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THE APPLICABILITY OF SKILLS TRAINING FOR LOCAL ECONOMIC DEVELOPMENT : A CASE STUDY OF THE THUSANANG TRAINING CENTRE

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A Dissertation Submitted To The Faculty Of Architecture, University Of The Witwatersrand, Johannesburg, In Partial Fulfillment Of The Requirements For The Degree Of Master Of Science In Development Planning
Johannesburg 1998

786

WHEN PLANNING FOR A YEAR - SOW CORN

WHEN PLANNING FOR A DECADE - PLANT TREES

WHEN PLANNING FOR A LIFETIME - TRAIN & EDUCATE PEOPLE

Kwan - Tzu 300 B.C.

ABSTRACT

The experience drawn from development programmes, has shown that the translation of policy and theory into workable action programmes, is an art form that is little understood and seldom practised successfully. Within the development context, Shapiero (1984) argues that "no where is the gap between theory and useful action more apparent than in the field of economic development" (Shapiero,1984:14). Past top-down *exogenous* economic development strategies have failed to achieve their objectives, and communities have traditionally lacked the means by which to initiate development. Structural changes in the global arena have also made it difficult for governments to protect their local markets because of competition in the global arena. This means that economic growth in each local area can follow only from the development of a new capacity to respond to global economic changes. Recently, more bottom-up *endogenous* approaches, to economic development, have been formulated. LED is viewed as a mechanism which could help fill the void which exists, through the effective mobilisation of community resources. LED could thus enable the poor and structurally unemployed to participate in the economy, by focusing on Human Resource Development, Entrepreneuralism which is geared towards Community Development. New legislation and policy changes have led to more pragmatic and supportive environments which foster LED. LED is in effect a local response which ideally relies on local initiatives, and the communities taking ownership of the development process. This dissertation cannot be comprehensive. Instead it suggests a general framework to problem solving in the field of LED. The Thusanang Training Centre is thus promoted as a synthetic instrument with which to provide a general economic development mechanism at the local level. Training Centres represent areas with interesting and innovative initiatives, that may serve as indicators of 'good practice' for LED within communities. However when a commitment is made to engage in LED strategies, organisations need to consider the ramifications of their actions on the entire community.

DECLARATION

I declare that this dissertation is entirely my own unaided work. It is submitted for the degree of Master of Science in Development Planning in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination in any other University.

Raazia Moosa

(Name of candidate)

7th day of October, 1998

DEDICATION

To my family,

who have waited patiently

for the completion of

this dissertation,

and whose

forbearance

I sincerely

appreciate.

ACKNOWLEDGEMENTS

Undertaking this humble endeavour would not have been possible without the unstinting assistance and support given by my family.

I am grateful to my mother, Aziza, who gave me encouragement and support and who helped, along with my sister Sumayya, with the painstaking task of proof reading this dissertation.

I wish to extend my sincere gratitude to my sister Shahida, who provided invaluable intellectual guidance, comment, advice, stimulus, encouragement and love at every stage of the formulation of this dissertation.

I extend my thanks to Brian Boshoff, my supervisor, who provided general guidance and critical editorial support.

To the people of Thusanang

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CHAPTER 1

BACKGROUND STATEMENT ON LOCAL ECONOMIC DEVELOPMENT (LED)

The concept of LED is increasingly receiving attention both nationally and internationally due to its potential as a development strategy. The concept is well established internationally and reflects refinements and reorientations in development thinking over the last twenty years. By no means should LED initiatives be restricted to this period. Within the global context, towns and cities, both rural and urban, have subscribed to the "Traditional Approach" to local economic development. Within this "Traditional Approach", attempts were made by governments to attract business activities from *outside* to locate in particular localities. The term *exogenous* is thus used to denote a top-down approach to economic development.

In response to the dominant exogenous traditional approach, authors such as Nel & Lindie (1996), Tomlinson (1994), Blakely (1989), Ross & Friedman (1991) for example, have identified a new wave of local economic development. This new wave of *endogenous* LED emphasises local 'indigenous' economic growth from *within* a locality. Local leaders need to look inwards for the talent, resources and ideas needed to spur local economic development. This new bottom-up approach has its origin in the 1970s. This period, which is also known as Internationalisation or Globalisation, ushered in global economic restructuring which ultimately paved the way for a new period of economic development. Within the context of the new wave of LED, Kenyon, an Australian private consultant, defines LED as, " a process in which community resources and opportunities are identified and harnessed with the aim of structuring sustainable economic and employment activity" (Kenyon,1995,cited in LED News,1997:2).

Although South Africa is a late entrant into the field of LED from within, it is in an ideal position to draw on international experience. Recent research has already identified at least 40 examples of LED initiatives around the country. Since the early 1990s these include: Stutterheim in the Eastern Cape, the Kei Road Joint Venture in the Eastern Cape, Grow the Cape, Pietermaritzburg 2000, Mansomani on the bank of the Umvoti River in KwaZulu Natal and Operation Jumpstart in KwaZulu Natal (Isserow (1995), Rogerson (1995), Tomlinson (1994), Kota (1996), Kent (1996).

The promotion of the RDP and the need to address socio-economic shortcomings at the local level make these LED initiatives all the more relevant. LED has its grounding firmly entrenched in the RDP's second principle, which states that:

"This programme must become a people driven process. Our people with their aspirations and collective determination, are our most important resource. The RDP is focused on people's immediate as well as long- term needs and it relies, in turn, on their energies. Irrespective of race or sex or age, or whether they are rural or urban, rich or poor, the people of South Africa must shape their own future together. Development is not about the

delivery of goods to a passive citizenry. It is about involvement and growing empowerment."(RDP,1994:5)

President Nelson Mandela, in his opening address to Parliament in 1996, stressed the need to create jobs in South Africa as an imperative. His sentiments were also echoed by the Deputy President Mbeki in the Growth and Development Strategy. LED is viewed as a mechanism which can stimulate job creation. It is for this reason that it receives prominence in the Government's Urban and Rural Development Strategies (1995). President Mandela further states that,

"By mobilising the resources of... communities, government and the private sector, we can make opportunit[ies] for all South Africans ...The success of this will depend on the initiatives taken to ... promote local economic development."(LED News,1996:1)

Further government support came from Minister Jay Naidoo, with the following message,

"The government of National Unity is increasingly recognising the need for new and innovative processes that will enhance and catalyse growth and development in our country, in order to create sustainable jobs for all and to eliminate poverty."(LED News,1996:1)

LED initiatives are further endorsed by stakeholders such as The National Business Institute (NBI), Friedrich Ebert Stiftung (FES), Centre for Development and Enterprise (CDE), United Nations Centre for Regional Development (UNCRD), Organisation for Economic Co-operation and Development (OECD), South African National Civics Organisation (SANCO), as well as international researchers in LED such as Susan Clark and Gary Gaile, from the University of Colorado who visited South Africa in 1997.

This discourse is based on the realisation that there are various possible strategies for LED, but that they may not necessarily be relevant within a particular context. The dynamics inherent in the local context will largely determine the LED strategy which is adopted.

PROBLEM ARTICULATION

South Africa is in the process of consolidating the transition to democracy in all spheres. This has highlighted some of the tremendous challenges facing our country. These include, immense poverty, poor economic growth, stark unemployment and unequal development. As in most third world countries, the poorest section of the population (amounting to almost 75%), reside in rural areas (Rural Development Framework,1997). Of these, women are the most marginalised, followed by children less than five, the young and the elderly. The African rural population appear to be the prime victims of poverty. 77% of the poorest 10% are responsible for only 1% of consumer spending in the country (ibid:6). These factors have severely hampered development in rural areas.

Rural families rely mainly on remittance and state grants for income and this in and of itself is not enough to generate support. Remittance accounts for 1/10 of household income and

social grants make up 1/4 of the household income (White Paper for Social Welfare,1997:9). We can not measure poverty by income alone. However, the skewed distribution of income is integrally linked to inequitable levels of literacy, education, health housing and lack of access to fuel and water. Education and training have been documented as key factors which determine employment and consequently income. Research has also shown a correlation between poverty and lack of education and training. Statistics on illiteracy vary from 27% in metropolitan areas to 50% in rural areas with illiteracy of the African rural population amounting to 61% (White Paper on Social Welfare,1997:10). The statistics indicate that social and economic development are interrelated, interdependent and mutually reinforcing processes.

In order to eradicate poverty in rural areas, the government has formulated policy frameworks such as the Reconstruction and Development Programme (RDP), the Growth Employment and Redistribution (GEAR) strategy, as well as the Rural Development Framework. One vital contribution which rural development can make to these policy frameworks is to diversify job creation through LED. *The need to create jobs and build a strong rural economy is of paramount importance.* **LED approaches such as Human Resource Development and Entrepreneurialism, could aid in the process of building a stronger rural local economy.** In this respect initiatives would need to be *inclusive* and involve a *bottom up approach*, if stakeholders are to take ownership of their own economic development.

"LED is about local communities taking the initiative, ownership and responsibility with regard to their economic and employment development."(Nel: 1996, LED Workshop)

With regard to South Africa's Education and training, relatively little attention is devoted to the sphere of business and entrepreneurship-related training. This provides a sharp contrast with the emphasis on literacy training, primary and secondary education, technical training and even university/technikon level tertiary education. It was this very reason which encouraged the National Training Board (NTB), in partnership with the Human Science Research Council (HSRC), to undertake an investigation into skills training in South Africa in 1989. Some of the relevant findings of the investigation are as follows:

This investigation identified the need to train unemployed people in

- Job skills
- Basic management skills
- Basic entrepreneurship
- Cultural bridging between a traditional and an industrial culture

It was found that if trainees did not find employment in their fields shortly after completing a skills training course, the erosion of these newly acquired skills soon takes place. The investigation also revealed that the most effective and cost effective method of training is a group method combined with active participation by the trainees. The content of the training

courses should also enable trainees to plan ahead, especially concerning small business creation. They therefore recommended that general managerial, administrative, marketing and interpersonal skills should form part of small business training. These recommendations were firmly grounded on

"the high level of unemployment in South Africa ... and the apparent inability of businesses in the formal economy to give employment to all job seekers, particularly the unskilled worker..., ways and means need to be found to create more jobs" (HSRC/NTB,1989:67).

The RDP as well as the White Paper on Education and Training (1997), have outlined the future of education and training in South Africa. Three of the main priorities identified include:

- The integration of education and training
- Adult basic education and
- Targeting women, the youth and people in the rural areas

The practical implications of these priorities would be that a person who has undergone various training courses would be credited for those courses, according to certain criteria. This would be done in the same manner as someone who has attended a typical school. The purpose of this is to enable a person who has received informal education to switch to formal education and vice versa. This new system is intended to give credence to the kind of training that is provided by training institutions and NGO's, which function outside the formal education system. Thusanang would represent a case in point.

An important issue in the new integrated learning system is its democratic nature. In the words of the ANC,

"Government at all levels of the integrated national system of education and training will maximise democratic participation of stakeholders, including the broader community, and will be orientated towards equity, effectiveness, efficiency, accountability and the sharing of responsibility" (White Paper on Education and Training,1994:22)

This also implies the pursuit of cost sharing opportunities. Pressure is thus put on training centres to facilitate and actively seek community participation through the **direct involvement of the community in decision making.** Foster (1997) account for the dynamics of a realistic proposal to stimulate and foster LED in rural areas, by giving priority to development schemes which give rise to income generation and states that:

"one of the most striking differences between many of the new nations and the western world at earlier periods of its development is their lack of mobility opportunities lying outside the formal...structure. Systems of apprenticeship, opportunities to open small enterprises, etc., all provide institutionalised modes of social and economic ascent..."(Foster,1997:35)

Stemming from the above Foster (1997) contends that training institutions as an LED strategy will initially constitute the

"cart rather than the horse in economic growth, and its development depends on real and perceived opportunities in the economy...and must be directly related to those points at which some development is already apparent and where demand for skills is beginning to manifest itself..." (Foster, 198:40)

For a variety of reasons, both political and historic, many rural communities see themselves as recipients of employment and economic activity rather than proactive participants. LED can now take the lead in representing a positive change in the mindset of communities. This mindset is premised on the notion that every community contains the seeds to shape its own economic and employment destiny in a positive manner.

The challenges which need to be overcome in rural areas arise from the government's inability to address the very real needs in the most remote areas, which require alternative viable strategies geared to resource mobilisation. **Obstacles such as lack of skills, knowledge, leadership and infrastructure, demand serious consideration if LED is to become meaningful in South Africa's rural areas.**

AIM OF THE DISSERTATION

The theory on local economic development has certain planning implications which will be explored and related to the case study in order to establish whether human resource development and entrepreneurialism as LED strategies could promote skills training through implementing agents such as Thusanang. Within the context of the dissertation it will be argued that formal skills training as an LED strategy necessitates the intervention of appropriate planning interventions. The logic employed is that only once community organisations and other stakeholders within the local economy are empowered through capacity building strategies, (such as skills training), can LED be said to be an appropriate strategy within the Bothaville community. Following from this, an investigation will be conducted in a training centre in one of South Africa's rural communities. A profile of the study area as well as the local economy becomes essential if intervention proposals are to be drawn up. The aim is to explore the relevance and usefulness that the acquisition of skills has for self-reliance at the community level. Ultimately the aim is to show how the Thusanang Training Centre could contribute to the successful emergence of LED within the community. Some lessons which can be drawn from the case study will be formulated. It is hoped that these lessons could contribute to the theoretical base as well as indicate how LED could unfold in various communities throughout the country.

JUSTIFICATION OF CHOSEN CASE STUDY

The Thusanang Training Centre which is located in Bothaville in the Free State, has been chosen as a case study, for the following reasons:

- The idea of rural people meeting their own perceived needs and generating their own employment and income through skills training and at the same time retaining control and participation in their locality, makes this case study an interesting area for analysis.

- A well defined development contrast exists between urban areas on the one hand and rural areas on the other especially with regard to poverty. It is hoped that this study could shed light on the practical application of LED to rural areas with a specific focus on planning.

- International literature on LED, with a bias towards the first world, is seen as being only partially relevant to the South African context. In the third world, attention therefore needs to be channelled to rural areas, especially the emerging small rural towns. The reason being, that these towns fall outside economic mainstreams and thus experience difficulty in lobbying for external investment. This new focus could then generate and illustrate the practical utility of LED in rural areas.

- LED has recently received widespread interest in South Africa. It is therefore necessary to examine the need for skills training within the framework of LED planning. The case study can in this manner provide some relevant lessons for the emergence of LED.

OBJECTIVES OF THE DISSERTATION

1. To critically assess whether the environment within the case study is conducive to endogenous LED within the wider context of the community.
2. To gain an insight into the case study area by producing a profile with respect to historic, social, economic, political and an institutional breakdown.
3. To explore the link between self-reliance and the acquisition of skills within the case study in order to extract its relevance to the wider community.
4. To identify and explore the vision which the various stakeholders in the case study have for emergence of LED in their community.
5. To assess whether LED initiatives in the community can serve as a safety net for the marginalised through poverty alleviation.
6. To briefly trace the evolution in planning theory from an emphasis on regional planning to the emergence of development planning which could enable communities to participate in their economic development.
7. To provide a theoretical framework for practical proposals and applications and to critically link this to the context of the case study.

8. Following from the above objectives to formulate general principles which may emanate from the case study which could stimulate further research in LED within a planning context.

METHODOLOGY AND DATA SOURCES

An exploratory study was undertaken in a vocational training centre, called the Thusanang Training Centre. Thusanang represents a critical case in testing recently formulated theories of LED in South Africa. This study may serve to refocus investigations in the entire field of LED planning in South Africa. Within the context of human resource development, O'Dowd (1992) shows that the South African Institute of Race Relations (1992) identified an enormous backlog in marketable skills. It is hoped that this dissertation could provide planning insight with regard to the role that training centres could play with regard to local economic development within communities. A case study methodology was chosen to investigate new linkages between skills training and economic development efforts which could produce these distinctive outcomes. The case study research method was determined by the subject matter under discussion i.e. LED (Yin,1989;Yin,1993).

In order to assess whether the objectives could be met, the methodology and data sources were selected in relation to the objectives. Both qualitative and quantitative methods were employed. The aim is to provide a more 'objective' check on the case study. A questionnaire was designed for interview purposes to meet objectives 2,3,4,5. Following from this, semi-structured interviews were conducted with key stakeholders. Interviews provided a framework for the participants to *speak freely, using their own terminology*, about a set of concerns which the researcher brought to their attention. The issues raised were derived from the formulation of the research problem, observation and experiences reported by participants (Burgess,1993). The aim was to gain an insight into how the Training Centre could sustainable contribute to LED at the community level. A number of informal interviews / discussions were held with trainees in order to form a better perception of the role the case study plays with regard to LED. Participant observation was also used as a research tool. This enabled the researcher to observe the everyday actions and interactions of those involved in Thusanang and its operations. This observational method is based on the assumption that, the "understanding of the inner perspectives of actors can only be achieved by actively participating in the subjects' world and gaining insight by means of introspection" (Bruyn,1962, cited in Ferreira, M. Mouton, J. et al,1988:118). Several hours were also spent in the training centre to allow the researcher to gain an in-depth insight into the dynamics inherent in the case study and the broader LED context.

The data gathered was derived from local newspaper articles, local newsletters which focused on LED, Government Publications and published and unpublished conference material and journal articles. These sources serve to supplement the literature review which encompassed a wide range of sources. It was felt that a literature review would be the best method to achieve the objectives 6,7 and 8. All the sources used were of particular importance within the context of the dissertation.

LIMITATIONS OF THE DISSERTATION

- In general there is a lack of economic data on the case study and the community in which it functions. A comprehensive study has not yet been undertaken in the Bothaville/Khotsong community, which could have been used to back up and test the research findings of this study.

- South Africa has only recently began to explore LED as a development approach. A vast body of knowledge exists which reflects international experiences ranging from the United States to the United Kingdom. Attempts have been made by NBI and FES to document LED approaches in South Africa. Nevertheless, LED literature on rural areas, which could have been more useful for this study, is still lacking.

- Presently there is no frame of reference to which LED planning can be compared to in order to evaluate any outcomes.

- Due to the unstable nature of the rural economy, the dynamics of migration play an important role. The study did not account for in-migration into the Khotsong community, as it was felt that this would not have a significant impact on Thusanang, since Thusanang had opened branches in the surrounding rural areas.

CHAPTER OUTLINE

Chapter 2 Provides a context for the dissertation and serves as an introduction to the case study as well as the local economy. A profile is provided to set the scene and provide a picture of the case study at a particular point in time. The breakdown includes the economic, social, physical, political and institutional framework. This could indicate how the case study could impact on the local economy. The aim is to identify what currently exists in terms of the resource base and to highlight possible opportunities for the selection of LED planning strategies.

Chapter 3 Encompasses a literature review which explores the conceptual bases on LED nationally and internationally, with a view to extracting an appropriate theoretical base for LED planning. Different perspectives on the theory and practice of LED are critically related to the case study.

Chapter 4 This chapter focuses on planning approaches and briefly traces the emergence of LED from regional planning and the growth of rural community initiatives. The aim of this chapter is to show how the evolution in planning methodology has contributed to recent planning models which allow for the effective emergence of LED within communities.

Chapter 5 Analyses the findings of the case study by examining the strengths, weaknesses, opportunities and threats with respect to its resource mobilisation. The aim is to develop an understanding of how the case study contributes to the local economy in terms of poverty alleviation. Planning recommendations, Lessons and Principles as well as Conclusions are also provided to stimulate further research.

CHAPTER 2

CASE STUDY : SITUATION ANALYSIS

INTRODUCTION

This chapter elucidates some of the factors which affect the economic development of the Thusanang Training Centre. It attempts to identify the present situation and to highlight possible opportunities for local economic development planning strategies. A profile is drawn up with regard to the economic, social, political and demographic features. This chapter endeavours to describe and to analyse the Thusanang Training Centre and to place the Centre within its environmental and developmental context, namely the Bothaville region in the Free State.

