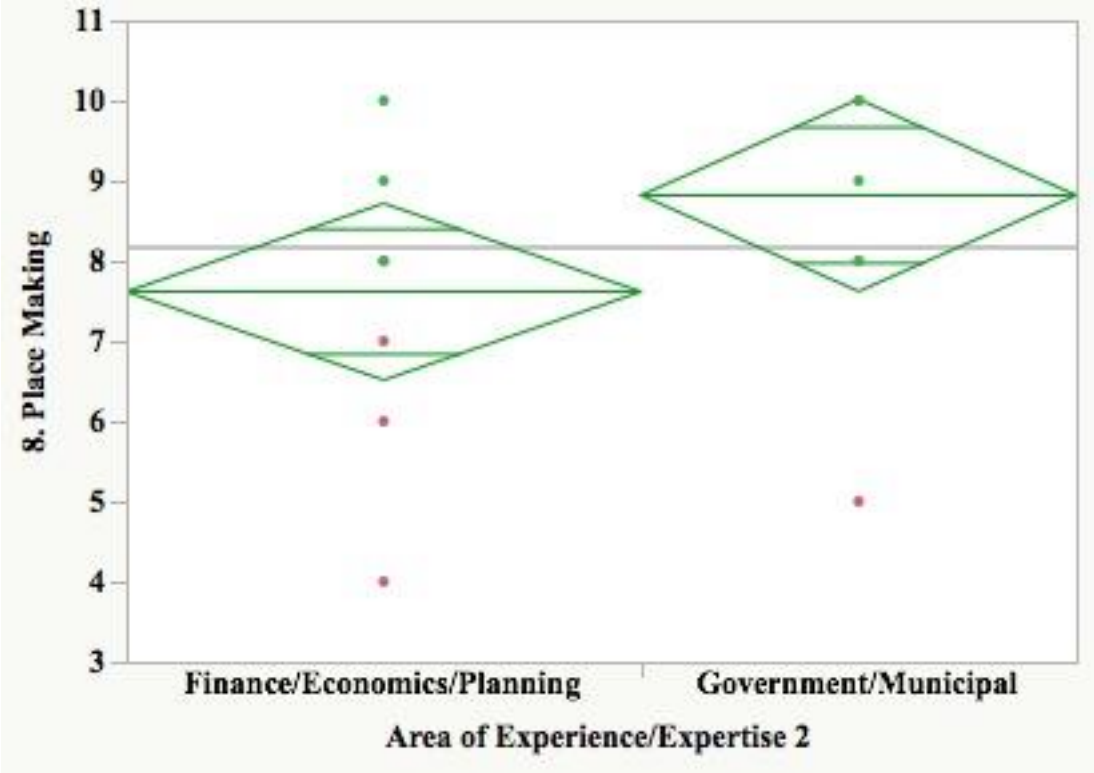
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
153	0.91079	0.3624

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
0.8858	1	0.3466

Oneway Analysis of 8. Place Making By Area of Experience/Expertise 2



Missing Rows
11

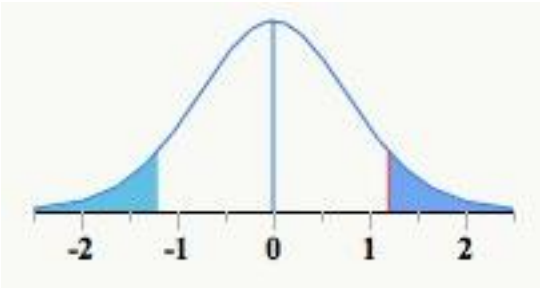
Oneway Anova
Summary of Fit

Rsquare	0.096493
Adj Rsquare	0.055425
Root Mean Square Error	1.915407
Mean of Response	8.166667
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	1.2028	t Ratio	1.532829
Std Err Dif	0.7847	DF	22
Upper CL Dif	2.8301	Prob > |t|	0.1396
Lower CL Dif	-0.4246	Prob > t	0.0698
Confidence	0.95	Prob < t	0.9302



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	8.620047	8.62005	2.3496	0.139
Error	22	80.713287	3.66879		
C. Total	23	89.333333			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	7.61538	0.53124	6.5137	8.717
Government/Municipal	11	8.81818	0.57752	7.6205	10.016

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	139.000	162.500	10.6923	
Government/Municipal	11	161.000	137.500	14.6364	

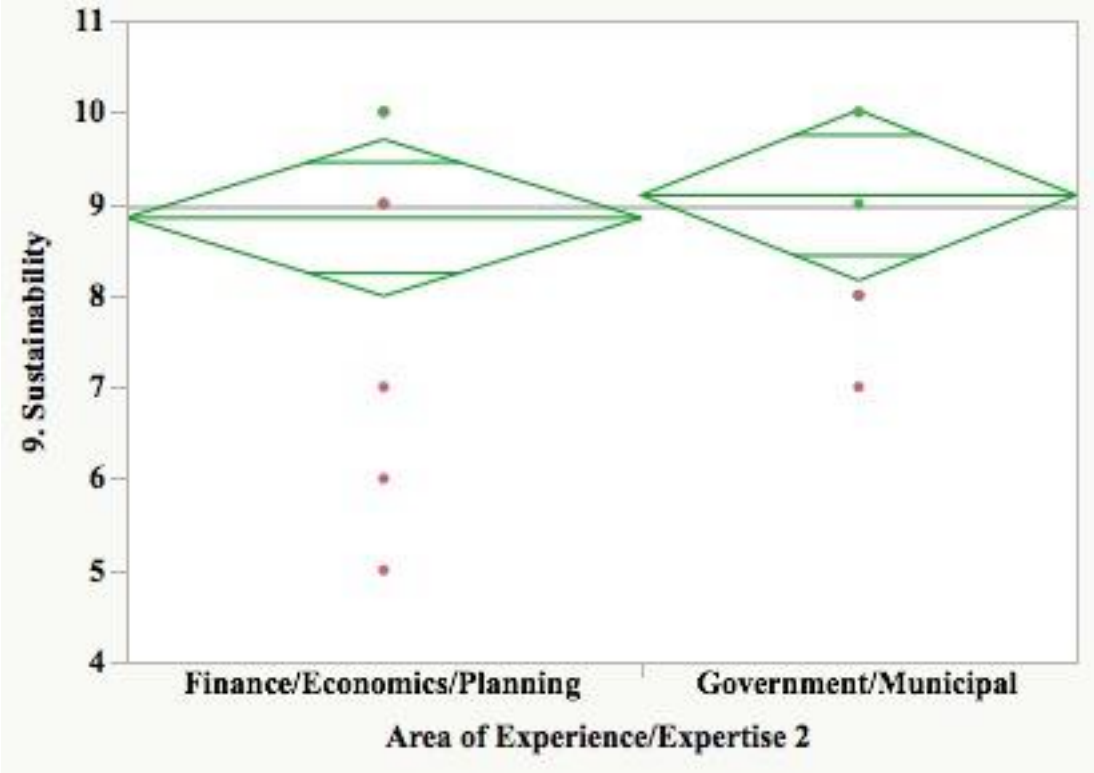
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
161	1.37728	0.1684

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
1.9803	1	0.1594

Oneway Analysis of 9. Sustainability By Area of Experience/Expertise 2



Missing Rows
11

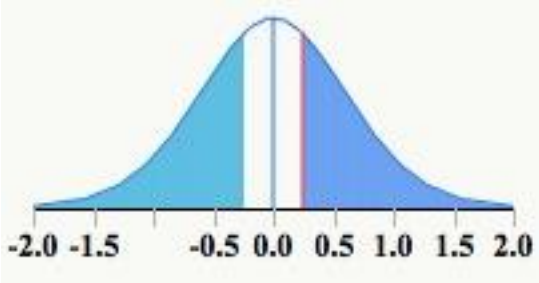
Oneway Anova
Summary of Fit

Rsquare	0.007291
Adj Rsquare	-0.03783
Root Mean Square Error	1.486322
Mean of Response	8.958333
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	0.2448	t Ratio	0.401959
Std Err Dif	0.6089	DF	22
Upper CL Dif	1.5076	Prob > |t|	0.6916
Lower CL Dif	-1.0180	Prob > t	0.3458
Confidence	0.95	Prob < t	0.6542



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	0.356935	0.35693	0.1616	0.691
Error	22	48.601399	2.20915		
C. Total	23	48.958333			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.84615	0.41223	7.9912	9.701
Government/Municipal	11	9.09091	0.44814	8.1615	10.020

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mea
Finance/Economics/Planning	13	161.000	162.500	12.3846	
Government/Municipal	11	139.000	137.500	12.6364	

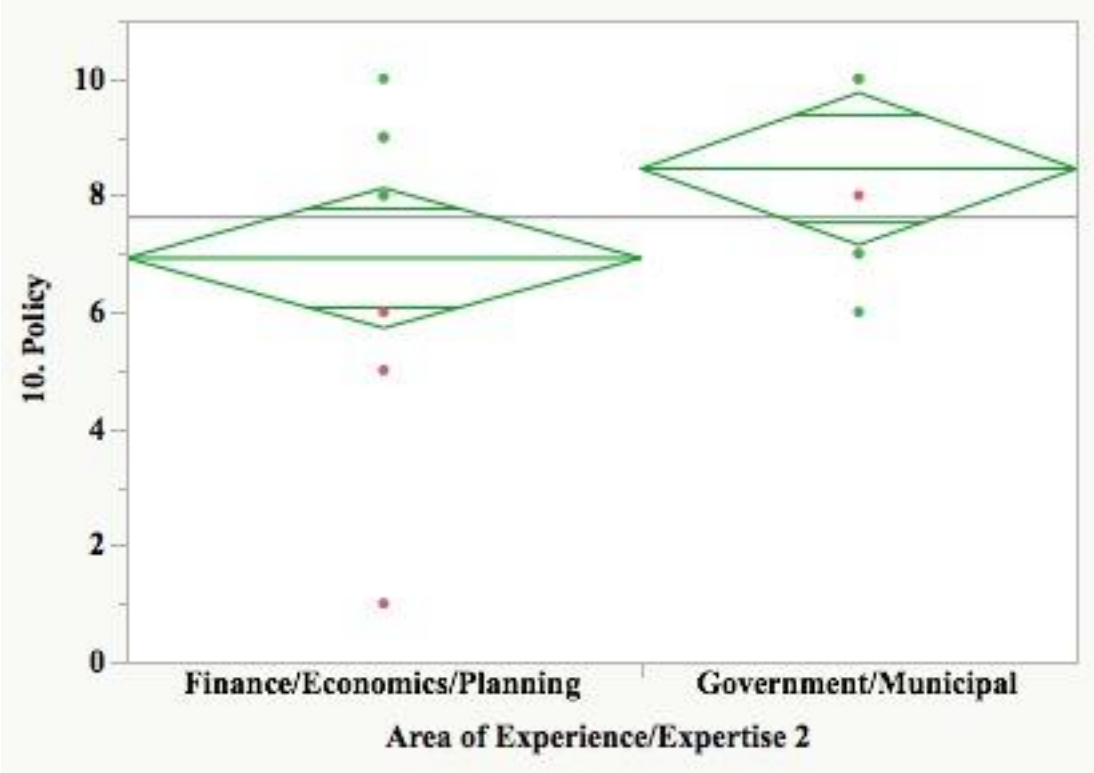
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
139	0.06339	0.9495

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
0.0090	1	0.9242

Oneway Analysis of 10. Policy By Area of Experience/Expertise 2



Missing Rows
11

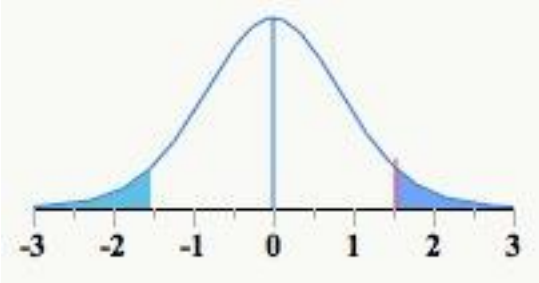
Oneway Anova
Summary of Fit

Rsquare	0.127477
Adj Rsquare	0.087817
Root Mean Square Error	2.085124
Mean of Response	7.625
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	1.5315	t Ratio	1.792828
Std Err Dif	0.8542	DF	22
Upper CL Dif	3.3030	Prob > |t|	0.0868
Lower CL Dif	-0.2401	Prob > t	0.0434*
Confidence	0.95	Prob < t	0.9566



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	13.97465	13.9747	3.2142	0.086
Error	22	95.65035	4.3477		
C. Total	23	109.62500			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	6.92308	0.57831	5.7237	8.1224
Government/Municipal	11	8.45455	0.62869	7.1507	9.7584

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	137.000	162.500	10.5385	
Government/Municipal	11	163.000	137.500	14.8182	

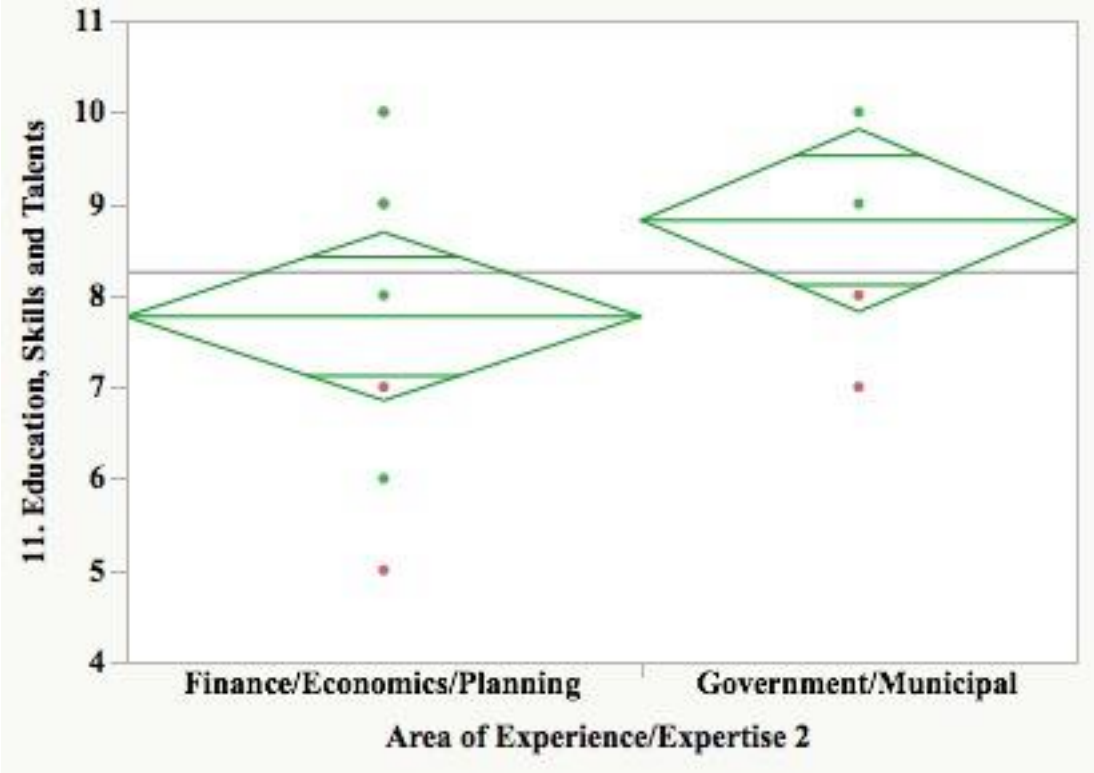
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
163	1.48130	0.1385

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
2.2829	1	0.1308

Oneway Analysis of 11. Education, Skills and Talents By Area of Experience/Expertise 2



Missing Rows
11

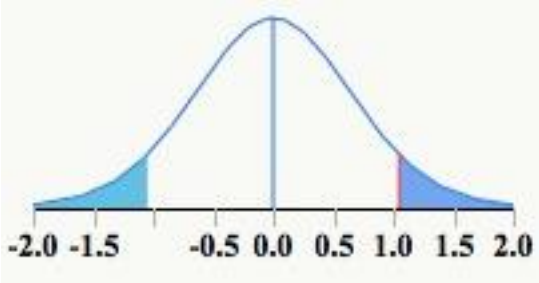
Oneway Anova
Summary of Fit

Rsquare	0.104895
Adj Rsquare	0.064209
Root Mean Square Error	1.594651
Mean of Response	8.25
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	1.0490	t Ratio	1.605654
Std Err Dif	0.6533	DF	22
Upper CL Dif	2.4038	Prob > |t|	0.1226
Lower CL Dif	-0.3059	Prob > t	0.0613
Confidence	0.95	Prob < t	0.9387



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	6.555944	6.55594	2.5781	0.122
Error	22	55.944056	2.54291		
C. Total	23	62.500000			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	7.76923	0.44228	6.8520	8.6865
Government/Municipal	11	8.81818	0.48081	7.8211	9.8153

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	138.000	162.500	10.6154	
Government/Municipal	11	162.000	137.500	14.7273	