LOCATION OF THE THUSANANG TRAINING CENTRE

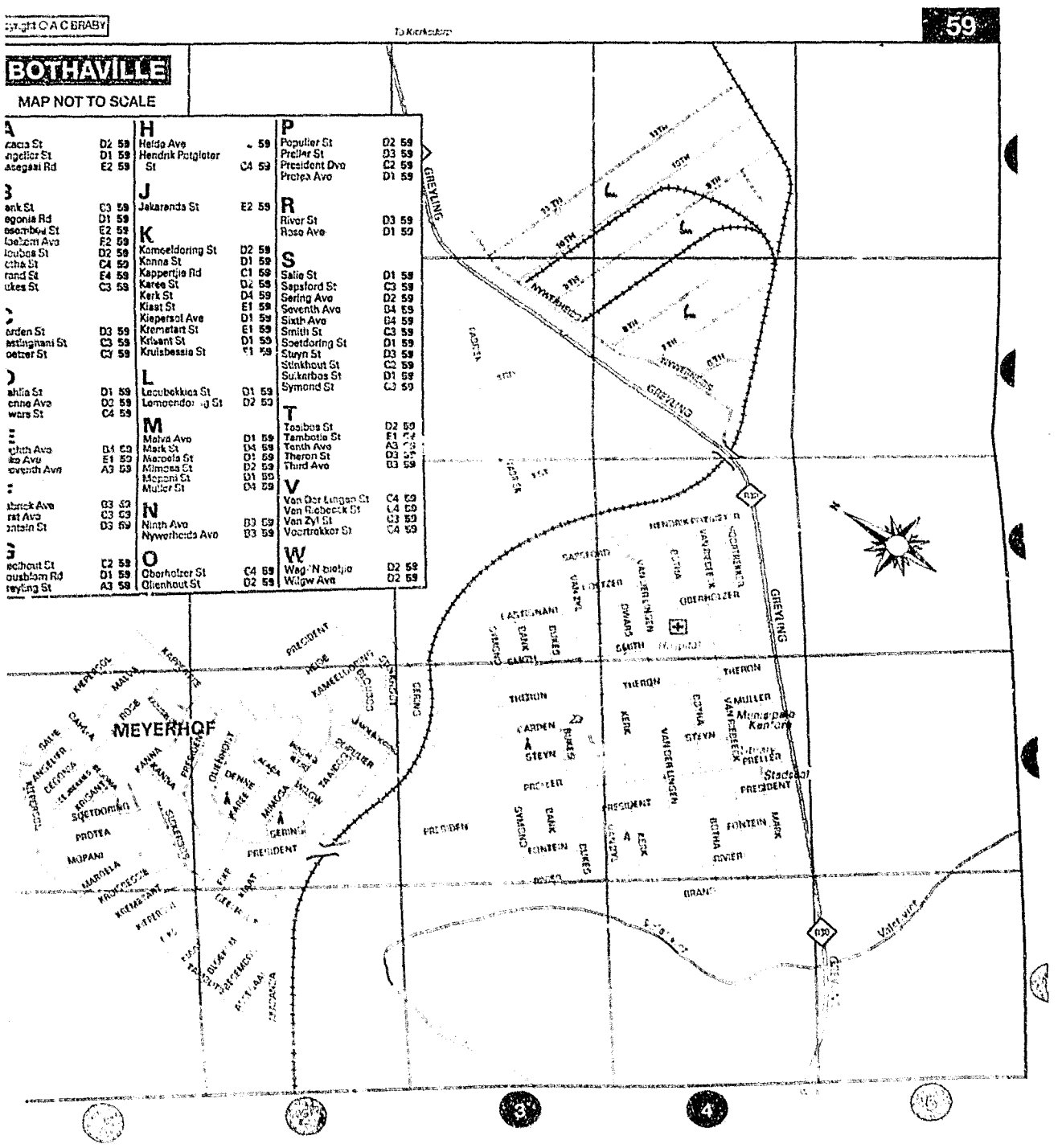
Bothaville, with its adjacent township of Khotsong, is a rural town which is situated in the North Western part of the Free State. This area is commonly referred to as the ***'maize capital'* of South Africa** (see Fig.1). Situated on the bank of the Vals River and 15km from the Vaal River, Bothaville is one of the wealthiest agricultural districts in South Africa, since it contains **three of the wealthiest farms along the maize route** (Bothaville Town Council, 1998). The town has a positive motto: *"Progress through Perseverance"*. The R30 highway divides the industrial district into two and runs parallel to the town of Bothaville, while the railwayline forms a boundary between Bothaville and the neighbouring town of Meyerhoff (see Fig.2). The Thusanang Training Centre's head office is located in the Bothaville town and addresses the needs of the local black community in the township of Khotsong. It is not only the only training centre in the region, but it is also the only active NGO of this nature in the area.

ECONOMIC SITUATION

Bothaville's economy is largely based on agriculture and tourism with a smaller retail and manufacturing sector. The impact of this on the local economy is that it is unable to absorb the unemployed into these sectors. Income levels for the majority of the black population are low, with high rates of unemployment since employment in other localities is often accompanied by long distances to work. There are also a number of chain stores such as Foschini and Woolworths, fast food franchises, fuel stations, motor dealers, agricultural implement importers as well as a growing number of small local contractors who received training at Thusanang. The retail outflow is predominantly to Johannesburg and to a lesser extent Klerksdorp. Exports include miniature roses which are exported to Europe, miniature vegetables exported to countries such as France as well as the products which Thusanang exports. It is estimated that approximately 55% (Bothaville Town Council,1998) of the residents shop in Bothaville, which ensures that at least some money circulates within the local economy.

LED STUDY IN BOTHAVILLE

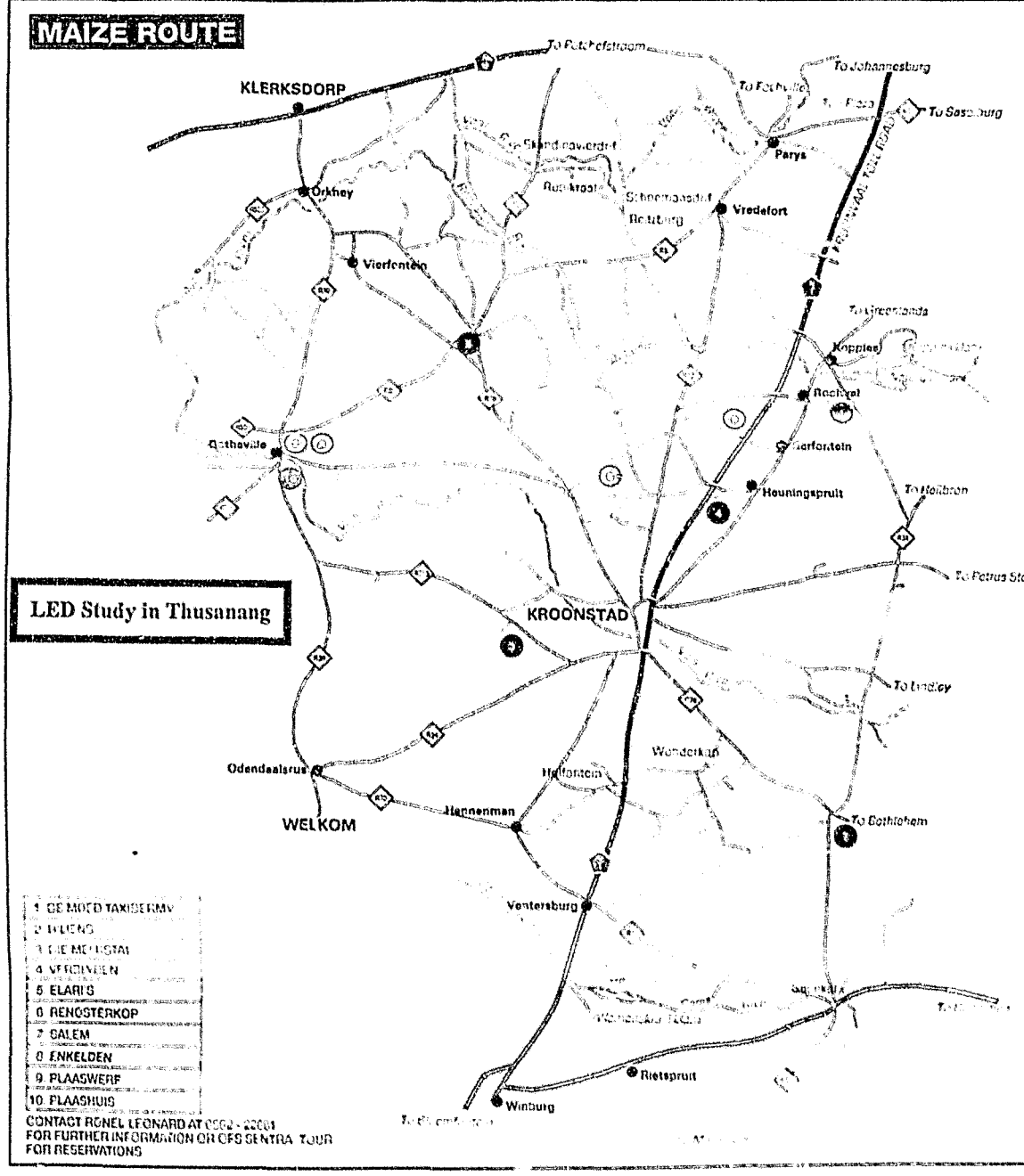
Figure 2: Street Map of Bothaville



MIELIEROETE
MAIZE ROUTE

Figure 1: Map of Bothaville along the Maize Route

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Agricultural exhibitions are held which promote the tourist economy in Bothaville. The largest hotel in Bothaville has excellent overnight-facilities, a ladies bar, a restaurant, conference facilities and room-service. Nampo Harvest-farm is *the second largest private agricultural exhibit in the world.* New accommodation, a souvenir shop and a tourist information office make a visit to this farm a unique experience. Wawiel Park at the bank of the Vals River presents accommodation in chalets and rondavels. Super-tubes, mini-golf course, trampoline, table tennis, video games and two lapas make for super fun. The plaas restaurant provides informal accommodation for 12 persons, as well as mouth-watering boerekos on a real mealie-farm. Exhibits of wire cars which resemble real McCoy: BMWs, Mercedes Benz-models and Venter-trailers. Other exhibits include Arabian horses, miniature roses, unique collections of veteran motor cars, miniature vegetables.

Institutions engaged in economic activity are solely limited to Thusanang. Within the wider Bothaville context there is generally a lack of a common vision and plan. Thusanang is the only institution that has intervened and that has the potential to impact on the economic development of the entire locality.

DEVELOPMENT BACKGROUND OF THE THUSANANG TRAINING CENTRE

Thusanang, is the name of the training and manufacturing centre in Bothaville. The English approximation of this South-Sotho word is, *'helping each other'* or *'help mekaar'*. The centre was begun on the farm Lambrechtsfontein in the Free State in 1982, by Sarie Badenhost, a farmer's wife. She decided to teach some of her workers to do needlework in order to help them earn some extra money. This development initiative was so successful and she was so overwhelmed by the positive response that she received, that she decided to take this opportunity to assist the local black women by opening the Thusanang Training Centre. **Thusanang's goal began as, and remains that of addressing the needs of the illiterate and unemployed rural women.** The first Centre was established in Bothaville in 1982 and since then requests from community leaders enabled Thusanang to branch out into nine other centres in the rural towns of the Free State and the North West Province. These include the rural towns of Viljoenskroon, Wesselsbron, Hoopstad, Klerksdorp, Kroonstad, Leeudoringstad, Ficksburg, Frankfurt and QwaQwa (see Fig.3).

Thusanang became a private training centre, which functioned in terms of the Manpower Training Act of 1981, as well as subsequent amendments to this Act. The Department of Manpower provides funds for basic skills training such as knitting, sewing and cooking. Additional and more advanced training has been financed by private donors as well as NGO's. An after-care service is provided by Thusanang in the form of a manufacturing plant. Trainees who wish to remain in the custody of the training centre become *commission workers*, who produce mainly hand-knitted jerseys. These jerseys are sold nationally and internationally. In South Africa, they are sold mainly through fashion houses and media advertising. Their clientele thus consists mainly of clothing boutiques and individual customers. Over the last fifteen years Thusanang has grown and developed to such an extent

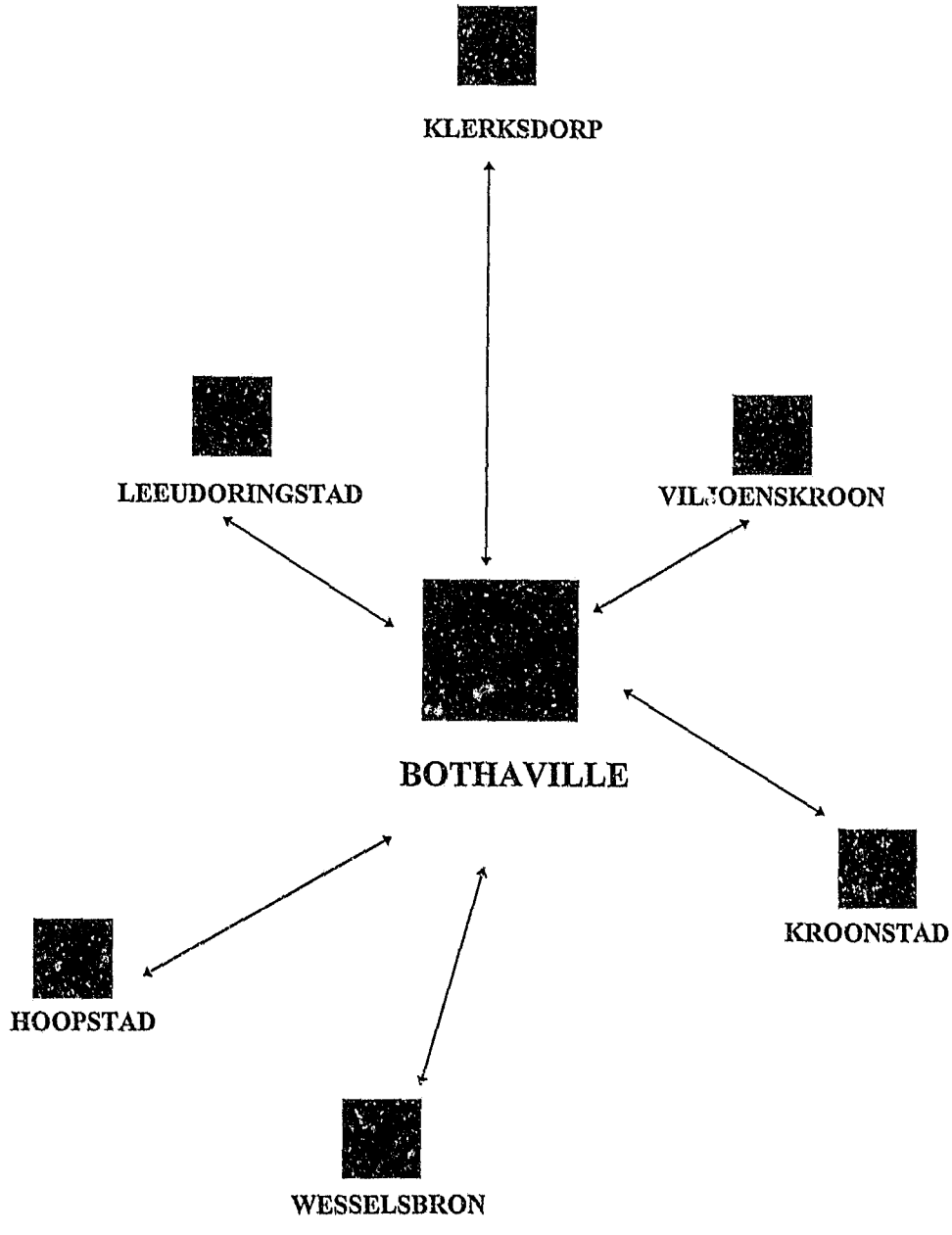


FIGURE 1 : Conceptual Map of the Bothaville Thusanang and its Branches

that it is able to include men's projects as well. The first project for men began in 1992 and presently includes brick-making, welding, metal work and general construction.

The Thusanang Steering Committee (TSC) was formed in 1993/94, to monitor community involvement and to encourage community participation in managing and directing projects. This committee plays an advisory role and has been invaluable in steering Thusanang towards the creation of income generating projects, which benefit the wider community.

Thusanang's inception and development has on the one hand been dictated by the perceived needs for the training and development of the local black community, and on the other hand by the availability of funds for these activities. These pressures and the responses to them have created a particularly diverse organisation, which undertakes activities from basic technical training courses to the administration of a feeding scheme.

Thusanang has always experienced a shortage of funds, which has hampered their ability to increase their efforts to provide training and other services to the community they serve. This situation reached a critical point in the early 1990s, after negotiations for democracy got under way. This increased the centre's insecurity with regard to government support since its government contract expired. At that stage, the Department of Manpower financed the bulk of their basic skills training courses, which comprised about 30%. Private donors also began to place more and more pressure on them, threatening to withdraw sponsorship if a higher level of community participation, and especially community ownership of the project could not be shown. In essence, the donors began to challenge the legitimacy of the organisation. This challenge led the Thusanang Training Centre to approach the Development Bank of Southern Africa (DBSA), for funding and support in 1993. Although the DBSA's funding policy could not incorporate Thusanang, they decided that Thusanang was worth consideration and funds were made available for an intensive feasibility study of Thusanang. After a tendering process, Searchco (which forms part of BDO Consulting), was awarded the tender at the beginning of 1994.

The implications of this study would have broader application, not only for DBSA or the Thusanang Steering Committee (TSC), but also for the various stakeholders. The TSC was set up before the project began and its members consisted of community leaders, other community members and representatives of the Thusanang Training Centre. The main objective of this study was to obtain and provide sufficient information to empower the local black community representatives, in the form of the TSC, to make a sound investment decision on the feasibility of the transfer of ownership and management responsibilities of the Thusanang Training Centre to the black community. The research process is outlined in Figure 4. If a practical and workable solution to ownership could be reached, the DBSA would provide the necessary funds for the community to purchase the Centre from its owner. The time frame for this study extended from January to June 1994.

In August 1994, the Matla Trust assisted Thusanang with voter education, to elect a Board of Directors to manage and take ownership of the Centre. This was accompanied by the

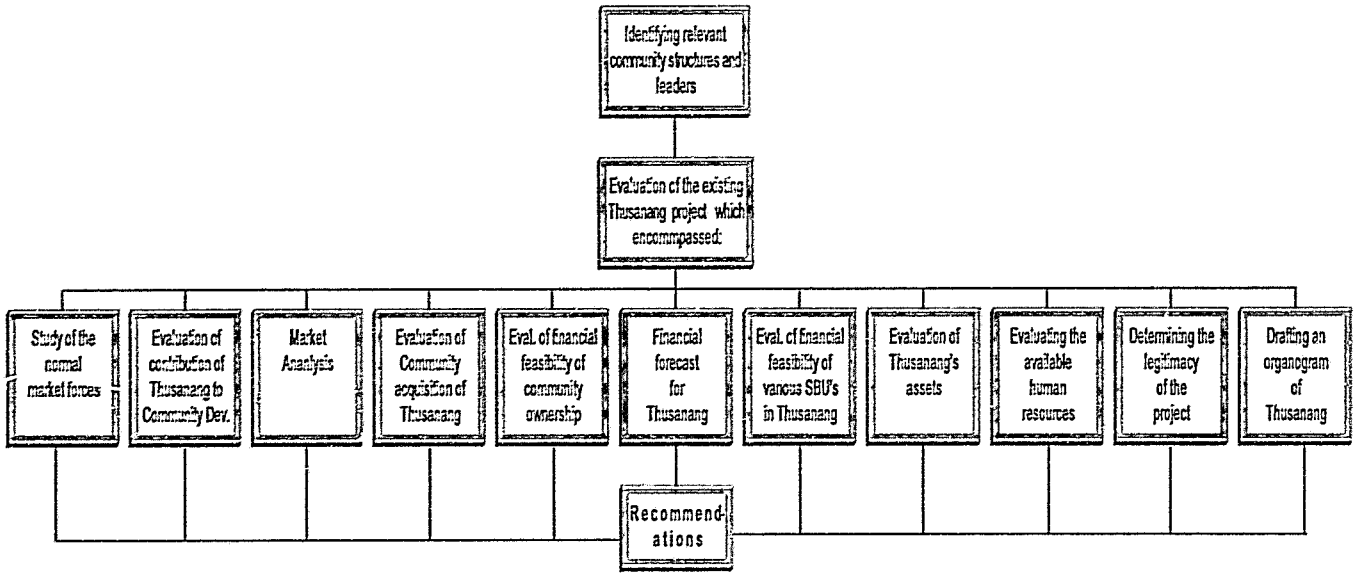


Figure 4 : The Research Process that Corplan followed in their study of Thusanang

appointment of Premiers M.G.P. Lekota and P.S. Molefe as Honorary Directors of Thusanang. This is one of the external criteria which is being used to enhance the legitimacy of the organisation. Thusanang has also received the Education Africa award on two occasions for the quality of the training courses that they offer.

The development role that Thusanang plays in the community is not limited to the provision of skills - it has wider applicability. With the aid of the Free State Housing Trust, Thusanang has been able to assist the Khotsong community in obtaining housing grants as well as building their own homes. These initiatives are being spearheaded by the male trainees at Thusanang, in partnership with the local community. This housing project is undertaken in accordance with simple cost-effective housing designs. The brick-making and metalwork projects at Thusanang are the suppliers of the building materials. It is hoped that once the carpentry and woodwork projects develop, an entire house can be built using the Thusanang Training Centre's human and other resources. This integrated income-generating initiative has enabled the region to employ local contractors, creating an internal multiplier effect. Economic leakage in the community is thus plugged through actions such as these, which limit the opportunity of contracts from being lost to other communities and provinces.

VISION STATEMENT FOR 1998

"Business is the buzzword at Thusanang. From now on all ***our*** activities will be geared towards ***our*** goal of recycling ***our*** working capital, covering ***our*** costs and making a surplus! ***Our*** ultimate goal of serving ***our*** community's needs and providing training and employment opportunities, is still paramount" (Thusanang Training Centre,1998) emphasis added.

THUSANANG'S MISSION STATEMENT

"Thusanang strives to position itself as a law abiding centre for skills training and employment creation, serving the underprivileged by providing excellent training in hand skills, basic business acumen and general life skills. ***Our*** project teams are innovative producers of uniformly high quality products. By focusing on affordable hand-made products, ***we*** will endeavour to increase ***our*** respective retail and wholesale market shares amidst ever changing domestic and international markets. ***We*** will also continuously attempt to sustain ***our***selves by increasing profits and growth. ***We*** also aim to provide a pleasant and safe working environment for a well trained and motivated project team. As a non-profit community project, ***we*** strive to be beneficial to the immediate and wider community and environment in which ***we*** operate, creating a better life for all who make up Thusanang"(Thusanang Training Centre,1998) emphasis added.

LEGAL STRUCTURE

The Thusanang Training Centre is currently managed through two separate entities, a section 21 not for profit company and a sole proprietorship (see Fig.5). The basic requirements for a section 21 company are summarised as follows:

The company:

- is or is to be formed for a legal purpose;
- has the main objective of promoting religion, art, science, education, charity, recreation, and or other cultural or social activity or communal or group interest;
- intends to apply its profits (if any) or other income in promoting that main objective;
- prohibits the payment of any dividend to its members; and
- provides in its memorandum:

i) that the income and property of the association whenever derived shall be applied solely towards the promotion of its main objective, and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus, or otherwise to members of the association or to its holding company or subsidiary, (the proviso may state that nothing in that provision shall prevent the payment in good faith of reasonable remuneration to any office or servant of the association or any member thereof for any services actually rendered to the association), and;

ii) that upon its winding-up, deregistration or dissolution, the assets of the association remaining after the satisfaction of all its liabilities, shall be given or transferred to some other association or institution having objectives similar to its own main objective, which is to be determined by the members of the association at or before the time of dissolution or, failing such determination by court (Visser et al,1994).

The management of Thusanang is also achieved through the sole proprietorship of Mrs. S.E. Badenhost and Mr. L.P. Badenhost (see Fig.6).

The most important characteristics of a sole proprietor are:

- A sole proprietor is a single owner;
- The sole proprietor enters into all contracts directly;
- A sole proprietor cannot give any person an interest in the business;
- The capital required for the business comes from the sole proprietors; own funds or from loans;
- The profits of the business belong to the sole proprietor;
- The sole proprietor owns all the assets of the business and is fully liable for all the business debts (Visser et al,1994).

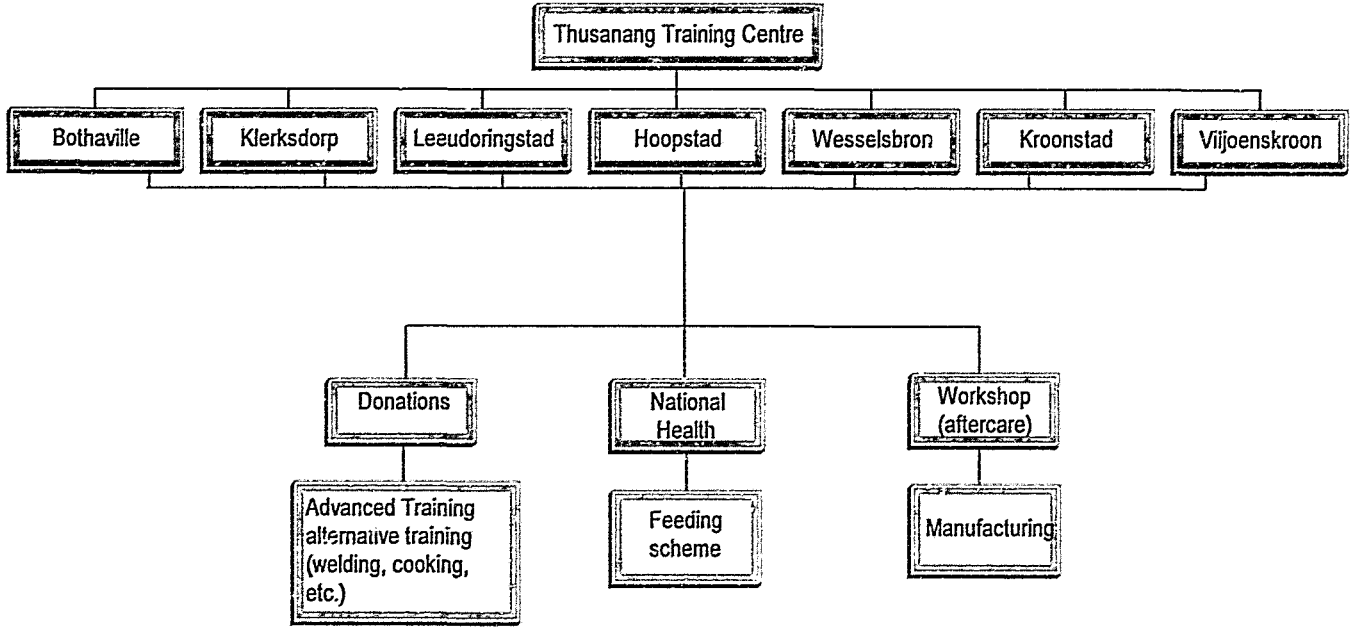


Figure 5: Section 21 company (Thusanang Training Centre)

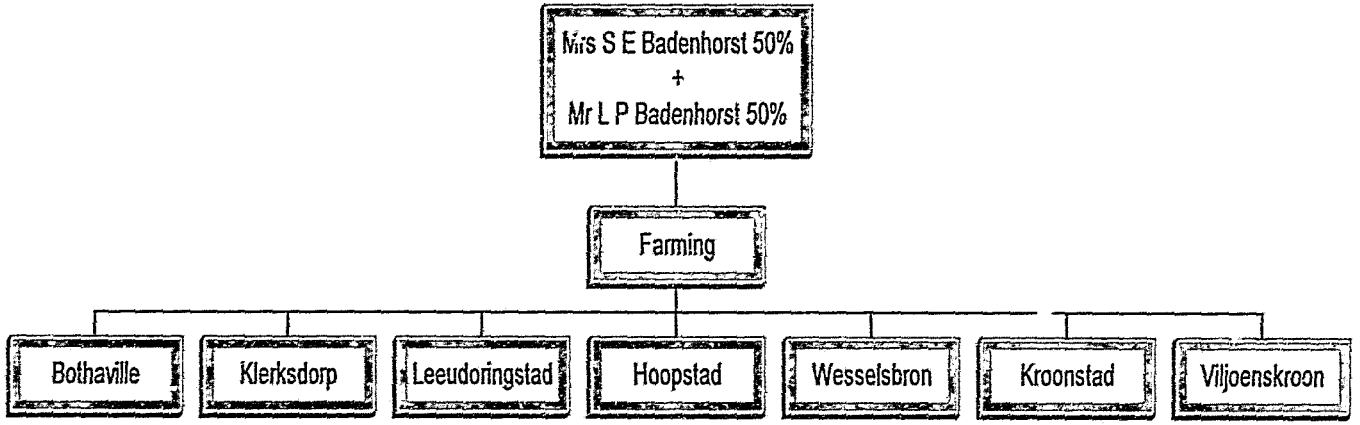


Figure 6 : Sole Proprietorship Through Which Thusanang Is Managed

Although these two forms may seem contradictory, in practice they are intertwined and it is difficult to separate them in the above mentioned manner. Ownership of the property and equipment resides mainly in the sole proprietorship, while donor funding is channelled through the section 21 company.

INSTITUTIONAL FRAMEWORK

Given the two legal structures which are currently in place, the actual operating of the business is performed by the same management and staff. A dual role is played by both the managers and the supervisors (see Fig.7). Managers are responsible for the management of training programmes, as well as for the manufacturing of products. Supervisors do not only train trainees, but they also have to supervise trained knitters in the production process.

Strategic Business Units (SBU's)

The strategic business units are the areas of the business which are strategically important to the existence of the organisation. The following SBU's can be identified at the Bothaville Branch of Thusanang:

- Administration
- Basic training
- Advanced training
- Manufacturing
- Health care/feeding schemes

Although separate SBU's can be identified, their borders tend to be vague. Personnel are shared across SBU's and in some instances financial data are not available for SBU's. At this point it is essential to **briefly** outline each SBU, to allow the reader to gain a better understanding of the organisation.

Administration Of The Thusanang Training Centre

The Bothaville branch serves as the administrative headquarters and handles approximately 90% of all administrative activities, which includes those of the other nine branches. This SBU is responsible for ensuring that the business runs smoothly and that all the financial data is accurately and timeously generated.

Basic Training

This SBU is sponsored by the Department of Manpower. It includes all the basic training courses such as sewing, welding, knitting etc. This can be defined as a separate SBU, due to its size and the relevant costs associated with it.

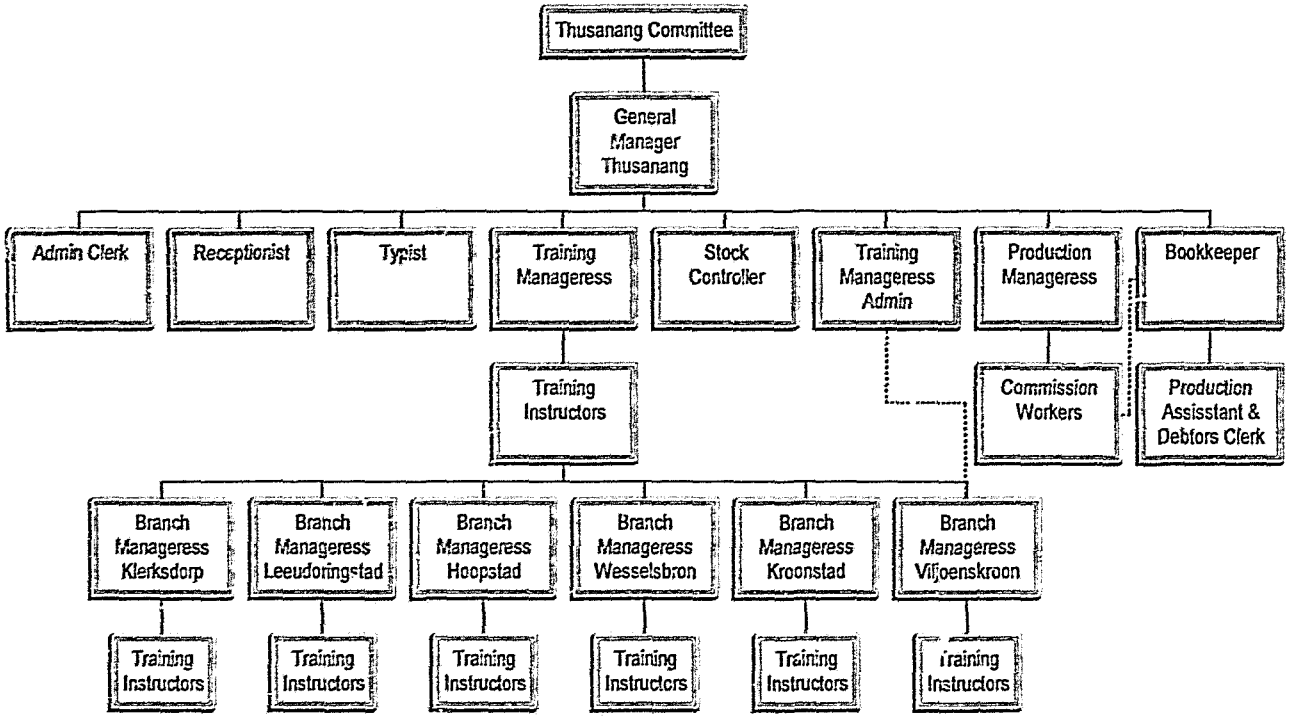


Figure 7: Organisational Structure of the Thusanang Training Centre

Advanced Training

Advanced training is financed via funds which are donated to the section 21 company. This SBU is strategically important to the sustainability and success of Thusanang.

Manufacturing

This strategic business unit is responsible for the production of goods for sale. This may include sewn garments, knitted jerseys, knitted carpets, bricks etc. The financing of this unit is done by means of donations and sales.

Health Care/Feeding Scheme

This SBU provides a different service to the community. It is responsible mainly for the collection of donations and the subsequent purchasing and distribution of food and health care parcels. It must be noted that the main source of sponsorship is the Department of Health.

TRAINING OFFERED AT THUSANANG

Thusanang's stated mission is to provide training to unemployed people in order to prepare them for either self-employment or for employment in the formal sector. Thusanang's skills training forms the largest part of the training programme, although business and management training are slowly being incorporated into the curriculum. The training methodology is in accordance with that of the Human Science Research Council (HSRC).

Thusanang has a long history of entrepreneurial development. Their move to include a broader range of training , especially business skills training, is a reflection of their business concerns. Emphasis is also placed on technical and life skills training as a goal in itself. On the one hand, Thusanang reflects principles of a community centre, which emphasises skills training, and on the other hand it focuses on entrepreneurial development which aims to empower the individual for eventual economic gain and not just self-employment.

The intensity of training has increased dramatically over the last few years. Training is offered in skills such as embroidery, sewing, housekeeping, upholstery and computer literacy. Courses vary in duration from one day to six weeks, depending on the nature of the course being offered. However, Thusanang maintains that once their students have graduated, they are in a better position to provide for themselves and their families.

During 1997 the following courses were offered:

- Brick-making
- Welding
- Computer literacy
- Home decorating
- Gardening

Thusanang

TRAINING CENTRE

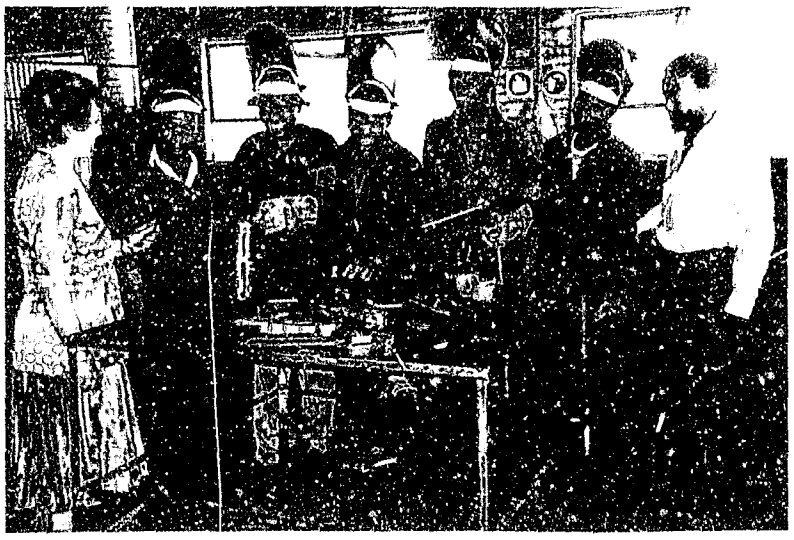








TRAINEES OBTAINING SKILLS IN:
Cooking, Baking,Knitting
and Yarn Spinning



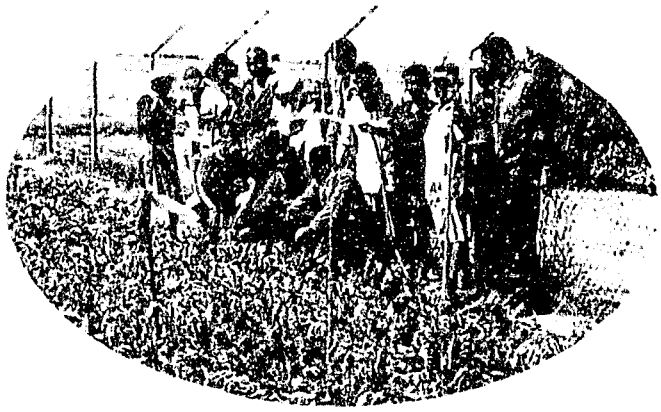


Male trainees aqcuiring welding skills





Thusanang trainees obtaining skills for the construction of houses in their community



Agricultural products grown at Thusanang for use in feeding schemes



A pro-active Thusanang women's group involved in community awareness campaign





Products manufactured at Thusanang

- House building
- Embroidery
- Hand knitting
- Sewing
- Quilting
- Candlemaking

The training courses differ from year to year due to the type of training offered the previous year, informal assessment of the needs of the community, popular demand and most importantly, the availability of funds. This becomes evident when one compares the training offered this year to that offered in 1993. The 1993 courses included the above mentioned courses in addition to lace making, spinning, domestic help and cooking. Another striking feature is that the training is modular based and participative. Special focus is based on practical training. In most cases the training is presented by former trainees who have also undergone training at Thusanang. Business skills training is offered at regular intervals to students attending the technical training courses. A brief profile of trainees demographic, political and educational levels follows (see Fig.8,9&10)

Other Activities Within The Training Context: Women's Groups

The pro-active women's groups provide a forum for the women trainees to share information and ideas, as to well as receive lectures on topics such as AIDS awareness and personal hygiene. The spin-off of these activities is likely to be one in which the entire community benefits from these awareness programmes. The Department of Manpower has also launched pilot projects which focus on :

- Primary health care
- Business principles
- Street law
- Work ethics
- Cultural differences between groups

The aim of these courses is to supplement rather than to compete with the courses already offered.