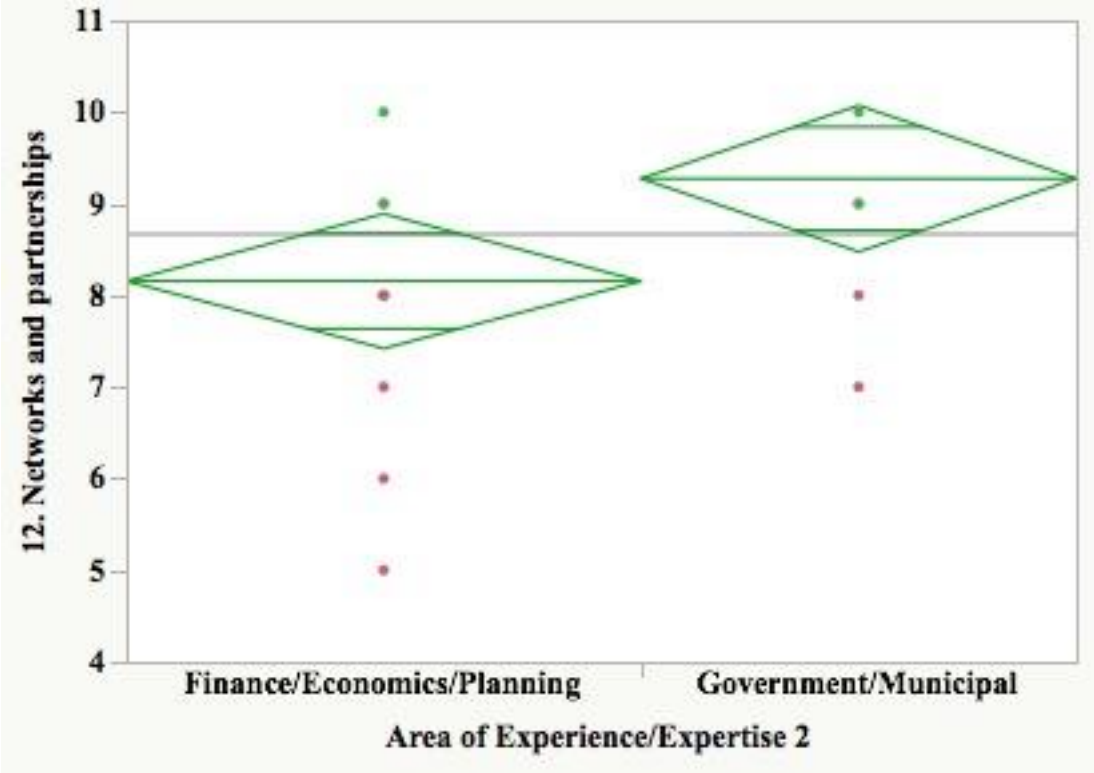
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
162	1.43284	0.1519

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
2.1395	1	0.1436

Oneway Analysis of 12. Networks and partnerships By Area of Experience/Expertise 2



Missing Rows
11

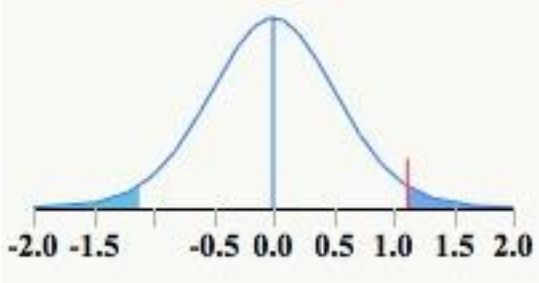
Oneway Anova
Summary of Fit

Rsquare	0.172136
Adj Rsquare	0.134505
Root Mean Square Error	1.276966
Mean of Response	8.666667
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	1.11888	t Ratio	2.138784
Std Err Dif	0.52314	DF	22
Upper CL Dif	2.20380	Prob > |t|	0.0438*
Lower CL Dif	0.03396	Prob > t	0.0219*
Confidence	0.95	Prob < t	0.9781



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	7.459207	7.45921	4.5744	0.0438
Error	22	35.874126	1.63064		
C. Total	23	43.333333			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	8.15385	0.35417	7.4193	8.888
Government/Municipal	11	9.27273	0.38502	8.4742	10.071

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	127.500	162.500	9.8077	
Government/Municipal	11	172.500	137.500	15.6818	

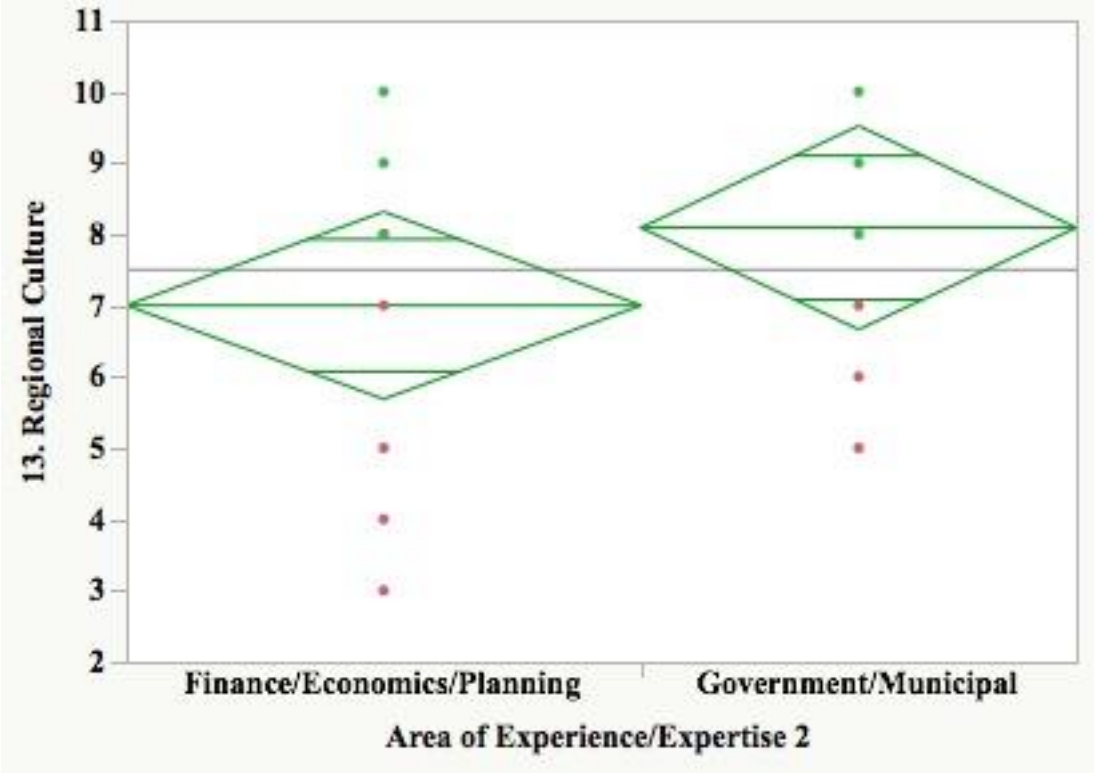
2-Sample Test, Normal Approximation

S	Z	Prob>|Z|
172.5	2.07267	0.0382*

1-way Test, ChiSquare Approximation

ChiSquare	DF	Prob>ChiSq
4.4214	1	0.0355*

Oneway Analysis of 13. Regional Culture By Area of Experience/Expertise 2



Missing Rows
11

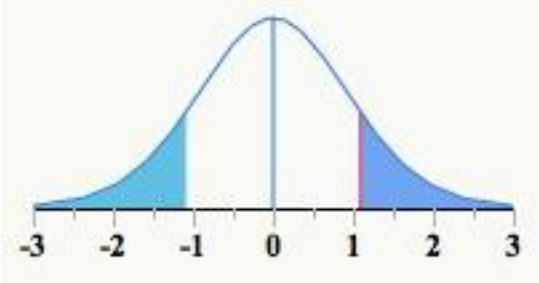
Oneway Anova
Summary of Fit

Rsquare	0.058122
Adj Rsquare	0.01531
Root Mean Square Error	2.285419
Mean of Response	7.5
Observations (or Sum Wgts)	24

t Test
Government/Municipal-Finance/Economics/Planning

Assuming equal variances

Difference	1.0909	t Ratio	1.165159
Std Err Dif	0.9363	DF	22
Upper CL Dif	3.0326	Prob > |t|	0.2564
Lower CL Dif	-0.8508	Prob > t	0.1282
Confidence	0.95	Prob < t	0.8718



Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob >
Area of Experience/Expertise 2	1	7.09091	7.09091	1.3576	0.256
Error	22	114.90909	5.22314		
C. Total	23	122.00000			

Means for Oneway Anova

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Finance/Economics/Planning	13	7.00000	0.63386	5.6855	8.3145
Government/Municipal	11	8.09091	0.68908	6.6618	9.5200

Std Error uses a pooled estimate of error variance

Wilcoxon / Kruskal-Wallis Tests (Rank Sums)

Level	Count	Score Sum	Expected Score	Score Mean	(Mean-Mean
Finance/Economics/Planning	13	141.500	162.500	10.8846	
Government/Municipal	11	158.500	137.500	14.4091	