MANUFACTURING AT THUSANANG

Thusanang has a section which is commonly referred to as the workshop or the aftercare service. The objective of the aftercare service was originally to provide students with in-service practical experience and to serve as a base from which to earn an income. Since then the aftercare service has grown enormously, with Thusanang's products becoming well known, nationally and internationally. The aftercare service has recently been poised to move in one of two directions. It is faced with the option of becoming a proper business venture, which is based on profit and social consciousness, or to focus on practical training, in which case the workshop would become an extension of the training SBU.

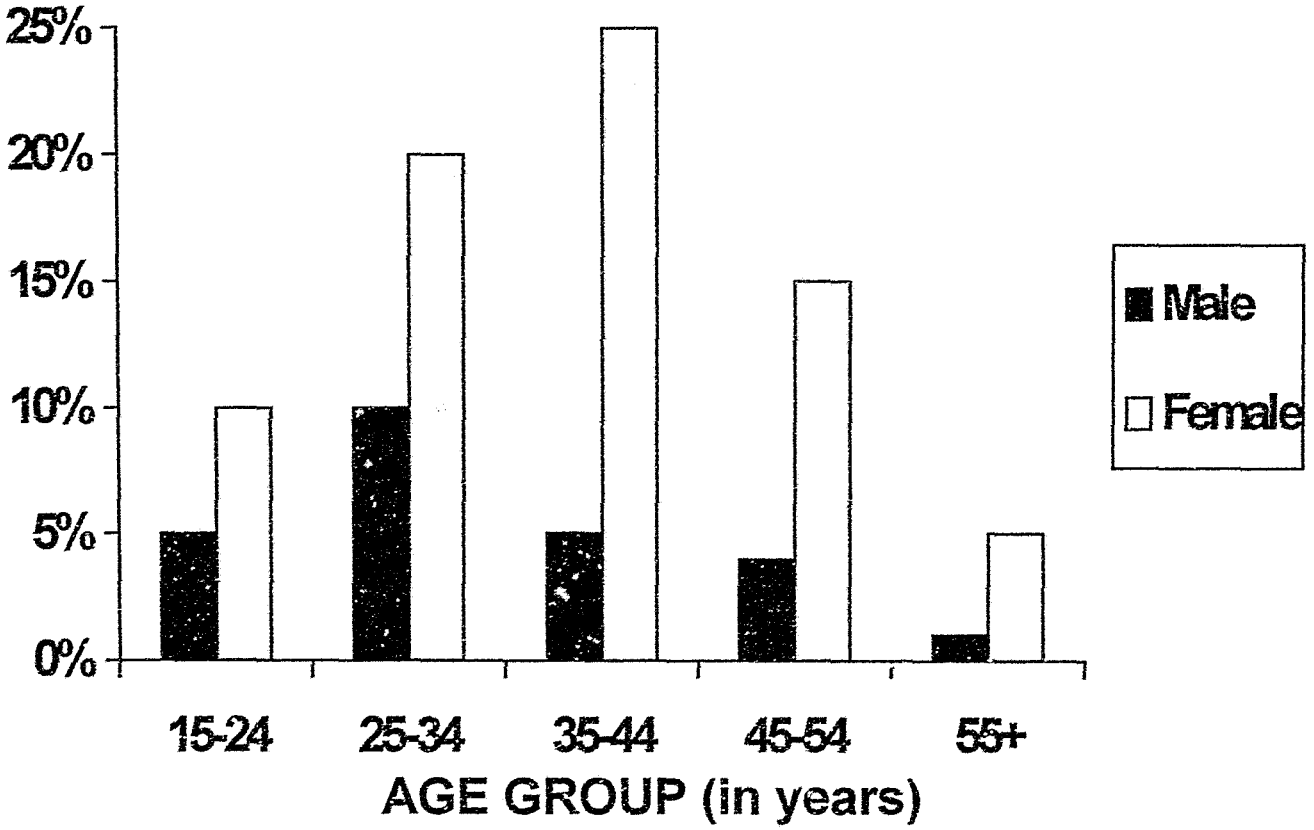


Figure 8: Age/Sex Distribution

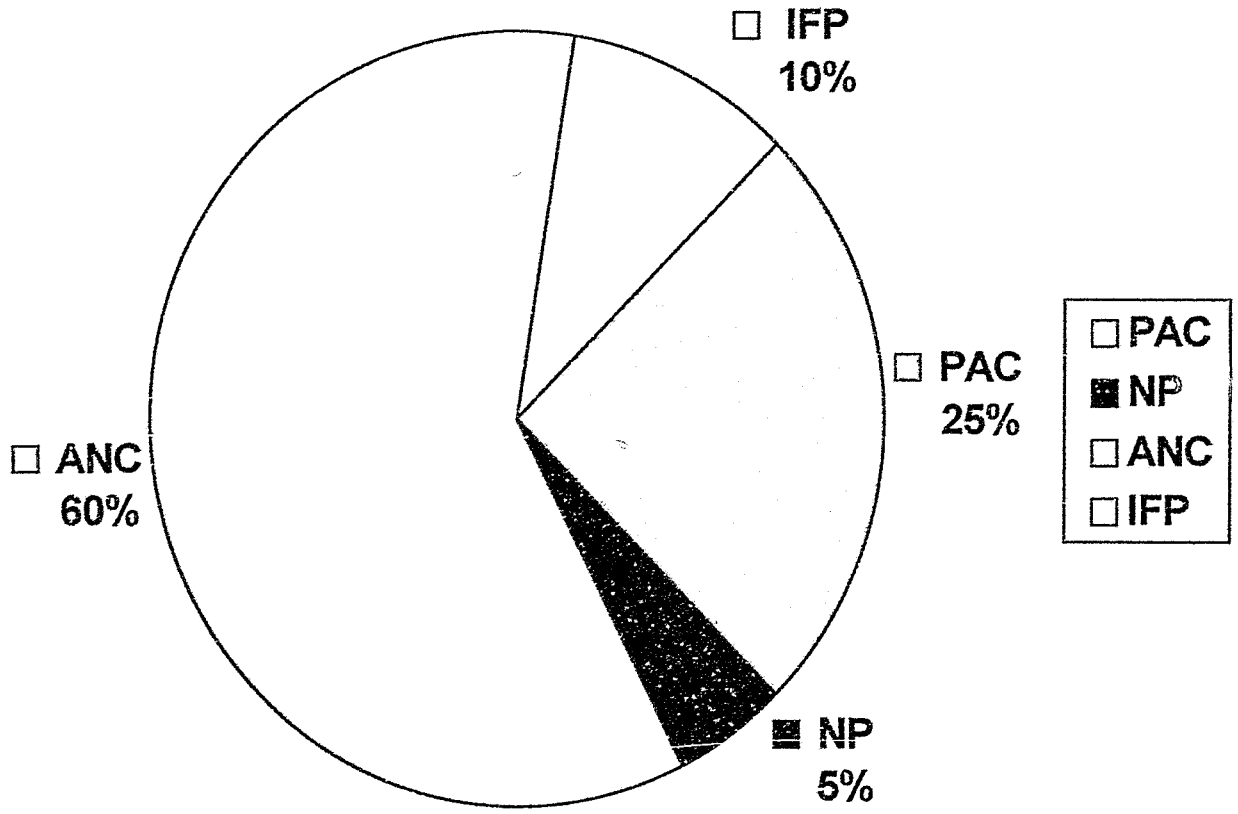


Figure 9 : POLITICAL PROFILE OF THUSANANG

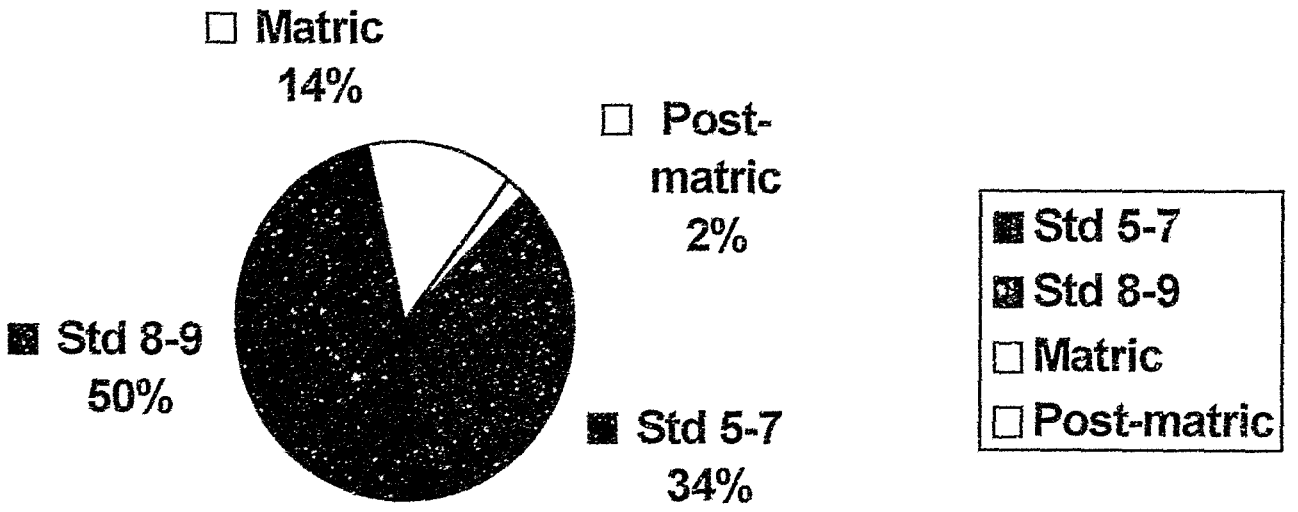


Figure 10 : EDUCATION LEVEL OF TRAINEES

The outcome of this strategic move will have important implications for the organisation's manufacturing structure, since ex-trainees are employed on a commission basis at various times throughout the year.

Products Manufactured By Thusanang

The products manufactured by Thusanang are sold nationally, with Johannesburg as the main outlet trading link. International markets include America and Italy. The following products were manufactured during the last few years:

A Variety Of Hand Knitted Products:

- Jerseys (mainly for women)
- Coats and mini skirts
- Toys and gifts

A Variety Of Sewn And Handy Crafts:

- Clothing (mainly for women and girls)
- Gifts, such as "Vat lappies", book covers, wall decorations and blankets
- Table and tray cloths
- Toys, such as material dolls and doll clothing
- Candles
- Building material, such as bricks and burglar proofing
- Hardware and furniture products, such as steel bed frames and cupboards
- Agricultural products, such as vegetables
- A limited range of curio products, such as baskets
- Baked products, such as bread and cakes

Now that a the context for the dissertation has been established, a literature review follows which provides a conceptual base for LED planning strategies.

CHAPTER 3

THEORY & PRACTICE OF LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION

Local initiatives are becoming the preferred instrument for economic development in regions and communities. Decentralisation of business activity and the failure of top-down national and regional economic restructuring policy to solve the problems of localities, have encouraged local perspectives in tackling problems of local development. The aim of this chapter is not to present a description but rather to stress a targeted analysis of approaches. Local social and economic structures internationally are the basis of significant differences in local development actions. This chapter will review LED literature, which has changed extensively over the last fifteen or so years, from that of pioneering scholars such as John Friedmann (1979), Walter Stohr (1981), Arnaldo Bagnesco (1977) and others. Most LED initiatives which take place all over the world, have to a large extent been documented and classified. In the process, places like Third Italy and its Industrial Districts, California's Silicon Valley, Britain's M4 corridor and France's Sophia Antipolis, have become well known.

Privatisation, decentralisation, cost recovery, free trade and flexible production are the key words of the neo-liberal paradigm which reflects a fascinating change in the correlation of forces. According to Newman et al, (1986) the diminishing role of the nation state has left greater responsibility to local actors to address local needs for jobs and income. The ever-changing global economy has also made it imperative to do so in most communities. For Tremblay (1996), society has blossomed into an array of organisations aimed at LED, which have created partnerships among themselves, between communities, business groups and the local private sectors which they have networked with, nationally and internationally.

CURRENT DEBATES ON LOCAL ECONOMIC DEVELOPMENT (LED)

The concept of LED is emerging as a strategic aspect of development internationally and in South Africa. Legislation such as the Constitution and the Local Government Transition Act, explicitly empower local stakeholders as well as Local Authorities to play a pivotal role in the social and economic development in the areas under their jurisdiction. South Africa has welcomed this due to the potential LED has to help address development needs. LED has been conceptualised in a narrow fashion due to the lack of understanding surrounding the concept. This narrow focus has its origin in the traditional service oriented focus of Local Authorities, with regard to the role that Local Government plays in the local economy. This focus however, can be broadened by examining applied practices internationally.

A number of debates have taken place in both the theoretical and practical spheres of local economic development. These debates, together with their corresponding questions have been summarised as follows:

- **Geographical debates:** What logic surrounds the rise of new industrial spaces and the fall of former loci of accumulation? Are there regular spatial forms of economic restructuring from one country to another ? Are local economies resurgent? (Rodrigues,1996).

- **Economic debates:** What effect do local strategies have in an age of economic 'Globalisation'? What effect do local development strategies have? Are there any economic/social costs related to economic development? Is LED feasible at the local level? (Lau,1996).

- **Political/Policy debates:** Is LED only a local matter? Should there be a National policy for LED? Who should lead LED initiatives? Is it an effort which should be undertaken purely by local residents, or is there a place for local, regional and national government together with Non-Governmental Organisations (NGO's) and Community Based Organisations(CBO's)? (Benfer,1996)

In order to address some of these complexities, a number of contributions have been made across the disciplines, to examine the dominant trends especially in endogenous LED.

Towards Consensus On A Definition Of Local Economic Development

The meaning of the term local economic development is far from unequivocal. LED may be defined in many different ways, depending on one's explicit or implicit theoretical perspective. For Canadian scholars such as Newman, Lyon & Philip (1986) and Tremblay (1996), local development has its origins in the exclusions of certain population groups from employment and socio-economic development. They associate this type of development with the "development from the top" model which was encouraged in Canada from the late nineteenth century. The goal of these writers is to expose the inadequacies of this model to ensure a fair distribution of wealth between the different regions of the country and the different population groups. Phenomena such as the concentration of capital, lack of investment, industrial decline, the depletion of natural resources, the spread of tertiary activity or the obsolescence of modes of production, have increased the vulnerability of rural and urban communities and consequently given rise to the new concept of development called local economic development (Newman et al,1986). Local economic development is a manifestation of this new way of thinking about and conceptualising economic development and making it happen.

In contrast to Newman et al (1986) and Tremblay (1996), Blakely (1989) holds that LED falls within the process whereby local development or community organisations stimulate economic activity and employment. For him the main aim of LED consists in increasing job

opportunities in sectors which improve the community's situation, by drawing on existing human, natural and institutional resources. However, this type of local development emphasises job creation without any particular social concerns. Bleakly (1989) also notes that this vision of development began in the last century and aimed in the first instance at growth and encouraged neither social alternatives nor social change which could bring about reform.

Following from the above conceptions, Swack & Mason (1987), emphasise the dimension of empowerment, which implicitly contains the building up of autonomy as well as the assumption of power or the extension of it. They define LED as an effective strategy which allows solutions to be generated to problems of poor and powerless groups as well as underdeveloped communities. This argument contends that what is needed is not to make the situation more palatable, but to transform it and set up permanent institutions in the community. In this manner the community plays the most important role in managing their own resources.

The Economic Council of Canada also places importance on the fact that activities should be undertaken by the recipients of any economic development (cited in Demaziere & Wilson 1995). The aim of improvement in job creation, income and the socio-cultural environment of the community, is in fact the most com[illegible]ly advanced idea behind local economic development. In Canada the most wide[illegible]efinition of LED is articulated as,

"A strategy for economic intervention through which local representatives of the private and public sector, or co-operative groups work towards the development of a community's human, technical or financial resources by joining together within a private or public sector-based work structure, or one which crosses boundaries between sectors and which has the central aim of developing emp'oyment" (Tremblay: 1995, 216).

In addition Tremblay (1995) notes that in America, community initiatives or 'Community Development' as it is called, refers to *"all activities organised by the key actors in order to satisfy the communities (Tremblay,1995:216).* Since the 1980's this concept has been linked to projects involving rural and urban redevelopment, neighbourhood revitalisation and the development of the communal aspect of the living environment such as housing schemes. Recently more and more attention has been oriented towards job creation. The American Economic Development Council (AEDC), has since refined its focus and defines economic development as, *"the process of creating wealth through the mobilisation of human, financial, capital, physical and natural resources to generate marketable goods and services"*(cited in Bingham and Mier,1993:vii).

Roux (1996) however, views this definition as inadequate since it does not tell us what goods and service need to be produced, how they should be produced and for whom they should be produced. A further definition is provided by Bingham and Mier (1993). Their criticism includes inter alia the way the term 'economic' is used to exclude the social, political and cultural dimensions which contribute to production and consumption, but do not explicitly generate profit (for more detail see, Bingham & Mier,1993).

Planact a South African NGO, has taken the above definition a step further by arguing that, *"LED has economic, social and spatial dimensions. The aim is to achieve all these purposes. But this is often impossible in the short term. At times the purposes themselves may be in conflict. New jobs may be ill paid, they may lead to job losses elsewhere. It is important to keep all these points in mind when considering LED" (Planact '992:4).*

As is evident from the above mentioned Canadian, European and American definitions, there is clearly no single definition of what LED is. Nevertheless, these definitions do provide us with insight into the concept of LED and allow South Africans to move beyond the casual and rhetorical usage as well as to criticise our own usage of the term.

Current South African definitions of LED have drawn on international literature. Bennett advances the definition of LED as, *"sub-national action, usually sub-state and sub-regional, taking place within the context of a local labour market"* (Bennett,1990,cited in LED News,1997:2). This definition is useful in the South African context, since LED initiatives can be undertaken in partnership by various stakeholders in the private and public sectors.

The above South African definition by Bennett (1990) is supported by Blakely's (1989) perception of LED as essentially a process. Blak y's (1989) fundamental argument is articulated as follows, *"No matter what form it takes, LED has one primary goal, which is to increase the number and variety of job opportunities available to local people. In performing these activities, local government and/or community groups must take on an initiating, rather than a passive role" (Blakely,1989:59).*

Kenyon and Delany (1996), define LED as, *" a process of identifying and harnessing the resources and opportunities within or accessible to a community to generate employment and sustainable economic activity. It can take pace in situations as diverse as a depressed area of a city or a shack settlement, a small town or a rural community. It is characterised by the extent to which local people are responsible for and control the process" (Kenyon and Delany,1996, cited in LED News,1997:2).*

Definitions advanced by Bennett (1990), Blakely (1989) and Kenyon and Delany (1996), can be associated with attempts to satisfy and promote basic needs, to bring about local employment and to enable greater local level self-determination. In their application to South Africa, these definitions could generate more effective methods of popular involvement and ownership of the process of development as well as enhance the concept of community participation and the accompanying responsibility.

THEORETICAL APPLICATIONS TO LOCAL ECONOMIC DEVELOPMENT

The literature on Local Economic Development has grown considerably over the last two decades, establishing the study of LED as a field of scientific inquiry in its own right, rather than a speciality within other fields such as, urban planning, geography, economics and political science. Today this body of literature comprises of a diverse range of material

including practical and theoretical orientations. In the 1980s literature on urban planning contributed significantly to the conceptual development of the discipline.

Haider (1989,cited in Mier and Bingham,1993), identified four periods of changing approaches to economic development practice. The first period extends from the development of location incentives until the early 1960s. This phase is characterised by industrial recruitment, where states attempt to attract manufacturing plants from other states in the hope of redistributing employment to depressed areas. States and local programmes sought to provide subsidies to both individuals and regions in poverty. The aim was to raise income almost immediately and to stimulate economic activity by increasing consumer demand. These local programme's emphasis was on developing economic activity through education, job training, social services and community development. The second phase, the 1970s, consisted of government programmes to stimulate economic activity in depressed areas, by combining industrial recruitment and private sector investment. In this manner private/public partnerships became dominant. Government approved projects were aimed at generating employment and jobs. The decline in manufacturing during this era encouraged service-related employment through real estate-related development, in hotels and office buildings in urban areas which were hit the hardest by job losses.

The 1980s became a period of generative development. Birch (1978, cited in Mier and Bingham,1993) along with others, suggested that the small businesses were the real generators of new jobs. This led governments to shift their focus to entrepreneurship and to lending assistance to small and medium size firms. The philosophy employed was

"that policy should not be aimed towards creating jobs but rather to facilitating the enhancement of market mechanisms to create wealth, which, in the process would create jobs (Haider:1989, cited in Mier and Bingham,1993:viii)

Like Haider (1989) and Birch (1978), Mier and Fitzgerald (1991) identify three phases of economic development which do not necessarily coincide with professional practice in America. These phases are summarised in table 1.

The first phase began with state incentives which attracted industry in the South in the 1930s. This development practice subsidised 'smokestack chasing', with tax abatements, loan packaging, infrastructure, land development and other efforts that would reduce the cost of production of firms. Two distinctive strands of literature emerged to explain these development practices. The regional and community development literature was based on industrial location and international theory and experiences.

The second phase of literature on LED emerged in the late 1960s. This literature had its origins in concerns about the distribution of benefits from economic development practices. The third phase of economic development reflects the birth of public-private partnerships. This phase emphasised the promotion of development from within to reduce local dependence and to widen the scope of development benefits to more groups within localities.

Bingham and Mier (1993), have categorised LED theories as follows: location and space theories, labour and capital theories, political and social theories, and organisations and process theories. The usefulness of this categorisation lies in its coverage of neo-classical economic theory, central place theory, location theory, attraction models and cumulative causation theories, in explaining economic development. Contrary to them, Blakely (1989) acknowledges that none of these *traditional* theories individually or collectively, has the ability to adequately explain regional or local economic development. Within any community there are numerous factors and processes which continuously change and shift in favour of certain factors which contribute to economic development.

PERIOD	DESCRIPTION OF ECONOMIC DEVELOPMENT APPROACHES
1930-1960	'Smokestack chasing' - attraction of firms by state through reducing their cost of production. Based on regional development literature and industrial location literature.
Late 1960's -1970's	Political economy - concerned about distribution and benefits from economic development. Based on Marxist framework.
1980-1990's	Endogenous development - the emphasis is on reducing local dependence on corporations and broadening the benefits of development to more groups within the locality. Based on public-private partnerships.

Table 1. Phases of Academic Development in Economic Development
Source: (Mier and Bingham,1993)

Blakely (1989) and Bingham and Mier (1993), in trying to formulate a synthetic theory of local economic development, acknowledge the emergence of a new theoretical framework and provide guidance with regard to its conception.
Blakely (1989) suggests that the emerging theoretical framework consists of four components:

- Employment
- Development base (as opposed to an economic base)
- Location assets
- Knowledge resources

This shift from the traditional concepts of economic development to the new ones are represented in table 2 below.

COMPONENT	OLD CONCEPT	NEW CONCEPT
Employment	More firms = more jobs	Firms that build quality jobs that fit the local population
Development base	Building economic sectors	Building new economic institutions
Location assets	Comparative advantage based on Physical assets	Competitive advantage based on quality environment
Knowledge resource	Available workforce	Knowledge as economic generator

Table 2. The Shift From The Old To The New Conception Of LED
Source: (Blakley,1989:69)

Blakely's sharp description of local economic development, is buttressed by Bingham and Mier's (1993) construction of seven metaphors of economic development which they suggest aids us in conceptualising local economic development. A sobering warning comes from them that there is no one-to-one correspondence between theory and metaphor as the boundaries are "fuzzy because they are not discreet categories but generative images" (ibid:287). These metaphors can be summarised as follows:

Economic development as problem solving: alludes to the inability of the human mind to integrate or deal with the vast array of inputs in economic development.
Economic development as exerting leadership: a community's capacity to facilitate conflicting interest and engage in collective problem solving, is hampered by widespread, representative and interconnected leadership.
Economic development as preserving nature and place: stresses local initiatives, the value of public intervention, balancing growth and redistribution, as well as the necessity of partnerships with communities.
Economic development as building a growth machine: links the urban growth process with the political process and proposes a coalition of local government, unions, property development and place-bound business.
Economic development as running a business: recognises the importance of capital investment and growth, the sanctity of private markets, necessity of overcoming barriers to progress and the value of partnerships with government.
Economic development as a quest for social justice: considers the least advantaged in society as being in the most ideal situation to control and shape their own future.
Economic development as releasing human potential: sees people as agents of social change and thus focuses on entrepreneurship, training and labour-based development.

Bingham and Mier (1993) have suggested that these metaphors could provide an inspirational spine and a framework which incorporates diverse theories of development into practical applications.

ENDOGENOUS DEVELOPMENT

The broad range in LED literature over the last two decades points clearly to a shift away from a functionalist perspective of place as a passive location of economic activity, to the grand logic of global capitalism and endogenous business development. This endogenous approach emphasises the unique factors of the spatial milieu in which the activity occurs, while at the same time recognising the embeddedness in the larger structure. Friedman and Weaver (1979) and Stohr and Taylor (1981), in their call for endogenous development do not accept the closed economy prescription of the old functional approach. Instead they recognise the interplay with global forces and the increasingly open nature of the economy. Stohr (1981) advocated that endogenous development should include non-economic values as well. In fact he stated that it must involve the evolution of human values.

Some observers claim that this endogenous approach was tried out in Europe in the late 1970s and 1980s by socialist urban and regional governments in Europe and by the OECD and EEC programmes for urban development. The search was for new organisations and institutions belonging to what in the economic literature is called the 'third sector'. This progressive approach to corporatist planning is one important aspect of the endogenous approach to LED which is being advocated by the bottom-up territorial literature. Other observers place this endogenous paradigm in the context of newer postmodern analysis. Evangelinides-Arachovitou (1990,cited in Wilson,1996) points out that a post-industrial approach would be based on less government, more enterpreneurialism and more informal network organisations.

Garofoli (1992) argues that the process of endogenous development underlines the high degree of autonomy that local development has assumed in the late industrialised areas in Europe. He further views economic development in these areas, not as a consequence of a productive decentralised process, but rather as a consequence of the sprouting of new entrepreneurship and the presence of social and economic variables that favour the emergence of new economic activities. However, this does not mitigate the importance of external favourable conditions as catalysts of development. The autonomy of the development process has manifested itself in market relations and technological innovation. Networks of commodities, information trade, circulation flow and collaboration links among local firms have allowed them to circumvent hierarchical relations with other areas and regions.

GLOBAL RESTRUCTURING AND THE RISE OF LED

Local (economic) development has sometimes been depicted as being localist, naive and consequently of little significance. Presently these views seem to be weakening due to the perception of LED as a sophisticated, internationally connected force, without losing, it seems, the sense of community (Wilson,1996).

Since the early 1970s the global economy has endured instability. Europe lived through a number of impacts of macroeconomic and macropolitical shocks, notably with the rise of energy prices, loss of control on wage prices and more recently, the democratisation and economic transition of Europe and the central European countries. There have also been major changes in the regulation of the world monetary, financial and commercial systems. On the initiative of the USA, this liberal 'deregulation' provided for fierce competition in the 1980s. Markets became global and economic exchange intensified between the first and the third world.

Within this context, local economic development strategies are now increasingly requiring a global dimension, in order to remain viable. In Europe this tendency is clearly related to the rising influence of EU policies. On the one hand, the *Structural Fund Act* has spatially targeted instruments and on the other hand, European institutions have contributed to the development of infrastructure, to the narrowing of the skills mismatch and to the fight against poverty and social exclusion. Chapman (1996) argues that the 'internationalisation of LED is a constitution of international networks of institutions involved in LED strategies. Fotherhill (1994 cited in Chapman,1996) notes that the European Commission may not be likely to respond to special demands made by individual localities and the international coalitions of localities have not been extremely successful in attracting European funds, but have recently proved to be extremely influential in the development of the EU spatial policy.

The opening of a single European market brings new opportunities as well as new threats to public and private agents. This is why the EU now encourages cross-border co-operation especially in the form of 'EU-*Regions*', which form institutionalised contacts between governments on either side of the border. Border regions are located on the periphery of economic and administrative centres of nation states and are generally regarded as structurally weaker regions. In this context Corvers, Dankbaar and Hassink (1996) argue that the European formula has so far not proved to be the best way to overcome the economic borders due to the collaboration between the administrations. The policy should rather be to help economic agents to increase their cross-border exchange.

In sharp contrast to the above, Reid and Church (1996) examine international strategies from the point of view of local institutions. These are often accompanied by the retreat of the nation state, where economic globalisation seems to be the driving force. They warn that what economic globalisation means may be interpreted differently by local authorities. Moulaer and Demaziere (1996) have tried to construct a theoretical agenda which is shared by most contributors in the field. They examine the spatial impact of global restructuring in France, Great Britain, Spain, Portugal and Italy and demonstrate how the different levels of public interventions have been recognised. The variety of the scope, nature and the timing of local responses demands that the literature on LED be critically reviewed. Moulaert and Demaziere (1996), argue that in spite of its influences on LED strategies, the Marshallian Industrial District model has application for only a very small part of current trends. In order to do justice to this model, the involvement of large firms in local dynamics is crucial. The institutional framework which fosters development initiatives at a regional and local level is also of critical importance. Moulaert and Demaziere (1996) suggest that the strategies which

are adopted should be based on local potential rather than on attempts to reproduce the models drawn from success stories.

In France the local development movement roughly started with the *Decentralisation Act of 1982*, which allowed local public institutions to increase their intervention in the local economy. Corolleur and Pecquer (1996) argue that the goal and means of LED strategies have almost evolved in the same direction over the last fifteen years. In the early 1980s local authorities used their new powers to act as 'fire fighters' for local firms, which frequently involved financial support. This approach has proved to be inefficient and public authorities have recently been more concerned with providing a favourable business environment. The numerous public/private partnerships have contributed to the construction of what Corolleur and Pecquer (1996) have termed "territorial specificities". In its practical application this new policy orientation seems to be relevant in the context of increasing globalisation. Nevertheless, Corolleur and Pecquer (1996) warn that it may lead to a growing competition between local authorities and between localities and regions.

Rodriguez (1996), Van Doren (1996) and Begg and Whyatt (1996) document the different national context of LED, as well as relate the mushrooming of LED strategies to the tendencies of economic restructuring in the last two decades, adding crucial detail to the broad picture. Examples contain an in-depth case study of communities in their attempt to gain new prosperity. These examples further illustrate contrasting strategies and concepts of LED.

Rodriguez (1996) examines the case of Bilbao, one of the main industrial centres of Spain and also one of the most severely affected by economic recession, environmental degradation and social exclusion. De-industrialisation has paved the way for a service-based strategy of metropolitan recovery, which is arguably dependant on extensive restructuring. To lead this process several policy schemes have been designed by the local and regional authorities Rodriguez critically discusses the effects of this property-led regeneration. She also examines the limits of policy innovations, notably the lack of integration between the different policy tools. This situation differs vastly from those undertaken in Belgium.

In his analysis Van Doren (1996) examines the LED strategy of Charleroi, the fourth largest city in Belgium. As a typical early industrial city, Charleroi has experienced several sectoral crises since the late 1950's. These days the steelmaking industry is still the largest local employer and it seems obvious that Charleroi's development trends need serious reorientations. With this in mind the local authorities decided to adopt a pro-active attitude, and Charleroi became one of the first cities in Belgium to adopt a strategic plan. Van Doren (1996) discusses the situation and prospects of Charleroi by resorting to the notion of innovative milieu, a concept developed by Aydalot (1986) and the Groupe de Recherché Europeen sur les Milieux Innovateurs (GREMI) (cited in Van Doren,1996).

According to Aydalot (1996), local environments are undoubtedly the relevant scale to analyse the current economic restructuring and its spatial dimensions. The milieu creates local entrepreneurship and accounts, to a certain extent, for the performance of local firms.

This view is a far cry from traditional growth pole theories, for which the environment was scarcely considered. It is suggested that the characteristics of early industrial regions which are vertical integrated plants with stable relationships with subcontractors, a hierarchical division of labour and a 'paternalistic' management of human resources, needs to be reversed. In Charleroi the redevelopment strategy was concerned with creating local resources as well as benefiting from the competition of a single European market. Van Doren (1996) shows that there is no articulation between these two aims and advocates a strategy that would take the larger environment around Charleroi into account, especially the fast growing urban region of Brussels.

GLOBAL CHALLENGES AND LOCAL RESPONSES

" 'Globalization' or the 'Global Economy' are terms often applied loosely or indiscriminately to imply a totally pervasive set of forces and changes with all-embracing effects on countries, regions and localities" (Dicken,1993, cited in Reid and Church,1996:158).

This view reflects concern that the phenomenon of globalisation is an accepted norm, which lacks debate over its nature and extent. Globalisation corresponds to a set of conditions in which a growing part of wealth is produced throughout the world of enterprises, characterised in particular by:

- The capacity to produce and distribute goods and services from structures organised on a global basis;
- Global markets regulated by global norms and standards;
- Organisations operating on a global basis with an organisational culture regulated by a system of values codified at the global level;
- Systems of alliance in which the rules of the game are based on 'deterritorialised' legal, technological and economical norms;
- A market trend towards the externalisation of inter-firm relations and to transnational co-operation in the field of production and distribution (Van Doren,1996:94).

The general rhetoric of globalisation has appeared in local authority economic development strategies which aim at policy responses at the international scale. The need for financial assistance is revealed as one of the key driving forces behind the internationalisation of policy at the local level and in many cases the globalisation of LED policies. The problem of unemployment and declining base industries are a common factor across Europe and in many other parts of the developed world and has led many local authorities to attempt to attract funds from international organisations such as the European Commission. Goldsmith (1993) views the globalisation of local authority activity as a result of a number of worldwide trends. These include an increasing interdependence of the world economy, changes in the balance of economic power and shifts in the location of industrial and manufacturing activity. He also identifies a changing balance in economic activity, with the accompanying financial and

service sectors of the developed country's economies. All these factors have according to Goldsmith (1993), aided the dramatic change in communications during the last twenty years.

The world crisis that began two decades ago remains an intriguing phenomenon, due to its intensity and length (Demaziere,1996). In the 1970s, Demaziere (1996) argues that industrial societies experienced inflation, rising unemployment and instability of exchange rates. Recently it appears as though the macroeconomic policy instruments which were set up after World War II, to regulate the economy at a national and international level, have reached their limits (ibid,1996). This period ushered in an overwhelming change in the organisation of production, the fragmentation of demand and the continued expansion of international trade have all increased the nation state's regulatory structures and institutions. Regional and local agents are now looking for, and acting to create an alternative economic growth. As an outcome of this long economic crisis, Demaziere (1996) thus contends that LED is a vast field of experiments.

ASSUMPTIONS OF LED

Local economic development should serve to complement and supplement national and regional planning processes. This in turn should create opportunities for local community initiatives and enterprises rather than to pose as a limitation and an inhibitor for LED. The implication is that local communities on their own or in partnerships are able to:

- Recognise the importance of unique locally identified programmes and strategies;
- Understand their community - its strengths, limitations, resources, opportunities - and have ideas for the future;
- Handle the complexities of their community's development and labour market;
- Appreciate the need to focus particularly on the needs of the poorest and most disadvantaged;
- Have a vital role in identifying future opportunities and shaping their own destinies;
- Recognise that the new economic and employment development is necessary for the future well being of the community;
- Formulate a broad range of plans and actions for their community's economic and employment development;
- Network with external agencies when and where appropriate;
- Take responsibility for the economic development of their own community;
- Ge[illegible]te community spirit and commitment to make actions more successful than those imposed from outside the community.

TOWARDS A TYPOLOGY OF LED INITIATIVES

South African and international experience suggests that local authorities, NGO's and CBO's, are engaged in a variety of development initiatives. Development agents thus need to increase their awareness of the range of interventions associated with LED. Local

er nomic development ranges from state support and actions and NGO, facilitation right down to self-reliance strategies within a given community. International experience has shown that LED does indeed manifest itself in these diverse forms (LED News,1997). However, the actual manifestation varies according to the distribution of people, resources, skills, etc. This suggests that the needs, requirements and strategies which are adopted will vary from a rural to an urban area and within these areas as well. Nevertheless, it must be noted that multiple activities can take place within a community.

These LED initiatives can broadly be divided into three categories,

- Authority Based LED
- NGO Facilitated LED
- Community Based LED

1. Authority based LED can further be sub-divided into:

a) *Government controlled and/or facilitated LED*, such as public works programmes and facilitation and support of local level initiatives. Government should attempt to provide the necessary support and advice, rather than to suppress these local initiatives.

b) *Local Government driven LED with a business focus and a low level of community participation.*
This approach is commonly found throughout the world and has already been pursued in South Africa. These initiatives include "boosterism" and "place marketing and partnerships", which ensure that the poorest communities are not marginalised in any manner.

c) *Local Government driven LED with a high level of community participation.*
Very few parallels of this initiative exist in the world, in this case Brazil exemplifies one of the exceptions. Public private/partnerships are essential to the continued existence of this initiative. This approach is in accordance with the RDP and is much more suited to the South African context.

2. NGO Facilitated LED

This approach allows NGO's to support and encourage LED in disempowered communities. Their focus is on small initiatives aimed at the marginalised in poorer communities. Although not well documented internationally, NGO's such as Corplan and the Anglican Church's Department of Social Responsibility in the Kei Road Venture in South Africa are worth noting.

3. **Community Based LED is divided into:**

a) *Community self-reliance*
In developing countries, this approach is deemed as an essential survival strategy. External support in the form of partnership is needed to supplement community resources. Hertzog in South Africa, is an example of such an initiative. Hertzog was left destitute when commercial farming ceased soon after it was incorporated into the former Ciskei. Initial attempts to revive farming in the valley were unsuccessful and people were in their own words - 'living in a desert' (Kenyon,1996:23). However in 1994 the community formed an Agricultural Co-operative and raised a commercial loan to grow food. Advice was provided by the government's agricultural office, the CSIR and Corplan (an NGO in East London). This venture has already touched all of the 1000 people living in the valley and brought hope and a justifiable sense of pride in their accomplishments.

b) *Community initiated LED, which requires external assistance.*
This approach is common in America and merges community aspirations with support provided by the state or NGO's. An overlap occurs with the initiatives provided in 1a and 2 above. However if we had to locate the *case study* within these categories, NGO facilitated and Community Based LED would be most apt.