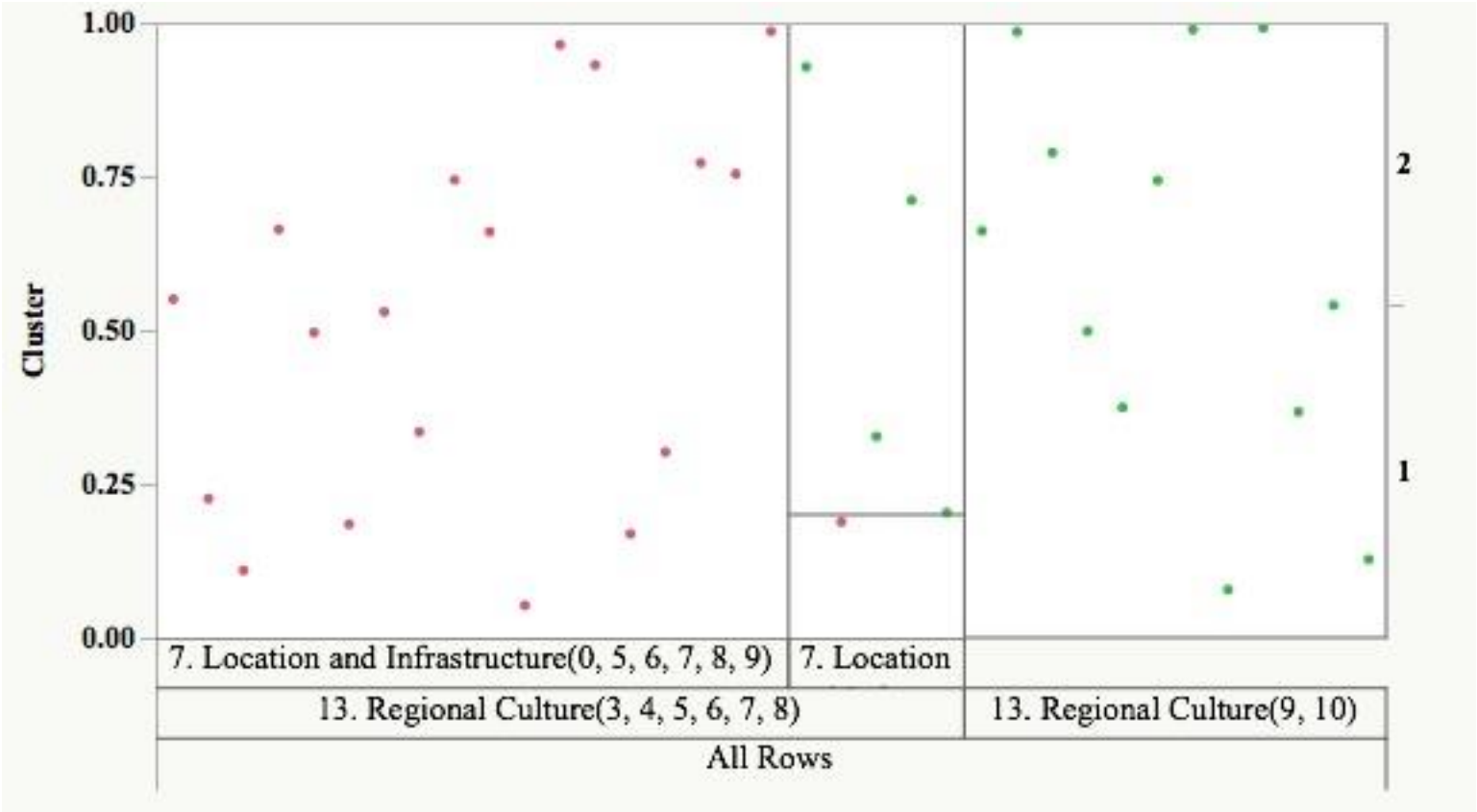
2-Sample Test, Normal Approximation

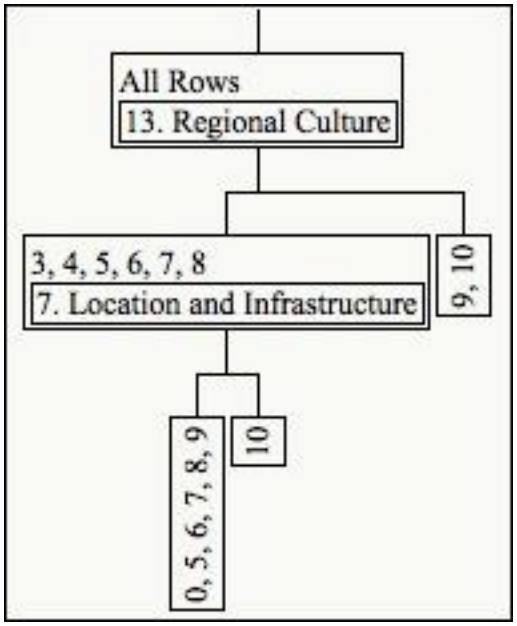
S	Z	Prob>|Z|
158.5	1.20647	0.2276

1-way Test, ChiSquare Approximation

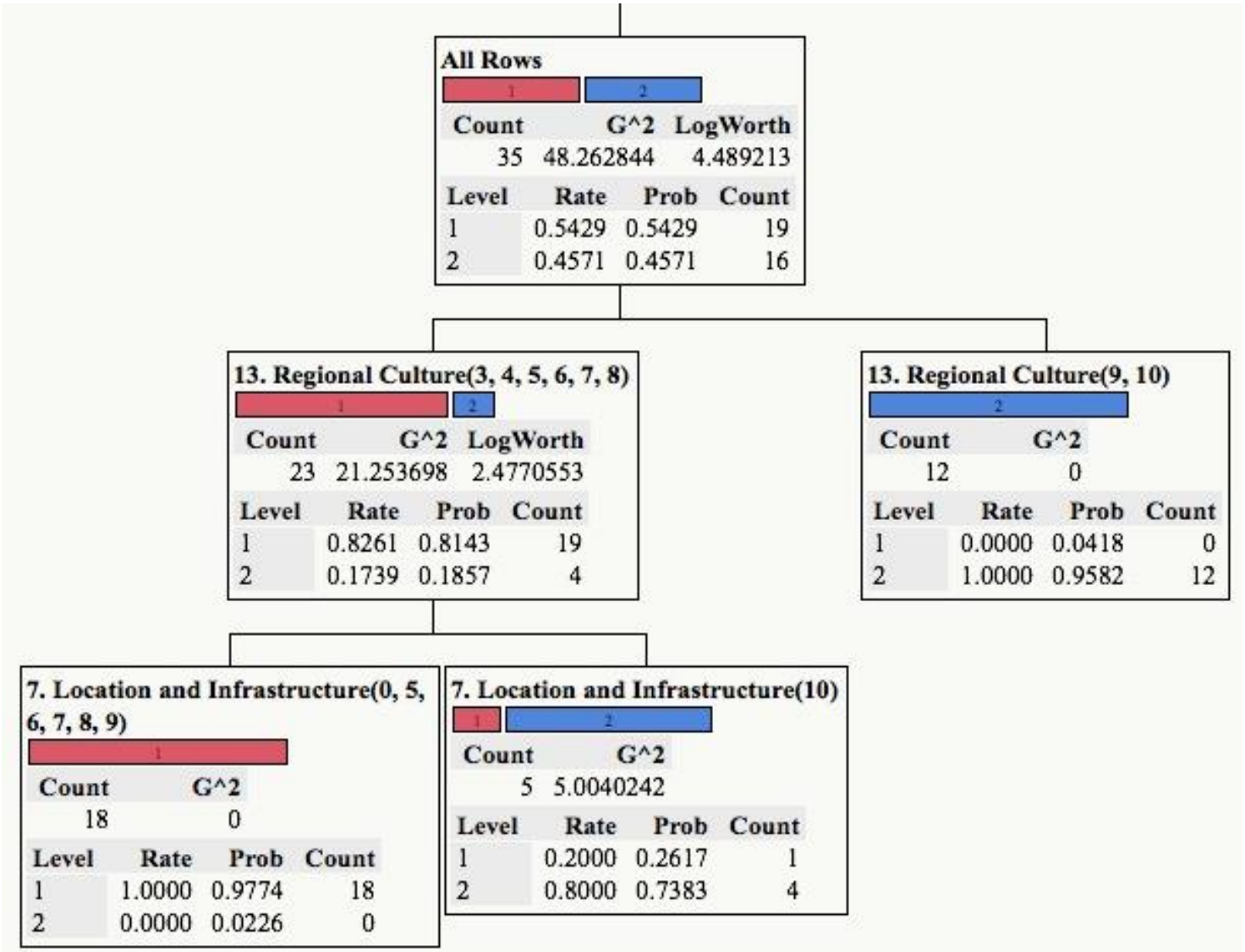
ChiSquare	DF	Prob>ChiSq
1.5274	1	0.2165

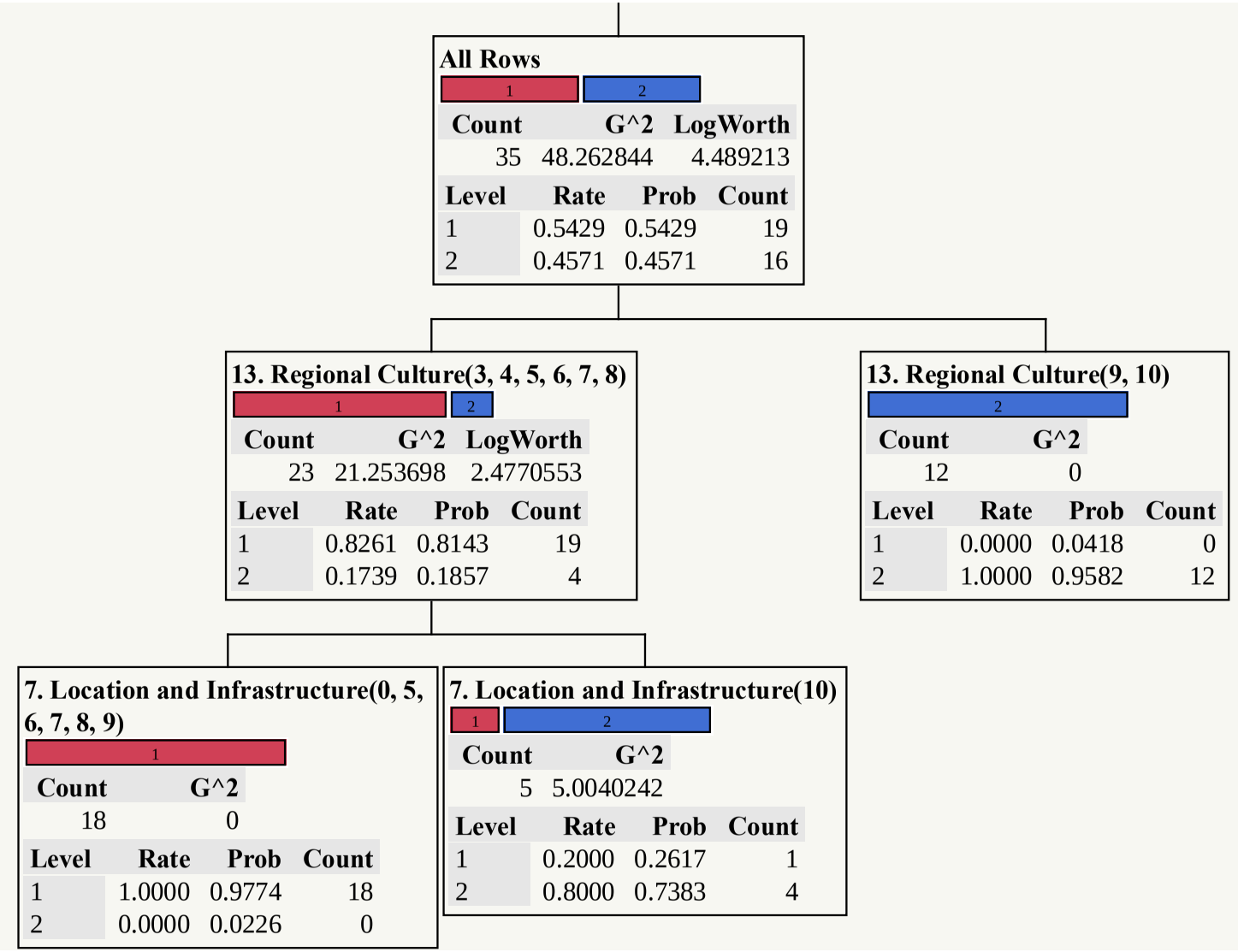
Partition for Cluster



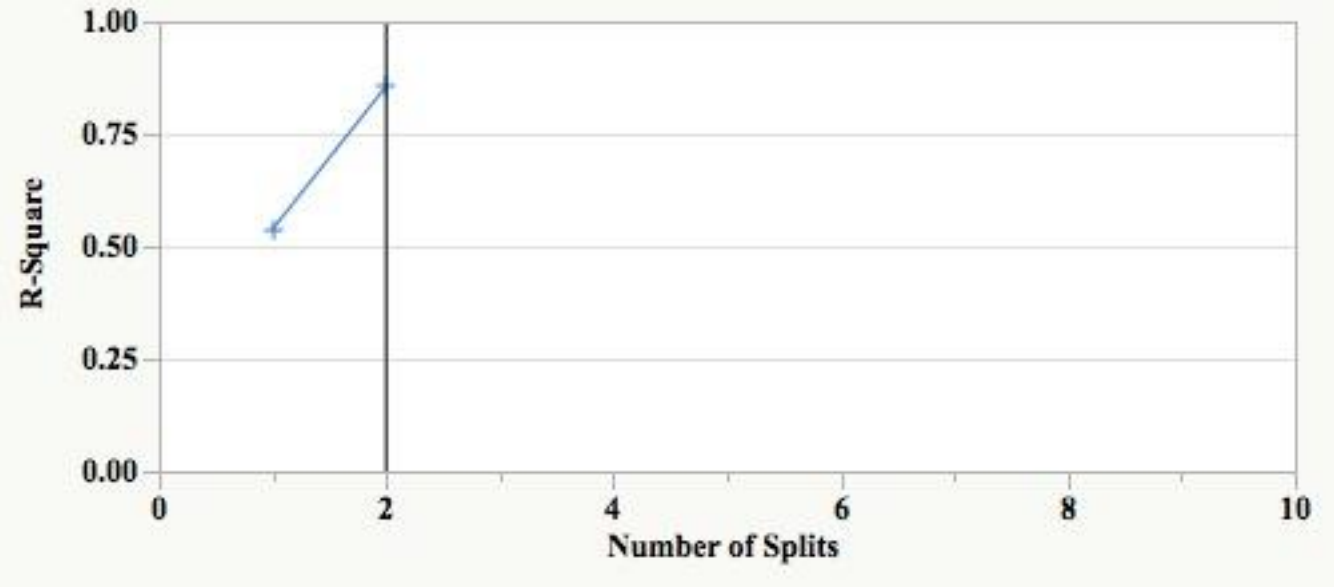


RSquare	N	Number of Splits
0.856	35	2


All Rows
1
2
Count G^2 LogWorth
35 48.262844 4.489213
Level Rate Prob Count
1 0.5429 0.5429 19
2 0.4571 0.4571 16
13. Regional Culture(3, 4, 5, 6, 7, 8)
1
2
Count G^2 LogWorth
23 21.253698 2.4770553
Level Rate Prob Count
1 0.8261 0.8143 19
2 0.1739 0.1857 4
13. Regional Culture(9, 10)
2
Count G^2
12 0
Level Rate Prob Count
1 0.0000 0.0418 0
2 1.0000 0.9582 12
7. Location and Infrastructure(0, 5, 6, 7, 8, 9)
1
Count G^2
18 0
Level Rate Prob Count
1 1.0000 0.9774 18
2 0.0000 0.0226 0
7. Location and Infrastructure(10)
1
2
Count G^2
5 5.0040242
Level Rate Prob Count
1 0.2000 0.2617 1
2 0.8000 0.7383 4


All Rows
1
2
Count G^2 LogWorth
35 48.262844 4.489213
Level Rate Prob Count
1 0.5429 0.5429 19
2 0.4571 0.4571 16
13. Regional Culture(3, 4, 5, 6, 7, 8)
1
2
Count G^2 LogWorth
23 21.253698 2.4770553
Level Rate Prob Count
1 0.8261 0.8143 19