THE DYNAMICS INVOLVED IN LED

The is no simple universal LED strategy. Communities are in the best position to design their own unique programmes. Their initiatives may however, be related to the following:

- *Using existing resources more effectively;*
- *Identifying local comparative advantage;*
- *Understanding existing markets better;*
- *Finding new resources and new uses for resources;*
- *increasing the net number, quality and quantity of local jobs;*
- *Maximising "spin-offs" from public investment and public works programmes;*
- *Identifying new market possibilities;*
- *Keeping money circulating locally;*
- *Bringing more money into the community;*
- *Developing the skills of local people (Kenyon,1996, 3).*

Typical LED Strategies

Sustainable LED is a long term process and does not result from any "get rich quick schemes." It requires the development of a range of initiatives related to the community's comparative advantage. No single community will ever be in a position to apply all the strategies, however, communities can adapt these strategies to suit their local needs and resources. Kenyon (1996) notes that both South African and International experience

suggests that there are at least seven broad and inter-related approaches. Common strategic interventions and applied strategies are detailed below, namely:

1. *Supporting the development of new businesses;*
2. *Attracting industry, businesses, investment and resources from outside the community;*
3. *Helping existing local businesses to improve their productivity and market share;*
4. *Improving local infrastructure and service provision to enhance economic and employment opportunities;*
5. *Plugging the leaks in the local economy through actions that encourage greater local loyalty purchasing by local residents and businesses, and which respond to market opportunities which are being lost to other communities or countries;*
6. *Developing the capacity of the communities to find jobs for local people through actions that support the job search activities of unemployed people, and discover hidden job opportunities;*
7. *Marketing the community through initiatives which enhance the appeal and image of the community to potential visitors (Kenyon, 1996:4).*

According to the SANCO (1995) LED Document, a few other strategies need to be included:

1. *Loan guarantee facilities;*
2. *Establishment of partnerships with key local players;*
3. *Provision of land, workshops and small industrial premises;*
4. *Promotion of tourist activities and facilities;*
5. *Assistance with sales, marketing and advertising;*
6. *Support for workers' co-operative and community industries*
7. *Development of local centres of excellence (SANCO, 1995).*

Ingredients For Successful LED In South Africa

Examinations of successful LED initiatives in South Africa, have drawn attention to the importance of the following eight ingredients:

1. *Vision, passion, self-reliance and a "can do" spirit;*
2. *Ownership and involvement by a united community;*
3. *Capable and respected leadership;*
4. *Awareness and use of outside resources;*
5. *Use of organisations, credible structures and processes that make things happen;*
6. *Commitment of partnerships, co-operation and a shared vision;*
7. *Adoption of a practical development agenda which focuses on realistic goals, early achievements and long term plans;*
8. *Community entrepreneurism and opportunism (Kenyon, 1996:4).*

By utilising these ingredients the community will be in a much better position to employ LED efforts to create positive economic and employment changes. However, a sobering warning

comes from Kenyon (1996) that it is not a panacea nor is it as simple as "turning on a light switch" (ibid:4). Communities require the necessary willingness and determination to take the responsibility for their own economic futures.

LED In A Rural Context

LED in a rural context requires the use of intricate and co-ordinated action plans, which are aimed at improving the quality of life of the rural poor through job creation and income generating programmes. The specific needs and circumstances of the rural communities should dictate the approach to planning and implementation. Given the immense development challenges that face rural areas, Matomela (1996) contends that the following principles should underpin LED planning and implementation:

- Seeking local solutions to local problems;
- An all inclusive process of development which seeks to utilise the local rural resource base and its unique attributes;
- Local access information to make informed decisions;
- Forming social compacts around agreed courses of action;
- Capacity building and;
- Mobilising resources and support (ibid:1996)

The above mentioned principles are closely associated with the following:

Rural LED Programmes:

- Small business support and the establishment of local business service centres;
- Establishment of local periodic markets to promote the circulation of capital and enterpreneurship;
- Public works programmes;
- Encouragement of small-scale farming and the use of appropriate technology and infrastructure;
- Promotion of tourism and eco-tourism in particular (Rural Development Framework,1997)

Key Approaches To LED in Rural Communities

When one considers poor development co-ordination and the low skills level, then the following approaches are crucial for the initiation and planning of LED in a rural context:

- Sustainable development needs to be promoted to deliver basic environmental, social and economic services without threatening the viability and existence of natural and social systems (taking into account local customs and the needs of women and young people).

- There must be investment in rural infrastructure to meet the huge backlog. Involvement of the public and private sector in large capital inputs, institutional development, training and technology development is crucial.
- Building and expanding local information systems for purposes of development planning, monitoring and evaluation.
- Traditional leaders need to create consensus about local development needs and strategies for delivery, where appropriate.
- Rural local government needs to act in collaboration with CBO's to determine needs, set priorities and take responsibility for providing access to basic services.
- Capacity-building to empower communities to drive their own development efforts.

LIMITATIONS OF ENDOGENOUS LED

Communities are restricted in their responses to global restructuring due to their unique characteristics as well pressures from globalisation and macro-economic policies. Harrison (1994) views localism with scepticism within the developing countries and especially South Africa. He argues that

"There is potential for local community-based economic initiatives in South Africa...However there is a danger in the idealistic localism that is currently fashionable. Localities are located within an increasingly globalised economy which presents sharp constraints for locally-based development. There would also appear to be a limit on the number of localities that can achieve successful endogenous development..."(ibid:585).

Another criticism comes from Thrift and Amin (1993) who question the amount of local initiatives which can be replicated around the world, when one considers that these initiatives require a complex array of religious, social, political and institutional arrangements to be successful. Tomlinson (1992) examines the role of the unions in local economic development and views them as one of the most ardent critics of LED. Unions operate under the logic that job creation in one area often leads to job losses elsewhere. Within a metropolitan context they fear that LED would benefit certain members to the detriment of others.

SMME DEVELOPMENT IN SOUTH AFRICA

In the literature on LED there is a strong focus on SMME enterprises. They play an important role in local dynamics. Arguments in favour of SMME's as development agents are derived from the specialisation of production and customisation of demand, the downsizing of functional units, combined with flexible production technology and work processes. Together, these developments allow for economies of scale which can be achieved by financially independent SMME size production units which are important to stress the role of SMME's in local economic development. It also allows us to recognise the specific socio-economic environments in which they occur. But it is of even higher analytical and policy relevance to examine the combined role of large corporations and SMME's in

local economic development. It would be a fallacy to ignore large corporations in local economic partnerships.

While small business is a key component of any economy, most small businesses are locality bound, which means that they rely on local sources of raw materials, skills and markets. In contrast to many large businesses, they are unlikely to relocate or disinvest. All around the world small businesses are playing an important role in catering for niche markets and as sub-contractors to large firms. The move to more flexible production strategies and techniques as well as the emergence of local specialisation, which encourages small business development, have been well documented abroad. In the 'tiger economies' of South East Asia and even in industrialised Japan, it is in small firms that most of the jobs are found (Prodder,1996). With their low initial overheads, low entry requirements and their employment and ownership base in host communities, they are an invaluable asset to any local economy. It must be noted that there is much more to local economic development than small business promotion and support. The ability of small businesses to create jobs makes it a key component of any LED initiative. Evidence from Italy and the USA indicate that small business promotion can be the main ingredient in a programme for LED revival. The current focus in South Africa on small business development and the support it is given by all levels of government and other sectors is significantly affecting local economies. However, it is imperative that these programmes are not implemented in isolation from the broader social, economic and infrastructure development of the community or the host community, but that they form part of the process of LED.

Support Programmes For Small Business

President Mandela opened the SMME Conference in 1995 by saying:

"The development of the SMME sector is critical to the social and economic development of this country."

While there might be broad consensus on this point, controversy rages on how to tap the potential of the SMME sector for economic empowerment and employment generation. In 1993, World Bank research on black SMME's emphasised the need for a major initiative to build linkages and partnerships between the well resourced formal private sector and the disadvantaged under-resourced SMME sector (LED News,1996). This would require the improvement in trade between the established formal economy and the SMME sector. In the words of the United Nations Development Programme, "capital, technology and skills must be appropriate and available on 'equitable terms' to foster balanced, broad based growth" (UNDP,1995, cited in LED News,1996).

This backdrop led the Centre for Community and Labour Studies at the University of Durban-Westville to identify three procurement models that might be appropriate to the needs of the South African SMME's. It is felt that a summary of these models would be sufficient rather than an exhaustive description.

1. **The High Performance Asian Economy Model:** combines strict state regulation and discipline with general initiatives and support measures. The state also uses its 'infrastructure power" to ensure close contact between the government and the private sector in respect to policy formulation. This strategy enables the government to act swiftly and effectively in the broad social interest.
2. **The Voluntary Co-operation Model:** is based on the idea that linkages between large businesses and SMME's are best created through activities of mutual benefit and co-operation. This model advocates that the most successful programmes are those that use a market-oriented approach in which the government provides co-ordination, SMME support and education together with the necessary enabling environment.
3. **The Affirmative Model:** Redressing, efficiency, growth and development are tied together in an organic fashion. Big business involvement in the development of SMME's serves as both a social and an economic imperative. This approach is underpinned by socially negotiated affirmative action legislation. Enforcement can come from either government or by a broadly representative stakeholder forum (Khan,1996).

The Centre for Community and Labour Studies research proposed that a combination of voluntary re-orientations and state steering incentives, regulations, encouragement and discipline be undertaken. In this manner government at the appropriate level would have to foster a development culture as well as entrepreneurial values. It would also be responsible for promoting co-operation and networking, co-ordinated training programmes and underwriting credit arrangements. Support organisations also have their role to play in facilitating SMME participation in, trade fairs, run short targeted courses, facilitate the exchange of technical skills and create linkages. Their findings also suggested that established businesses set up business opportunity centres and develop appropriate business and technological skills among SMME suppliers similar to the Korean and Singaporean cases. Following from, this SMME associations should form group bulk buying schemes and establish distribution centres to meet the needs of their members (Khan,1996).

In South Africa, small business promotion and support programmes are implemented by stakeholders such as the Khula Enterprise, Ntsika Trust, National and Provincial Government, and the National Small Business Council. Steps are now being taken to encourage Local Government to play a more supportive role. This approach was clearly articulated at the Second National Conference on Small Business which was held in Durban in 1997. A challenge is thus posed to rural local authorities, since they are faced with capacity constraints and need to take advantage of public and private sector support organisations that exist. Stakeholders in small business promotion are not limited to the above mentioned ones. Local Authorities, NGO's, trade unions and big businesses also have a role to play in this domain. These organisations are in a position to supply relevant support to their immediate constituencies and respond to local needs and difficulties more easily than a national agency. Nevertheless the onus is on local players to draw on all available resources in a way which best meets their unique needs and situations. By the same token, intervention by support agencies should be sensitive to local circumstances and priorities. It is also imperative that they operate with and through organisations which are established to develop the local economy.

In order to illustrate the above the role of a union and an NGO are examined:

The Self-Employed Women's Association (SEWU)

The Self-Employed Women's Association is a trade union for working women who do not have permanent jobs. SEWU was formed in 1994 in KwaZulu Natal, and is based on a concept which is adopted from India. This organisation boasts no less than 3000 members and has recently broadened its operations to include the Western and Eastern Cape as well as Gauteng. SEWU aims to *"build unity between women whose work, which they do for a living is not recognised" (LED News,1996:3).* Their primary development goals are *empowerment and human resource development.* They also provide and initiate collective bargaining for instance, in the negotiations between women and local authorities in order to provide facilities for traders.

The SEWU's aim is not to explicitly promote small business, but to offer training for women to develop negotiation and leadership skills and advice, to assist with problem solving, to offer support and collective bargaining to women in the 'survivalist' sector. One of their outstanding task is to provide women with access to other organisations for skills training and financial and legal assistance. Their membership is limited to self-employed women, market gardeners, poultry producers, bread-workers, casual workers and street vendors. These members form branches when they join SEWU and elect leaders to liase with SEWU's head office and organisations. This process assists with empowerment and collective bargaining. This organisation is noteworthy since it provides a positive example of vitally needed intervention and support in what is regarded as one of the most marginalised sectors in the country. In addition this union's activities indicate that support for small businesses have broader dimensions than just the establishment of firms.

Joint Ventures In Kei Road

One of the key development challenges presented to emerging small businesses, is breaking into well established markets, which tend to be dominated by large businesses. The fundamental reason for this is that small firms often lack the resources, skills, market knowledge and economies of scale to successfully penetrate the mainstream of the economy. This is even more evident in the traditionally disempowered communities, particularly in rural areas (Kenyon,1996). In addition to the challenges of unemployment, rural areas are also characterised by poor transport facilities, isolation, low levels of economic turnover and disempowerment. In order to address these issues targeted external support is required.

The Kei Road example shows that NGO's can support small business development, not only in terms of business establishment but also in terms of the brokering of business agreements. Kei Road is a small rural town in Bisho in the Eastern Cape. Here support took the form of intervention from the Anglican Church. In response to local crises, including massive farmworker retrenchments, the Church's Department of Social Responsibility established a Rural Development Mission in the town. Small business advice and training was initi addition to a wide range of programmes which include support for community gar

advice and bulk buying. With the aid of donations, brick-making and sewing operations have subsequently been established in the community. This project differs from many others in that the church recognised that support could not be limited to merely setting up the operation. Their support had to extend further than this because it was recognised that while producers may wish to sell to bigger markets, they often lack market knowledge or are unable to produce goods of the required quality. At the same time many large businesses may be willing to assist small businesses but they lack the necessary contacts with small-scale producers and have difficulty in dealing with problems of product quality and the reliability of supplies (ibid,1996).

The important lesson emerging from the experience of Kei Road shows that a not for profit **NGO, like Thusanang,** is able to win the support and trust of the stakeholders in accepting a mutually acceptable trading agreement. In the case of the sewers, the church was able to secure both professional training in sewing and bulk contracts to produce thousands of sewn items for two of the largest parastatals in the country. Likewise, a similar approach linked brick makers to regional markets. This example also represents a form of small business promotion and development which is making a positive contribution not only to small-scale producers, but also to the general economic development of the wider rural area that it serves.

Flexible Specialisation

The crisis of Fordism and the transition towards a so called new regime of flexible accumulation, has brought about systematic diversification in manufacturing activities, plant closure, environmental degradation, massive unemployment and rising poverty and marginality. This effect shows that the mode of production in the industrial domain are coming more and more in line with the theory of postmodernism. There is a move away from Fordism and the associated mass production to flexible specialisation. As this industrial approach affects our lives, so the ideals of postmodernism can be seen to be gaining greater relevance. Flexible specialisation is spilling over into non-industrial disciplines such as planning as well. As such it is felt that postmodernism will continue to have an ever increasing influence on planning and its theoretical base.

A developing economy must thus build a strong sector which could serve as a core. In other words, it must create new productive economic activities and must do so from within its own human and technical resources rather than on dependency on low value-added natural resources or the entrepreneurial vitality of other economies. This vitality has its origins in local rather than national phenomena. Local economic development happens in some places and not in others. In those places that it does happen, the appropriate conditions are in place for the entrepreneur to identify an opportunity and mobilise resources.

One has only to examine the prosperous regions of Europe, extending from Finland and Sweden in the North to what is termed Third Italy in the South. When doing this, one is confronted with very different cultures, religions, languages, histories, different administrative, industrial and financial structures as well as differing education, training and

research structures. However, at a regional level one finds that the only factor which these regions have in common is a strong local economic orientation. This strong orientation manifests itself in the large proportion of the workforce who have undertaken vocational training. Those Regions in Europe to the South and West which have been less successful in generating their own prosperity are characterised by academic and humanities oriented education systems, with weak vocational training systems (Sweeny,1992). **In this light skills training becomes a crucial factor in economic development.**

In the 1980s the *largely rural countries* which form the West Jutland area of Denmark have witnessed a remarkable growth in the number of new manufacturing firms to the point that 80% of the net new employment in Denmark in that decade was generated by those firms. The origin of these firms can be traced back to the 1950-1960s when agricultural employment was in decline and entrance into the vocational training system increased from 20% to over 50% (ibid:54).

It is often the case that arguments around flexible specialisation are associated with claims that the restructuring of the national economy, leads to the 're-emergence' of regions as meaningful economic units. Tomlinson (1992) supports the view that old-style regional planning is giving way to development planning, we should equally be aware of assuming that this trend is based solely on flexible specialisation, as this suggests a fair amount of spatial determinism. However, this warning does not obscure the fact that flexibility does enhance the competitive posture of any organisation.

Structures And Networks

The areas in Europe which in the last three decades have been generating their own prosperity have been termed "Flexible Industrial Specialisation Districts" (Porter,1990; Sweeney,1992). Industrial districts are characterised by their large population of firms, each firm specialising, competing with others specialising in the same area, but also co-operating, sharing work and information. The local economy has itself become a new form of **industrial structure** organised as transaction incentive networks of small units of operation. The structure may be large firms, producers or markets organised as networks of small teams of operation which are internally integrated and link up with external networks of small but autonomous firms. They may also take the form of clusters of small firms acting as an informal but coherent industrial organisation, or they may be any variant of closely interconnected large and small firms. Imai & Baba (1991), Piore & Sabel (1990), Hirst & Zeitlin (1991) and Harrison (1994a). have termed them the industrial structure of the future because their organisational form is more attuned to the market, technological trends of the present and the future. The Japanese are acutely aware of the dependence of innovation and competitiveness on network structures (Harrison,1994).

Through networking, information and worksharing can efficiently be achieved, which ultimately results in flexible and rapid mobilisation of resources. These networks link small units of operation to one another as well as the infrastructure of unions, chambers of commerce, banks, universities and research and training institutions. In other words, the

networks and the intensity of transactions which they carry, provide the economies of information and scope, on which competitiveness primarily depends. This is opposed to the economies of scale through which the Adam Smith/Fordist structures of the past gained competitiveness (Poire & Sabel,1984). The entrepreneurs and their workforce are skilled and they are craftsmen employing a craft like production style. As opposed to the Taylorist and Fordist models of production, the equipment can be flexibly adapted to the production of a diverse range of products and the skills of the worker determine the operation of the machinery, rather than the worker being subject to the equipment (Pierre & Sabel,1984).

Another decisive factor in other textile areas such as Como, Bella and Carpi is that they engage in "non-standardised mass production"(ibid:54) which in a certain sense reflects the classical approach of 'craft production'. Thus skilled workers use genera, purpose machinery to turn out a wide and continually changing assortment of goods, for large but constantly changing markets. New technologies and processes, with their characteristic flexibility can augment the craftspersons skills, allowing them to embody knowledge in the most diversified products. The more flexible the technology the more this is possible. But flexible technology requires skilled workers, not only craft skills but also skills in information technology, in quality management techniques and in communicating and team skills.

Coulet (1989,cited in Sweeny,1992), argues that in these industrial districts "attachment to place" is an important explanatory factor. This attachment to a given territory is the result of a complex set of variables, social, political and cultural forms of identification. In this sense development is not solely based on protagonists (such as entrepreneurs, institutional and financial agencies, etc.), but emerges from the global economic and social reality of the area.

The entrepreneurial and innovative dynamism of the district of the Third Italy have been ascribed to the homogeneity of culture, to the extended family relationship and the extensive social networks which these support. It is not surprising to find that the dynamic regions of Europe have reinforced their skill craft culture as well as the social status of the crafts person. This tradition can be found in the Southern "Länder" of Germany, or the localities of Emilia-Romagna.

Clusters And Networks

Clusters are a means of linking related industries to promote growth and enhance the international competitive advantage. Industries may be related by technology, resources used, or even by their output such as the products which are produced. Strategic alliances can be created between large and small firms in the areas of production, marketing, technical support and technology. Suppliers, service companies and companies which add value to and make use of the output of others are an invaluable aspect of this cluster. These clusters then target government support to achieve maximum impact. Industrial clusters are not confined to any specific locality, but have shown a tendency to group together in places which offer a competitive advantage, such as the Silicon Valley in California, or the cluster in hi-tech

industries around Cambridge University in the UK. Networking also allows SMME's to share experiences and keep up to date with new developments.

Local Government SMME Policy

As a run-up to the Second National Conference on Small Business, the Departm :nt of Trade and Industry, along with other stakeholders, have begun a concerted effort to bridge the awareness gap on SMME policy at the Local Government level. With the assistance of the Provincial Government's small business desk, 54 workshops were organised between July and October 1997, in all nine provinces. The objectives of the workshops were to:

- Introduce local authorities to the theme of the conference;
- To create a link with local authorities on which a more solid partnership for the promotion of the small business sector can be built;
- To get feedback about the issues that need to be addressed.