2 0.1739 0.1857 4
13. Regional Culture(9, 10)
2
Count G^2
12 0
Level Rate Prob Count
1 0.0000 0.0418 0
2 1.0000 0.9582 12
7. Location and Infrastructure(0, 5, 6, 7, 8, 9)
1
Count G^2
18 0
Level Rate Prob Count
1 1.0000 0.9774 18
2 0.0000 0.0226 0
7. Location and Infrastructure(10)
1
2
Count G^2
5 5.0040242
Level Rate Prob Count
1 0.2000 0.2617 1
2 0.8000 0.7383 4

Split History



Column Contributions

Term	Number of Splits	G^2	G^2	Portion
13. Regional Culture	1	27.0091461		0.6244
7. Location and Infrastructure	1	16.2496736		0.3756

Term	Number of Splits	G^2	G^2	Portion
1. Champions	0	0		0.0000
2. Stakeholders	0	0		0.0000
3. Natural resources	0	0		0.0000
4. Finance	0	0		0.0000
5. The Market	0	0		0.0000
6. EO/Opportunity	0	0		0.0000
8. Place Making	0	0		0.0000
9. Sustainability	0	0		0.0000
10. Policy	0	0		0.0000
11. Education, Skills and Talents	0	0		0.0000
12. Networks and partnerships	0	0		0.0000

Fit Details

Measure	Training	Definition
Entropy RSquare	0.8559	1-Loglike(model)/Loglike(0)
Generalized RSquare	0.9260	(1-(L(0)/L(model))^(2/n))/(1-L(0)^(2/n))
Mean -Log p	0.0994	$\sum$ -Log(ρ[j])/n
RMSE	0.1558	$\sqrt{\sum(y[j]-\rho[j])^2/n}$
Mean Abs Dev	0.0770	$\sum$ |y[j]-ρ[j]|/n
Misclassification Rate	0.0286	$\sum$ (ρ[j]≠ρMax)/n
N	35	n