Kenneth Kungwane who facilitated the workshops said that, *"the sessions raisea a wealth of comments, complaints, concerns and hopes. They were not only rich in diversity but also marked in the awareness of participants about their own ignorance with regard to the small business strategy and what could happen at local level" (Kungwane, 1997 cited in LED News, 1997:4).*

A total of 1000 local government councillors, municipal officials, representatives from small business support agencies, different government departments, bank representatives as well as entrepreneurs, attended the workshops. The outcome of these workshops indicated that there was very little regard for the role and significance of business organisations and chambers to make an effort to stimulate and support small business. While local authorities may find established businesses a valuable partner in their new role as supporters of small businesses, these shortcomings will need to be addressed in the future. In general the workshops provided support for greater involvement by local authorities to faciiitate small business development.

Public-Private-Partnerships

Local government economic development policy depends to a significant extent on the role the public and the private sectors play and the relationship they form in pursuit of their policies. The analysis of individual communities and their efforts to stimulate economic development suggests that this relationship is not defined in the same way in every community (Fainstein and Fainstein: 1986). The balance between the private and the public sector may be tilted to varying degrees to either side, depending more on the particular power structure of a community than on the overall politico-economic system in which these communities operate. In contrast, the nature of the balance is because the influence of local circumstances is not fixed. Whether and how the public sector can respond to the challenge of globalisation is one of the issues at stake in the debate on government decentralisation.

Tomlinson (1994) notes that in instances where the government is reliant on the private sector, the scope of government agencies and communities are severely hampered. Partnerships thus influence power relations in a fundamental way. Ideally the power relations between these three sectors should be equal otherwise they could compromise endogenous LED objectives. Harvey's (1989) critique of partnerships is thus apt. His criticism is premised on the notion that new public-private-partnerships result in a public subsidy for private profit, which reduces funds for collective consumption. In response to this Tomlinson (1994) argues that 'united and democratic coalitions' are better than weak public-private-partnerships. However, he fails to make a clear distinction between partnerships and coalitions. There is also no evidence to suggest that they could not be one and the same thing, in which case, coalitions would also experience the unequal power relation.

PROGRESSIVE LED STRATEGIES AND THEIR EFFECTS ON SOCIAL EXCLUSION

The new strategies that have emerged are characterised by an effort to combine technique and philosophy from both the economic and poverty alleviation fields, to foster entrepreneuralism. Drawing on these fields allows policymakers to address both material and the human/institutional dimension. These programmes further compliment redistributive programmes which are similar to the war on poverty's focus on work and skill building.

Public-private partnerships have resided in the economic development practitioners tool kit for a long time. Research done by Servon (1996), maintains that small business constitutes the most efficient means of creating new jobs and for fostering economic growth within impoverished areas. If this is true then the focus on small business development may operate to address the uneven development engendered by 'smokestack chasing'. There are a variety of reasons why poor people consider starting businesses in the first place. This further obscures the complexities involved in the realities of using self-employment as a route with which to escape poverty.

Abrams (1992) examines the capacity of local strategies to regenerate local economies. Progressive concepts of LED emphasise the possible benefits of local growth for the least privileged social groups. In brief they aim at combining the promotion of economic development and the alleviation of poverty. The question is to what extent these goals compatible. Archer (1996) illustrates the continuation and rupture of entrepreneurialism to progressive LED strategies, and concludes that the democratic politics of LED may not easily be achieved. The local community must develope a holistic development strategy and receive backing from government as well as national NGO's.

FUTURE DIRECTIONS OF LOCAL ECONOMIC DEVELOPMENT

The tension between global and local can be managed creatively. This also illustrates the innovative role of local partners in economic development such as local authorities and firms, non-profit organisations, both community based and on a larger scale.

The conclusion which can be drawn from the literature review is that specific economic, political and socio-cultural features of a locality are crucial when evaluating the endogenous development potential of a locality. However, such features are determined in a dialectical interaction with embedded socio-economic structures. We can thus glean from this that the weight and placement the locality has in the global social, political and economic relationship, is crucial in determining its endogenous economic development potential. An examination of how development planning approaches can be applied to LED can now be undertaken.

CHAPTER 4

PLANNING METHODOLOGY

INTRODUCTION

The move to development planning which incorporates LED, can be seen as a direct response to economic crisis which was a result of global restructuring, as well as the inability of the 'old style' regional planning to address the accompanying problems. LED is integral, not incidental, to regional and national growth and development. Consequently, there is no theory or set of theories that adequately explains the complex processes of local growth and development. Several regional theories have been advanced in recent years, for the study of regional problems. However, it would be extremely short sighted to view LED as an isolated development strategy, divorced from broader development processes

A BRIEF HISTORY OF PLANNING THEORY

Positivism had a significant impact on planning theory from the early part of the twentieth century. Physical planning methodology was grounded on the principles of positivism together with Patrick Geddes's *survey-before-plan or diagnosis before treatment (Muller,1992:128).* This model was not rooted in any particular theory, but was able to physically transform rural and urban landscapes using grand strategies and comprehensive plans. This approach formed the basis for the Rational Comprehensive Model (RCM), espoused by Meyerson and Banfield (1955), Davidoff and Reiner (1962), Lindblom (1960) and Etzioni (1973). Meyerson and Banfield (1955) viewed public planning as designing a course of action which would achieve the specified ' desirable ends'. They assumed that *rational planning* was equivalent to *efficiency planning,* implying that values and goals could be designed to produce the most desirable solutions. Davidoff and Reiner's (1962) emphasis was placed more on the goals of planning and how they could be used to promote efficiency and rational action. A fundamental distinction can be drawn between Meyerson and Banfield (1955) and Davidoff and Reiner (1962). For Meyerson and Banfield, goal formulation was the responsibility of the decision maker alone, whereas Davidoff and Reiner saw planning not as a matter of fact, but as a matter of choice, thus considering human values.

These RCM's were criticised by Etzioni (1973) for being unrealistic and undesirable. Incrementalism (ibid,1973) thus emerged in an attempt to provide an alternative approach to the rationalist model. Incrementalism may be devoid of a theoretical base, since it uses the status quo as its starting point. In spite of this, incrementalism has been applied in subsequent planning processes, especially in unstable socio-economic and political environments. More recently the challenge to planning emerged as a response to the modernist perceptions on which it is based. This includes the preoccupation with rationality, comprehensiveness and a 'top down' approach with the planner as an expert in problem solving.

Postmodernism represents a fundamental deviation from the modernist approach to planning. Postmodernism emphasises diversity, deconstruction, decentralisation, rejection of totality, it advocates self-management, emphasises the benefits of diversity and views localised action as a promotion of democratic ideals. Harrison (1992a) argues that it is difficult to define postmodernism because it does not refer to a single block of thinking. In essence, postmodernism is a critique of modernity and its concepts of human progress, objective knowledge, rationality and universal laws, and is a rejection of 'totalising' theories and meta-narratives. According to Harrison (1992a) the relationship between power and systems of knowledge is a central theme which emphasises fragmentation, discontinuity, indeterminacy and plurality instead of social order, continuity, coherence and standardised knowledge (Harrison,1992:5).

Beauregard (1989) argues that modernist planning is being 'challenged by the political and economic manifestations of postmodernity and its corresponding cultural practices'. Goodchild (1992), views the public interest and the shift in people's perceptions to the environment and spatial inefficiencies inherent in modernist planning, as a reason for the reassessment of planning procedures. He explores the historical relationship between economic organisations in the early modern, modern and postmodern theory. In short the early modern period was characterised by standardisation , modernism by mass production, and postmodernism by flexible specialisation and small batch production. This shift in approaches to planning is summarised by Goodchild in table 3.

Goodchild (1992) describes postmodernity as 'a rejection of totality' in as far as it discards comprehensive planning, standardisation, rationality and economic concentration. This rejection has attracted opposing support from the liberal right and the collectivist left. Support from the right is gained due to their sense of individualism, market oriented interventions as well as trends towards flexible planning. The postmodern expression of democratic and economic decentralisation, social diversity and a willingness to deal with it, have appealed to the left. Irrespective of whichever side of the political spectrum support emanates, postmodernism expresses a dissatisfaction with the institutions of the recent past, thus cutting "across the strategies of the liberal right and the collectivist left" (Goodchild,1990:134). Goodchild (1990) has thus called for some sort of compromise, which could bring modernism and postmodernism together "in a way which secures both justice and control, change and tradition"(ibid:131).

Within the modern/postmodern debate, the element of subjectivity, or more particularly, the intentions behind given actions come into play (Isserow,1995). In this manner a more detailed understanding of planning and its connection to particular ideologies, or whether it functions in a neutral zone, needs to be conducted. Roweis (1983 cited in Isserow,1995) posits that planning should be understood in terms of its power as a political tool. His adherence to planning as being part and parcel of the greater state apparatus, suggests that planning can be utilised as a medium for generating interaction between the state and the broader community. The planner would thus assume a mediative role which fosters dynamic processes and facilitates change. The important thing to bear in mind is that communities do not operate within the boundaries of specific social theory. The implication here is that the

strength of the postmodern debate lies not in mediation or advocacy, but rather in its perceived ability to contextualise the dynamics involved in social, economic and political change.

	Early modern	**Modern**	**Post-modern**
Heyday	1900-14	1920-39 (as an avant garde movement) 1940-70 (as adopted by the state)	1960-79 (as part of a counter culture) 1980- (as endorsed by the establishment)
Concept of the city	The city as a symbol of social order / disorder : as a corporate agency	The city as an object ; as mass housing	The city as landscape; as an expression of social diversity
Forms of administrative intervention	Uncoordinated voluntary and municipal initiatives	Municipalities as agents of the state	Deregulation, deconcentration, decentralisation
Themes in Urban Design	Public health: lower densities: more daylight and sunlight	Continued emphasis on lower densities, day and sunlight; functional zoning, mixed flats and houses	More diversity; more emphasis on local context; mixed land uses
Themes in Strategic Planning	Promotion of sub-urban expansion and of garden cities	Redevelopment of slums; controlled expansion through suburbs, new towns and greenbelts	Renewal and regeneration, containment
Decision-making style	Piecemeal blueprint	Comprehensive, blueprint	Piecemeal, 'coping with the contradictions'
Typical text	Unwin (1909) *Town Planning in Practice*; Triggs (1909) *Town Planning: Past, Present and Possible*	Ashworth (1954) *The Genesis of Modern Town Planning;* Hall (1975) *Urban and Regional Planning*	Davies (1972) *The Evangelistic Bureaucrat*; Ravetz (1980) *Remaking Cities*
Form of economic organisation	Increasing standardisation	FORDISM Mass production of standardised products; emphasis on repetition and simplicity	POSTMODERNISM Flexible and small batch production of a variety of product types

Table 3. Representing the History of Town Planning in Britain in the 20th Century

Source: Goodchild (1990)

A vital contribution which postmodernism makes to planning is that society can no longer be viewed as a environment and must instead be seen as fragmented, diverse and multi-faceted. In this light any planning procedure which is based on centralised, linear dimensions, which limit the emphasis on the individual and the local, would thus be unsuitable for participatory and democratic ideals. This context makes the applicability on postmodernism to local economic development much clearer. Local empowerment through participation in the decision making process, provides a theoretical framework for strategies aimed at LED.

By no means is South Africa immune to postmodernism or the challenges that LED poses to the planning profession. The modernist approach to planning is far too restrictive, and postmodernism therefore provides us with flexibility in our policy approaches, in that it advocates local processes and local governance. The role played by lower tiers of government is an integral component of endogenous development, since LED caters specifically for the needs of locals, based on their unique requirements. Recent moves towards deregulation, decentralisation of planning, the autonomy of local authorities and the acceptance of community participation in planning have emerged as a response to postmodernism and have thus laid the foundation for LED. Mabin and Smit (1992) have remarked that:

"...postmodernism has emerged ... and (resulted in) a general decline in regulatory function which town planning has exercised over the private sector over a generation or so ... So far local authorities seem to be poor players at extracting planning agreements which would benefit surrounding areas as has been the case in other parts of the world...Present local economic development initiatives must be seen against this backdrop: while planners may shift towards planning for local economic growth, most initiatives involve a substratum of deregulationist thinking which could pull the rug from ... functions of the planning profession"(Mabin and Smit,1992:29)

REGIONAL PLANNING AND ITS CRITICISMS

Regional planning policy and procedures have traditionally been dictated by neo-classical economic theory, and regional science perceptions. This has led to it being mainly a response to uneven development in the advanced capitalist countries, which were characterised by rapid regional growth in some areas and rapid decline in other areas.

According to Tomlinson (1992) the modern phase of regional planning occurred in the USA from the 1950s to the 1970s. This took the form of funded programmes which were intended to relieve unemployment and improve incomes. These programmes served to stress investment in infrastructure, industrial parks and growth centres which it was hoped would attract manufacturing investment. Alonso (1989) noted that these programmes arose as a result of "disillusionment with [their] effectiveness, fiscal crisis, ideological shifts, and a gradual recognition that changes in the economic structure ... and its position in the world economy negated the position of manufacturing as the principle sector for development for most regions" (cited in Tomlinson,1992:42). By the 1970s a change in focus occurred from

regional disparities to national economic growth. Planning on a national level was to address rising unemployment, trade deficits, external debt and inflation. By this time it became clear that regional programmes were failing to bridge the gap between regions and that broader macro-economic policies would have a greater spatial focus.

Todes (1990) shows that criticisms of regional planning came from both the left and the right. According to the leftist position regional planning is mostly concerned with spatial disparities which cannot be regarded as problems per se, since regional planning policies do not penetrate into the political, economic and social processes which underpin these spatial patterns. Another criticism from the left is that regional planning focuses on *place prosperity* rather than *people prosperity* (ibid). The central criticism from the right is that regional planning's goal was to develop lagging areas. Alonso (1989) observed that, "there is a general dissatisfaction with the style of regional development planning which prevailed a generation ago, and yet there is no new clear-cut set of strategies to replace it"(cited in Tomlinson,1992:42). Todes (1990) argues that both the left and the right have acknowledged the failure of regional planning to uplift the most marginal in society.

Up until the 1970s decentralisation policies and programmes characterised regional planning in South Africa. Industrial decentralisation in the homelands had political underpinnings. Separate economies were created due to the realisation that the market was unable to revitalise these homelands and other depressed areas, by redistributing the benefits of growth. The emphasis was placed on orderly urbanisation. These strategies failed to promote growth and in the 1980s regional planning policies towards development in the homelands were modified to strategically support regional development. Previous regional policies were neither workable nor desirable and in the post 1994 period regional planning policy has changed dramatically.

In the late 1980s Self (1980) noted that regional issues would never go away but that they would merely be obscured by the excitement surrounding local planning. The argument was raised that within certain perameters a great deal of variability existed in how different areas responded and coped with change (Todes, 1992). In disagreement, Tomlinson (1992) sees regional planning as being replaced by development planning.

From Regional Planning To Development Planning

Tomlinson (1992) argues that the origin of development planning lies in the ineffectiveness of regional planning and the structural transformations which have created economic problems. He sees the purpose of development planning as being to facilitate economic growth and employment creation. In this manner it can be argued that he views LED and development planning as the same thing. It is this conception that led him to identify two ways which represent the shift from regional planning to development planning. The first indicator is that the institutional location of responsibility for development planning has shifted downwards. The second indicator is that, regardless of which level of government is responsible for regional planning, the nature of regional planning strategies have changed. The example he cites is one in which previous strategies attempted to attract industries to

peripheral regions, the shift is now towards fostering indigenous enterprise (LED) within those locales and targeting benefits to, say, run-down areas (Tomlinson,1992). However, it must be stated that the overwhelming problem is not with regional planning, but rather with the way in which it was orientated. Although it has been noted that the new approach is clearly defined, **the focus is likely to be on strategic planning for regions done by regions themselves**. The attempt is likely to be one in which there is a synthesis between bottom-up and top-down processes which demand flexible development roles.

STRATEGIC PLANNING AT A COMMUNITY LEVEL

Strategic planning at a community level is aimed at producing and implementing fundamental decisions and actions that shape and guide what a community is, what it could become and how it could attain the desired outcome. Blakely (1989) argues that strategic planning is the most appropriate approach for all communities. Kenyon (1996) supports his view, since local economic development involves an understanding of a community's strengths and limitations, assessing options, making choices, discovering and allocating resources, defining priorities and taking action. In essence a community must explore the possibilities available to it, design action priorities and make them happen. This is possible since strategic planning is a future-oriented planning approach that builds on a community's existing resources to enhance local needs.

In order to help ensure successful development of the local economy, localities need to adopt a long-range view of economic development. This approach would allow a locality time to organise its capacity to plan for economic development and to accommodate desirable expansion of their economic base. A long term view also fosters open discussions and full considerations of plans and actions that will fundamentally affect various segments of the local economy. Large-scale efforts to deploy available resources are essential. This scale allows local economic development to be considered as an objective for all ongoing community governance, and that all local government programme expenditure be framed with a long term view of local economic development objectives in mind. Blakely (1989) holds that,

"A strategic view of planning would put economic development specialists at the focal point of budgets, tax policies public procurement, expenditure patterns, and public finance" (ibid:86)

In instances where these functions are sometimes managed with conflict, strategic considerations would elicit a form of local economic planning. A local economic planning unit could provide an institutional setting which could provide strategic guidance. However the entrepreneurial aspect of LED should be selected on the bases of the community's needs and resources rather than on opportunities which present themselves. Communities should not limit themselves to any one particular enterprise. Community-worker enterprises, small business, corporations and co-operatives would all stand on equal footing in the realm of LED. Nevertheless, localities would have to reduce favoured treatment of certain enterprises and increase it for others.

Bryson and Roering (1987), have produced an 8 step strategic planning model (see figure 11) which is flexible and robust enough for endogenous local economic development planning. Certain considerations are imperative when a community wishes to apply this model. This model cannot react to immediate problems and opportunities in the local economy. Short term contingency planning interventions are required. It would be useful to briefly outline each of the 8 stages to allow the reader to gain a better understanding of the diagram.

Step 1: **Initiating and agreeing on a strategic planning process:** In this stage stakeholders come together to agree on a 'plan for planning', which incorporates decisions to involve other stakeholders where necessary, which issues should be addressed, as well as the timing involved.

Step 2: **Mandate formulation:** The various stakeholders draw up a mandate which specifies what they 'can' and 'cannot' do. This mandate also establishes what the strategic process should deliver and allows the organisation to maintain legitimacy.

Step 3: **Mission statement formulation:** The mission statement identifies the underlying purpose of an organisation and has a fundamental impact on the identification of issues.

Step 4&5: **Assessing the External and Internal environment:** An external analysis involves the identification of opportunities and threats which face the organisation. An internal analysis would involve the identification of the organisation's strengths and weaknesses.

Step 6: **Identification of strategic issues:** This stage involves the identification of fundamental policy questions affecting the organisation's mandate, mission, beneficiaries, values, cost, financing and management.

Step 7: **Strategy formulation:** This stage begins with the identification of practical alternatives or visions for resolving the strategic issues. Following from this, the focus shifts to enumerating barriers, to ensure that implementation difficulties are directly addressed.

Step 8: **Vision of success:** A vision of what the organisation should achieve once it is successfully implemented is outlined.

These 8 steps completes Bryson and Roering's (1987), strategic planning model. This process does not give a clear and detailed account of the implementation phase and is not directly applicable to local level planning.