Confusion Matrix

	Actual	
Predicted		
Training	1	2
1	18	1
2	0	16

Leaf Report

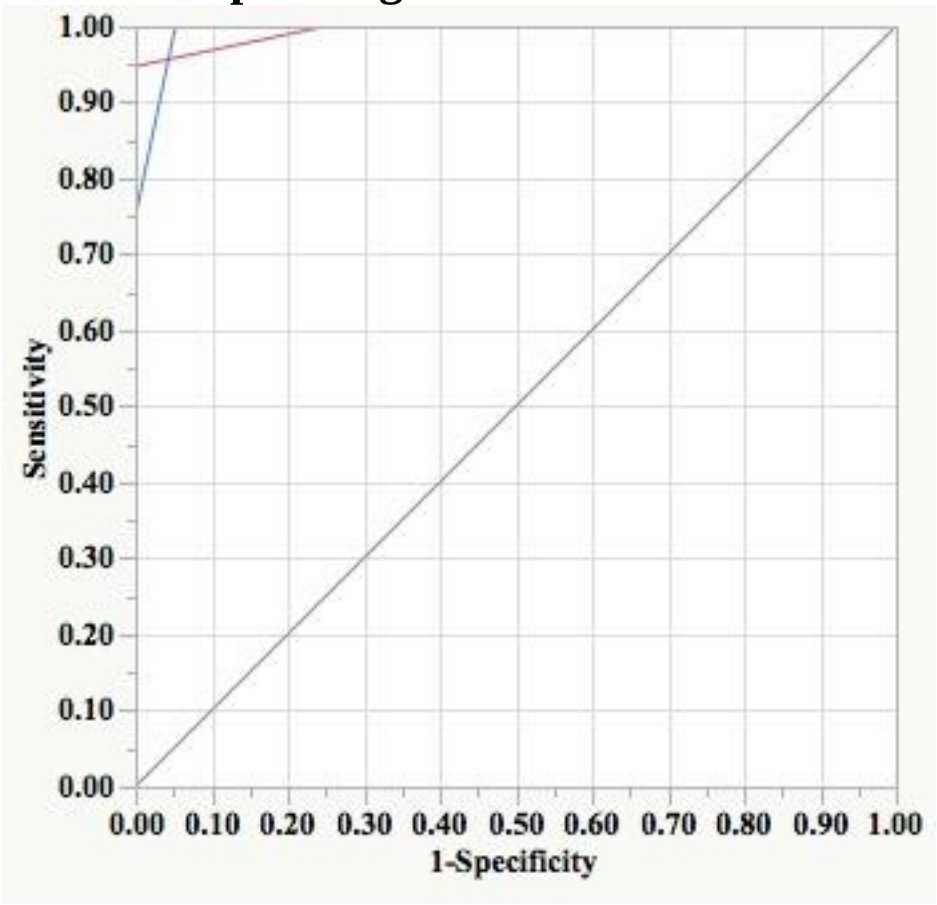
Response Prob

Leaf Label	1 1	2 2
13. Regional Culture(3, 4, 5, 6, 7, 8)&7. Location and Infrastructure(0, 5, 6, 7, 8, 9)	0.9774	0.0226
13. Regional Culture(3, 4, 5, 6, 7, 8)&7. Location and Infrastructure(10)	0.2617	0.7383
13. Regional Culture(9, 10)	0.0418	0.9582

Response Counts

Leaf Label	1 1	2 2
13. Regional Culture(3, 4, 5, 6, 7, 8)&7. Location and Infrastructure(0, 5, 6, 7, 8, 9)	18	0
13. Regional Culture(3, 4, 5, 6, 7, 8)&7. Location and Infrastructure(10)	1	4
13. Regional Culture(9, 10)	0	12

Receiver Operating Characteristic

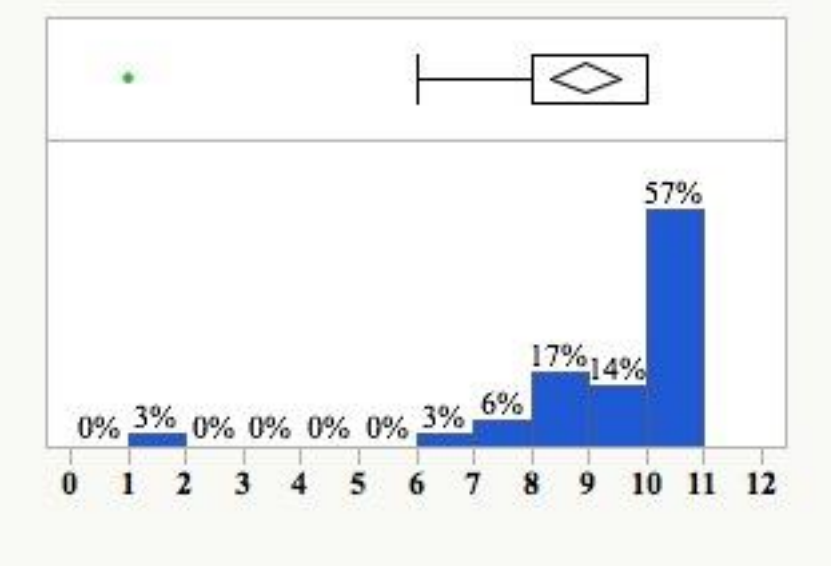


Cluster	Area
1	0.9934

Cluster	Area
2	0.9934

Distributions

1. Champions



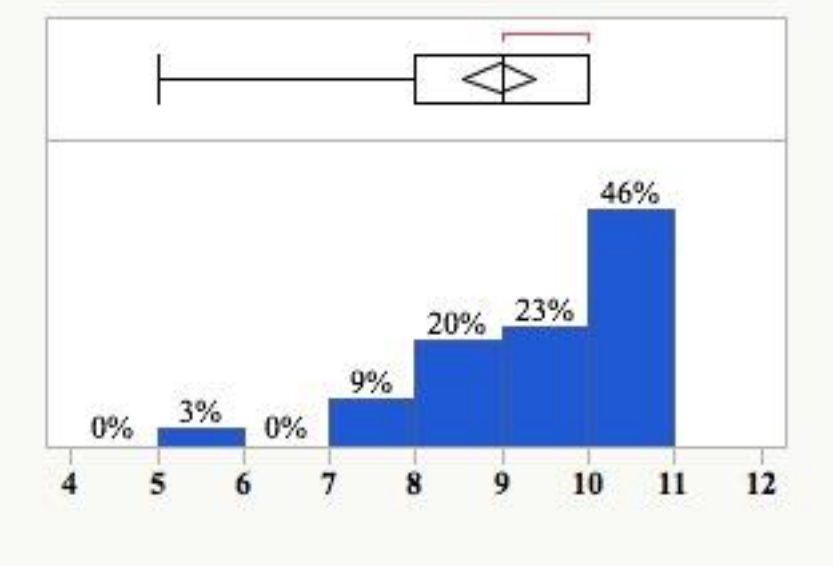
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	10
25.0%	quartile	8
10.0%		7
2.5%		1
0.5%		1
0.0%	minimum	1

Summary Statistics

Mean	8.9714286
Std Dev	1.7737583
Std Err Mean	0.2998199
Upper 95% Mean	9.5807359
Lower 95% Mean	8.3621213
N	35

2. Stakeholders



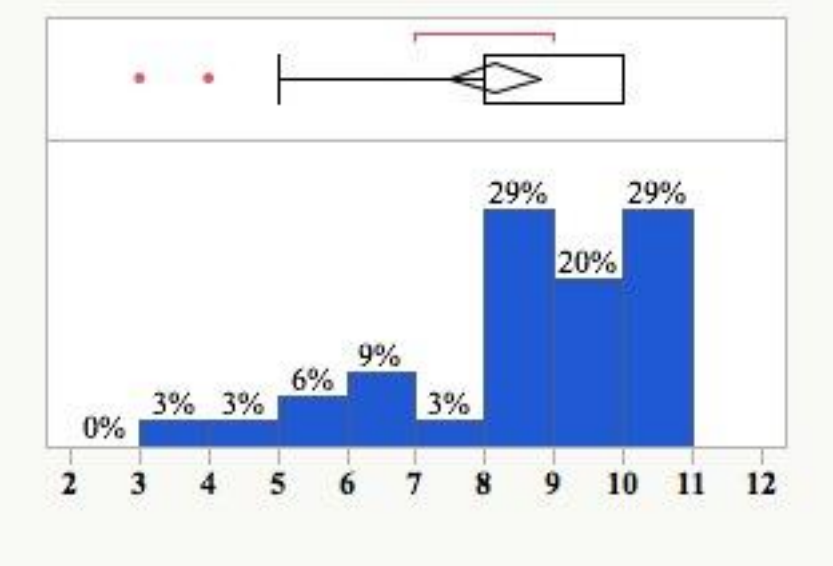
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	9
25.0%	quartile	8
10.0%		7
2.5%		5
0.5%		5
0.0%	minimum	5

Summary Statistics

Mean	8.9714286
Std Dev	1.2244018
Std Err Mean	0.2069617
Upper 95% Mean	9.3920253
Lower 95% Mean	8.5508319
N	35

3. Natural resources



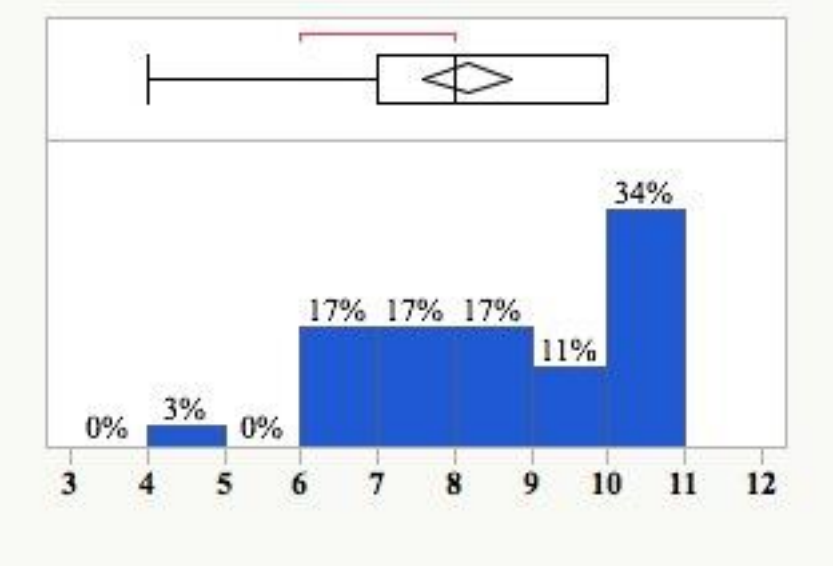
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	8
25.0%	quartile	8
10.0%		5
2.5%		3
0.5%		3
0.0%	minimum	3

Summary Statistics

Mean	8.1428571
Std Dev	1.8652055
Std Err Mean	0.3152773
Upper 95% Mean	8.7835777
Lower 95% Mean	7.5021366
N	35

4. Finance



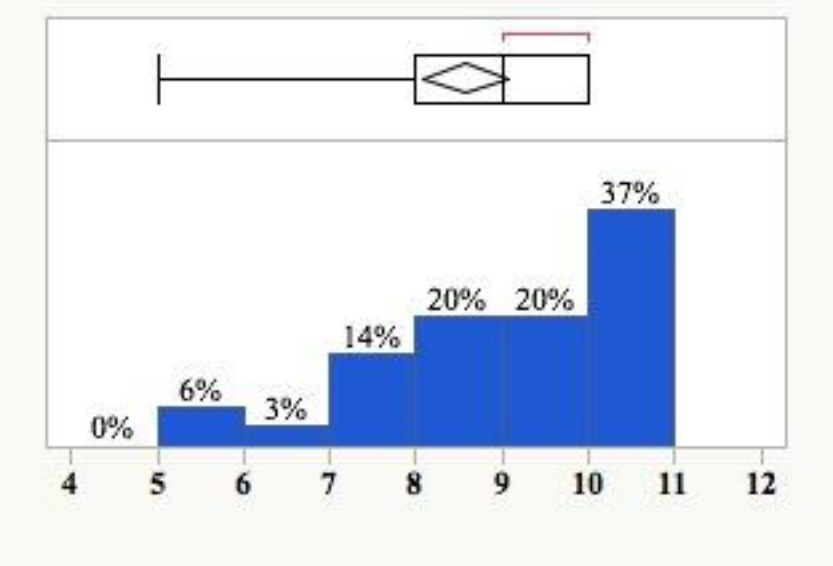
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	8
25.0%	quartile	7
10.0%		6
2.5%		4
0.5%		4
0.0%	minimum	4

Summary Statistics

Mean	8.1714286
Std Dev	1.6888164
Std Err Mean	0.2854621
Upper 95% Mean	8.7515573
Lower 95% Mean	7.5912998
N	35

5. The Market



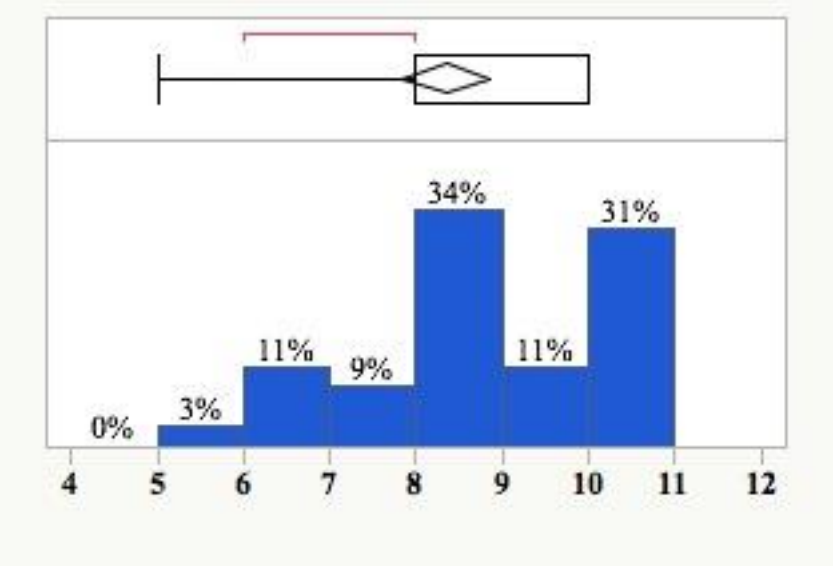
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	9
25.0%	quartile	8
10.0%		6.6
2.5%		5
0.5%		5
0.0%	minimum	5

Summary Statistics

Mean	8.5714286
Std Dev	1.4809717
Std Err Mean	0.2503299
Upper 95% Mean	9.0801602
Lower 95% Mean	8.062697
N	35

6. EO/Opportunity



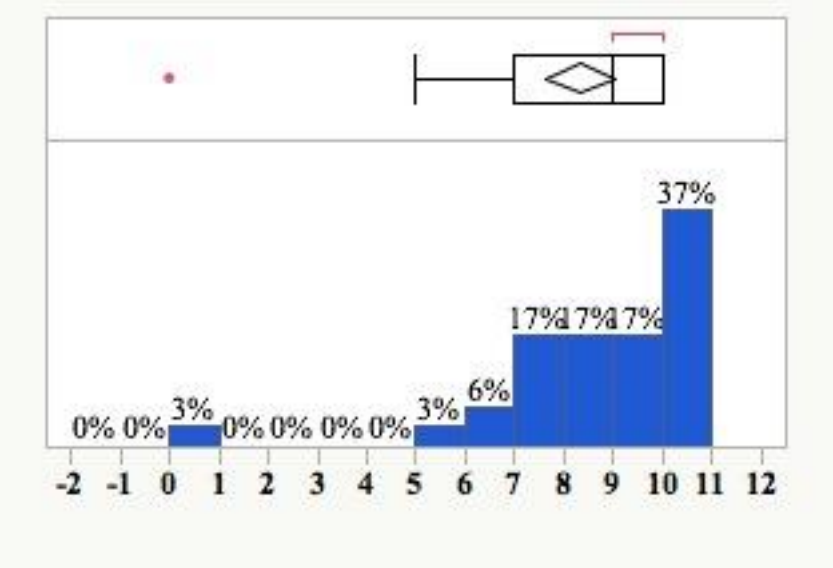
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	8
25.0%	quartile	8
10.0%		6
2.5%		5
0.5%		5
0.0%	minimum	5

Summary Statistics

Mean	8.3428571
Std Dev	1.4540584
Std Err Mean	0.2457807
Upper 95% Mean	8.8423437
Lower 95% Mean	7.8433706
N	35

7. Location and Infrastructure



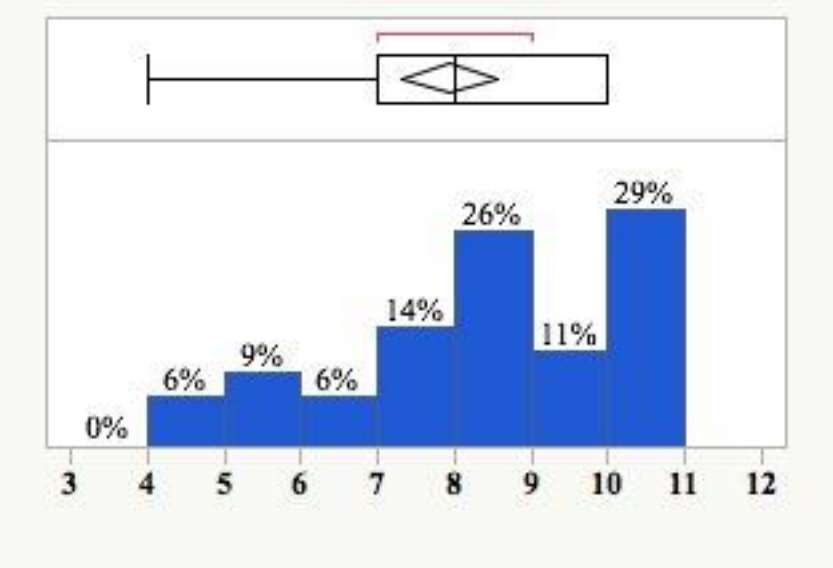
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	9
25.0%	quartile	7
10.0%		6
2.5%		0
0.5%		0
0.0%	minimum	0

Summary Statistics

Mean	8.3142857
Std Dev	2.0403493
Std Err Mean	0.344882
Upper 95% Mean	9.0151702
Lower 95% Mean	7.6134012
N	35

8. Place Making



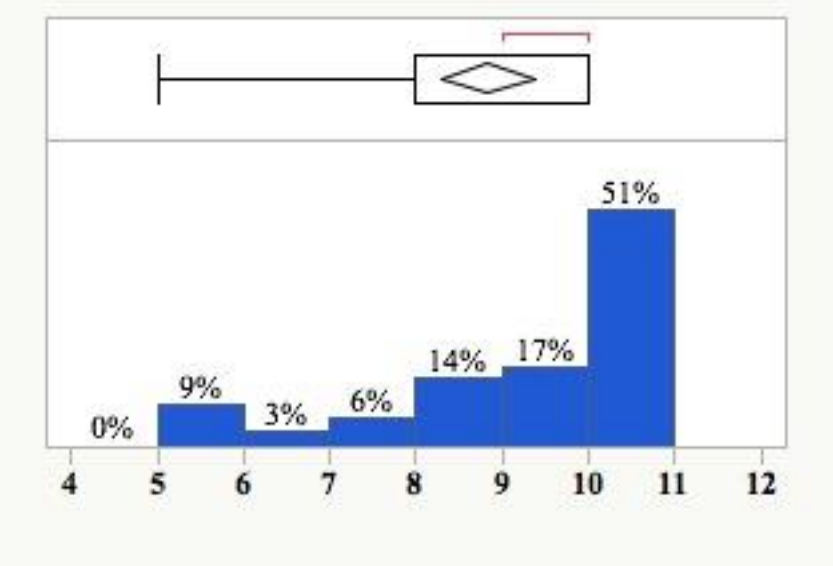
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	8
25.0%	quartile	7
10.0%		5
2.5%		4
0.5%		4
0.0%	minimum	4

Summary Statistics

Mean	7.9428571
Std Dev	1.8461862
Std Err Mean	0.3120624
Upper 95% Mean	8.5770443
Lower 95% Mean	7.30867
N	35

9. Sustainability



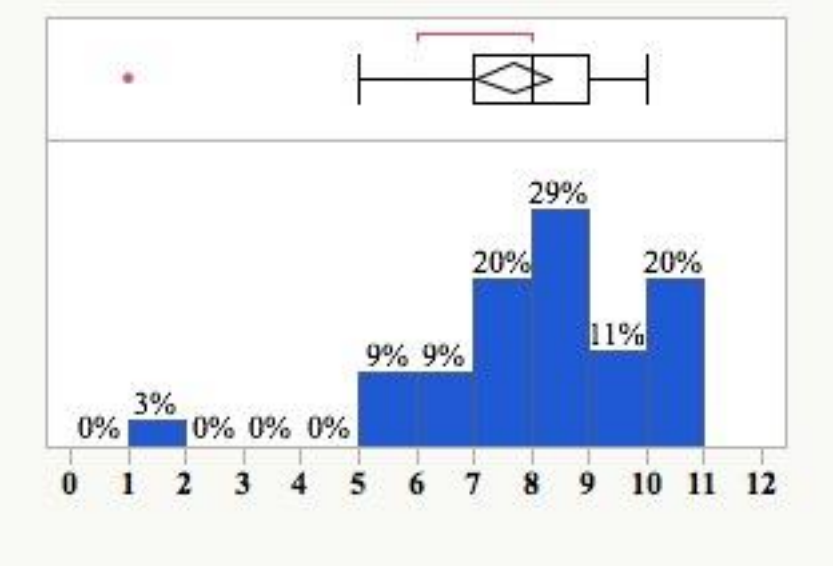
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	10
25.0%	quartile	8
10.0%		5.6
2.5%		5
0.5%		5
0.0%	minimum	5

Summary Statistics

Mean	8.8285714
Std Dev	1.5993696
Std Err Mean	0.2703428
Upper 95% Mean	9.3779741
Lower 95% Mean	8.2791687
N	35

10. Policy



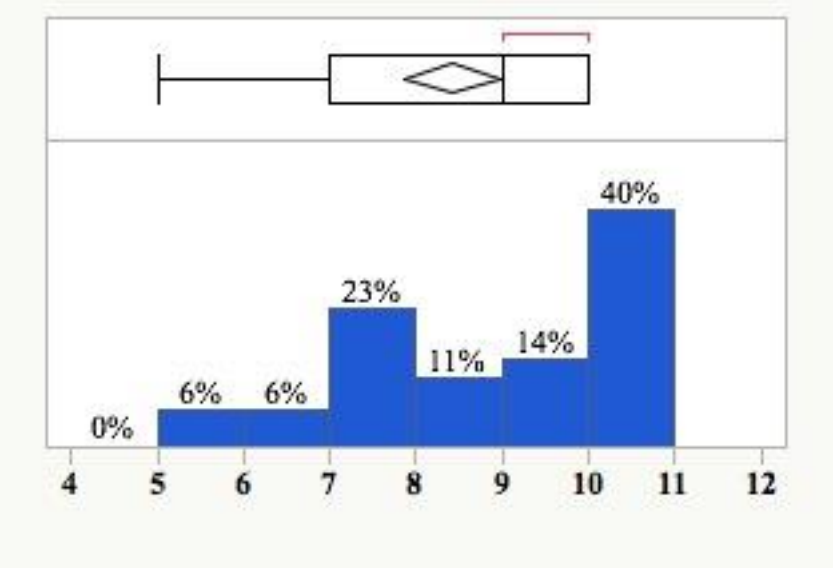
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	9
50.0%	median	8
25.0%	quartile	7
10.0%		5
2.5%		1
0.5%		1
0.0%	minimum	1

Summary Statistics

Mean	7.6857143
Std Dev	1.9062039
Std Err Mean	0.3222073
Upper 95% Mean	8.3405182
Lower 95% Mean	7.0309103
N	35

11. Education, Skills and Talents



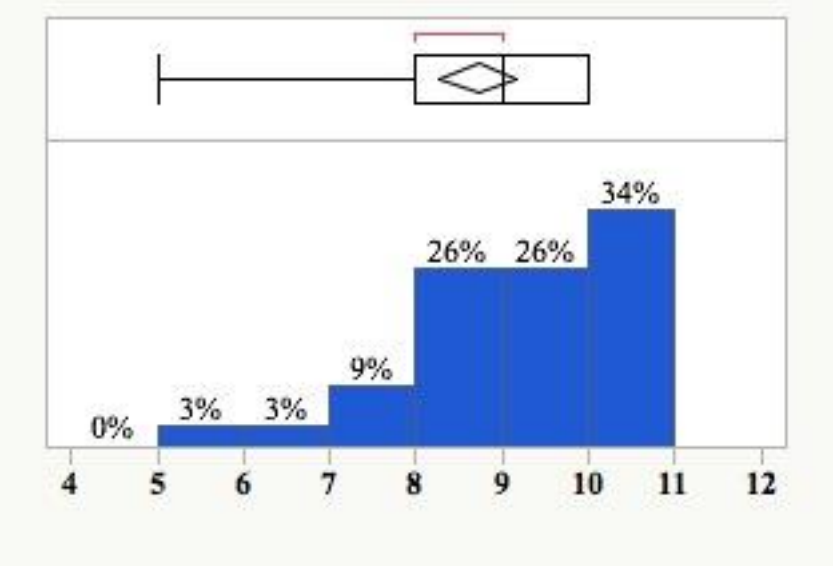
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	9
25.0%	quartile	7
10.0%		6
2.5%		5
0.5%		5
0.0%	minimum	5

Summary Statistics

Mean	8.4285714
Std Dev	1.6140143
Std Err Mean	0.2728182
Upper 95% Mean	8.9830047
Lower 95% Mean	7.8741381
N	35

12. Networks and partnerships



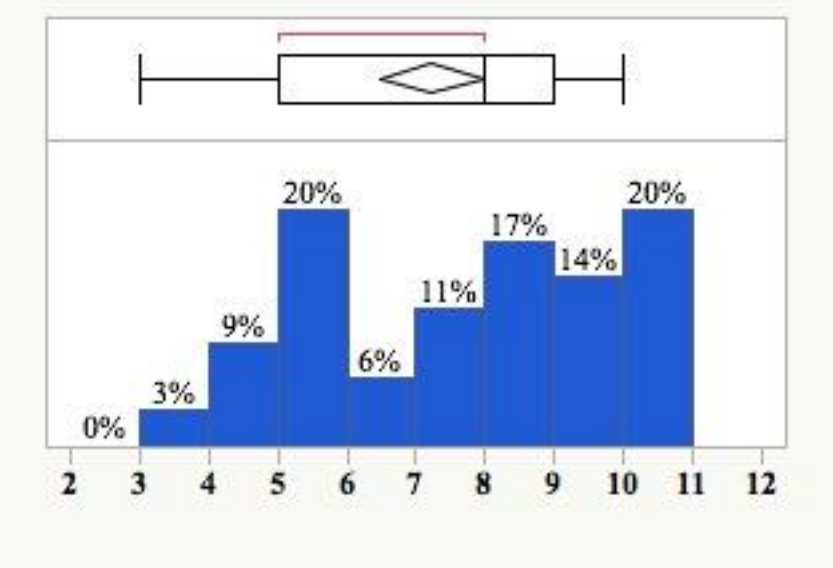
Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	10
50.0%	median	9
25.0%	quartile	8
10.0%		7
2.5%		5
0.5%		5
0.0%	minimum	5

Summary Statistics

Mean	8.7142857
Std Dev	1.2735183
Std Err Mean	0.2152639
Upper 95% Mean	9.1517545
Lower 95% Mean	8.2768169
N	35

13. Regional Culture



Quantiles

100.0%	maximum	10
99.5%		10
97.5%		10
90.0%		10
75.0%	quartile	9
50.0%	median	8
25.0%	quartile	5
10.0%		4
2.5%		3
0.5%		3
0.0%	minimum	3

Summary Statistics

Mean	7.2285714
Std Dev	2.1704664
Std Err Mean	0.3668758
Upper 95% Mean	7.9741527
Lower 95% Mean	6.4829901
N	35

12 APPENDIX F - DATA