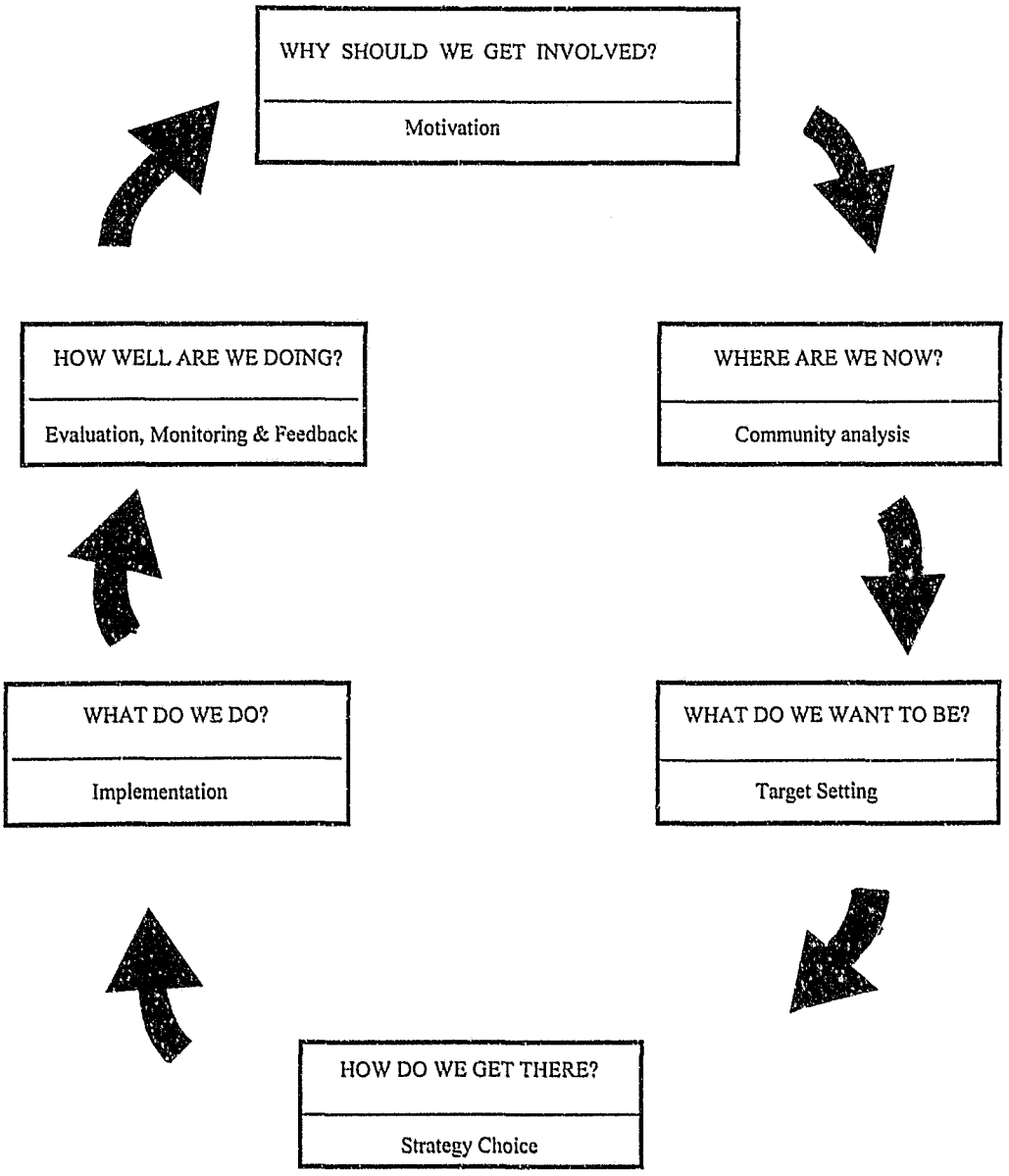


FIGURE 12 : Showing A Strategic Approach to Planning and Implementing Action
SOURCE: (Kenyon,1996:28)

In order to address the latter issues, Kenyon (1996) has developed a strategic approach for LED, which involves six steps which are summarised in the form of question headings (see Figure 12). This planning approach has built on Bryson and Roering's (1987) model and has been specifically designed for South African communities. The amalgamation of these two models could result in a more dynamic LEDP process at the local level.

Step 1: WHY SHOULD WE BE INVOLVED?
Motivation

The logic behind motivation is that LED works best when the 'ownership' and sense of responsibility is spread throughout the entire community. Any local action group seeking community support and participation should utilise every means at its disposal to inform, demystify and stimulate awareness and interest in its economic development. Above this there is a need to inculcate a 'can do' spirit to boost a communities morale and to make it explicit that their initiatives can make a positive difference. Economic development has traditionally been left up to institutions such as the government, private sector, chamber of commerce, etc. Recently, there has been a move away from this conception. Growing recognition of the need to involve communities and their various stakeholders, in their own employment and economic development has been instrumental. However this necessitates processes and actions which enable local residents to appreciate their efforts. Actions which could aid in motivating a community include:

- **The use of local media** to provide and promote information, facts and raise awareness of lessons learnt from LED initiatives which span across the provinces.
- **Identification and recruitment of respected local** people who could stimulate interest in LED.
- **Techniques aimed at generating local interest, ideas and input** should be implemented such as think tank groups and competitions etc.
- **Convening of public forums and discussion groups** to discuss and debate the need for local action and to share experiences with other communities (Kenyon, 1996).

Step 2: WHERE ARE WE NOW?
Community Analysis

Community analysis is a process in which a community identifies its potential resource strengths, weaknesses, opportunities and threats in an attempt to gain a better understanding of their situation. This step is essential in the identification and implementation of strategies for action.

Community analysis involves:

- An examination of current trends, characteristics and attitudes which are prevalent in a community.
- Analysing a community's comparative advantages and limitations.
- Identifying a community's current economic base.

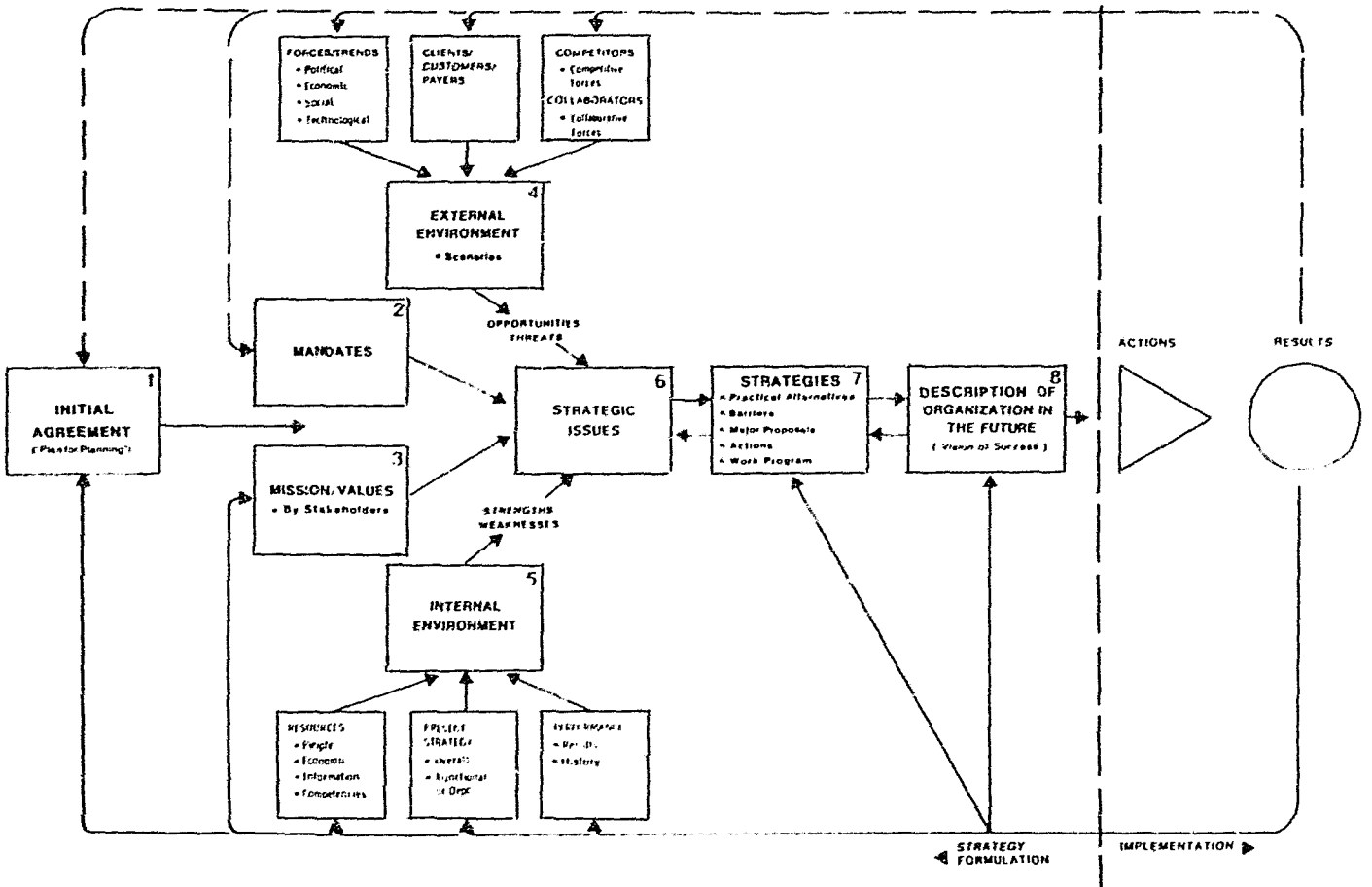


FIGURE 11 : Strategic Planning Process
SOURCE: Bryson & Roering (1987)

- Scanning the wider community on a global, national and provincial level to ascertain trends which have implications for the community.
- Identifying possible opportunities for LED.
- Assessing current community interest in LED.
- Collection, analysis and presentation of relevant data (Kenyon,1996).

This community analysis requires tools such as a SWOT analysis and a community profile, to allow for effective community analysis.

Step 3: **WHERE DO WE WANT TO BE?**
Target Setting

This stage focuses on determining goals and objectives and allows local stakeholders to articulate their vision of what they want their community to become. Kenyon (1996) stresses this stage, for without it any LED initiative will be futile. Target setting draws attention to the following:

- **Key foundation values and principles** should guide future development and aid the community in selecting appropriate strategies.
- **Goals** should seek to capitalise on a community's strength and opportunities.
- **Objectives** are derived from the goals and identify exactly what will be achieved, how it will be done and when it will be accomplished. **SMART** objectives should be set, which are Specific, Measurable, Achievable, Realistic and set to a Timeframe.

This stage should be achieved through participation that builds community consensus and solidarity. Success factors are vital in the strategic planning process and should include, the ability to attract financial support from local businesses, the ability to attract active membership, the ability to keep stakeholders informed about activities and the ability to maintain a high community profile (ibid,1996).

Step 4: **HOW DO WE GET THERE?**
Strategy Choice

This stage allows the community to determine which economic options would best enable it to reach its desired economic future. The formulation of strategies for action involve the following:

- Consideration of the array of possible economic development options available;
- An examination of strategies which have worked elsewhere;
- An evaluation of strategies which are the most appropriate within a community;
- Identification of possible resources;
- Allocation of responsibilities and tasks;

- Determination of appropriate structures to manage, co-ordinate and implement strategies (Kenyon,1996).

In this stage Kenyon (1996) offers communities the following advice,

"Learning from the 'leapfrogging' on other communities' experiences needs to be a key principle. It can ensure that your community has a headstart in choosing particular strategies. ***But a word of caution-*** *another community's success will seldom be transferable to your particular community and set of circumstances.* ***The key is to 'translate' not 'transplant'; to 'adapt' not 'adopt'.*** *Review the experiences of others critically. Check what worked, what did not work and why. Then drawing on what you have learned, create a strategy which suits the circumstances of your community"(ibid:35, emphasis added).*

Step 5: **WHAT DO WE DO?**
Key Aspects Of Implementation

Organisations which oversee and manage economic development projects should have the following characteristics:

- Broad based community support and representation;
- Endorsement from key community stakeholder groups including government, business groups, etc.
- Appropriate legal structures;
- Formation of appropriate task teams or sub-committees;
- Establishment of a distinct identity and image within the community and province through name, logo and media exposure;
- Establishment of lines of co-operation and communication with other groups within the local community, region and country which are relevant to the organisation's objectives;
- Identification and mobilisation of resources;
- Achievement and promotion of some earlier success;
- Development of an effective communication strategy;
- Development of local leadership (ibid,1996).

Roy Charles from the Atlantis Business Information Centre, has contributed the following message from his experiences in the LED initiative in Atlantis,
It's important to start something, to get the "runs on the board"[colloquial language] *so that people are not disheartened or frustrated, so they can see things happening. The easiest way to get people moving is to show them that something is happening so we have short term projects to cater for... as well as long term projects..." (ibid:37).*

Step 6 : HOW WELL ARE WE DOING?
Evaluation , Monitoring And Feedback

Accountability for the objectives set out in the plan, must be addressed at this stage. LED should function within the following perameters:

- Appropriate time frames;
- Evaluation criteria and monitoring mechanisms, including appropriate and practical performance indicators/success indicators;
- Actions which ensure on-going community interest and support.

Monitoring, which involves the scanning of the environment to ensure that the underlying assumptions and supporting data remain valid, should take place regularly. LED strategies are to be reviewed, prioritised, evaluated and further strategies selected for implementation. In this manner the plan will be examined critically. The feedback mechanisms of the planning process allow re-entry into the cycle at any stage from the reformulation of the mission to the re-constitution of the action plan.

Etienne Nel notes that,
"From the research that I have done it appears very clear that the most successful developments have occurred in those communities where there are regular feedback sessions between the leaders and the community such that the development process is endorsed and the community is always conscious of its stake in the process" (ibid:41).

As part of the strategic planning process, outside agencies acting as facilitators have made a positive contribution to communities. This strategic plan is a dynamic document which can be reviewed and adapted continuously. This ensures that it remains relevant and that a clear direction exists in the management and implementation of the project. Communities must understand from the outset that the formulation and implementation of a strategic plan is not easy. It will require their time, effort and commitment to this planning process if LED is to become a meaningful development strategy.

CHAPTER 5

FINDINGS / PLANNING RECOMMENDATIONS / LESSONS AND CONCLUSIONS

INTRODUCTION

A key feature in LED is that the **local community** should realise their capability and resources to effect change, building on self-reliant strategies. Internationally, the more successful competitors have adopted more flexible methods of production. Their advantage is in their application of craft-based production which is usually **labour intensive** and organised in batches. The importance of flexibility lies in its ability to allow the suppliers to differentiate their products and serve market niches of varying sizes. The practice of LED in South Africa should ideally try to overcome the distorted balance between economic and political hegemony which has characterised Apartheid policies. The involvement of local communities in their own development is thus essential.

THUSANANG'S ROLE WITHIN THE LOCAL ECONOMY OF BOTHAVILLE

The Development Bank of Southern Africa has termed Thusanang an (LED) implementing agent and commended its efforts in making the locality more attractive for investment and tourism. Thusanang plays a valuable and vital role in providing productive economic activity and employment creation in Bothaville, utilising the resources available in the locality. Since the decline in the agricultural sector in the 1980s, there has been a steady increase in the number of trainees who wished to generate their own income. The findings will indicated that there has been an increase in income levels as well as the emergence of small building contractors, which has led to the overall prosperity of the locality. The acquisition of skills has proved to be a self-reliant strategy which has largely enabled the rural unemployed to become active participants in the informal and semi-formal sectors of the economy. A SWOT analysis is summarised in table 4 below. The purpose of this is to identify whether Thusanang is conducive to promoting endogenous LED within the community.

SKILLS TRAINING IN SOUTH AFRICA

Historically South Africa has focused on academic education to the detriment of vocational education. Today globalisation and competitive trade have come to revoke the demand for a skilled labour force. However only once a skilled labour force becomes a serious consideration will it be in a position to be perceived as being a valuable tool which makes a substantial contribution to economic growth at all levels. There is no doubt that unemployment in rural areas has reached alarming proportions. Research done by the Department of Social Welfare (1997) confirm the extent and incidence, however no reasons are provided to support the likelihood of its demise. The question is thus not the extent of unemployment but the delineation of factors which determine its incidence such as a lack of skills to participate in economic activity. Mr.Mboweni from the Department of Labour in his

green paper *A skills development Strategy for Economic and Employment Growth in South Africa* stated that people with skills are more likely to find jobs than those so grieviously A summary of the SWOT analysis is provided below:

STRENGTHS	WEAKNESSES
• Well established administrative and training structures • Strong linkages with the other rural branches • A Steering Committee has been formed • High literacy and education levels • Development nodes north of Bothaville • Strong links with the Khotsong community • Participation in community-based projects such as-assistance in obtaining housing grants, supplying building material and the necessary skills training • located along the R30 national highway • Training is sometimes presented by former trainees • An aftercare service is provided for trainees on completion of courses • Well stocked front shop • External Stakeholders include Premiers, DBSA, Eskom, Anglo-American and Zenex • Pro-active women's group • Various Awards have been won for training and the quality of goods produced • Manufacturing Centre located in industrial area	• Characterised by Shortage of funds since inception • Mass production as the primary mode • Institutional problems i.e. Lawsuit • Ineffective use of space in the manufacturing administrative buildings • Lack of transparency • Lack of partnerships • Lack of communication and involvement with the public sector • Apathy and/or antagonism of white community towards participation in Thusanang initiatives • Inability to obtain sponsorship in some cases due to lack of Strategic Plan
OPPORTUNITIES	**THREATS**
• To take advantage of Government support in the form of tenders, initiatives marketing strategies and subsidies • Promote tourism • Exporting • Upgrade admin. services • Become 24x7 GLOBAL • Create economic linkages with other areas • Networking with other training centres and SEWU in particular • Marketing Thusanang on a national and international level • Greater stakeholder involvement • Diversification of products and markets • Open up a cafe and confectionery at the manufacturing site in the industrial area • Utilise free space at the manufacturing plant for a crèche, allowing mothers to increase their productivity • To act as a node for rural development programmes in Bothaville.	• Destabilising effect of poor sponsorship • Global competition • Having JHB as its main market • Manufacturing premises lease expires in 8yrs time, alternative premises must be sought • lack of community ownership hampers sponsorship • Challenges have been posed on various occasions regarding the legitimacy of Thusanang • Increasing violence in Bothaville may hinder LED initiatives and create a further rift between whites and blacks

Table 4: SWOT Analysis Of Thusanang

handicapped by having deliberately been denied the chance to acquire them (1997). The labour absorbing capacity of the South African economy has been on a steady decline for a quarter of a century. He thus states that:

"If we wait for a market reaction, there is a danger that it will be too late" (Mboweni, 1997:7)

According to Fang (1990) Economic development is closely linked with the development of human resources. LED initiatives in Thusanang thus enable entrepreneurs to obtain skills in their own localities. A trainee remarked that *" I can now do work for myself and make my own money here in Khotsong and Bothaville... because I have the skills, I don't have to move to the city for a job. I can stay at home. I don't have to leave my children or my family or my home... "*. This indicates that the acquisition of skills allows trainees not only to obtain an income, but also counteracts migration to cities.

Their entrepreneurial potential is acquired as part of a shared value system. In the future their locality, Bothaville, will become an area with a high rate of self-employment. Economic wealth is dependent on doing and making things, they have the skills to do and make and become innovative. Thusanang has the ability to train a large number of the population to ensure that the local economy has an adequate supply of people who can establish their own firms and create their own jobs and income. In this manner Thusanang can help create greater self-reliance through the mobilisation of existing resources and self-created local initiatives.

POLITICAL SITUATION IN BOTHAVILLE

Certain throw-backs of Apartheid still exist that continue to hamper LED initiatives. Thusanang is faced with opposition from the white Bothaville community, which has had a fundamental negative impact on the training centre. A high level of racism and prejudice attitudes are evident in the Bothaville community which is a serious impediment to LED initiatives. A manager remarked that she was afraid to walk in Bothaville, fearing that she would be shot by certain white members in the community. This has important ramifications not only in the Thusanang but for the community as a whole. *Carteblanche* (an M-Net documentary series) has recently (July 1998) documented the increasing violence in Bothaville. Thusanang is currently involved in a lawsuit with a former white employee. It is alleged that this former employee, like some members of the Bothaville community, perceived the centre as a means for black people to aspire to a more sophisticated livelihood by earning a **'substantial income'**, whereas they could be employed as domestic workers in their homes. This led many whites to break away from Thusanang, in the hope that their absence would result in the demise of Thusanang. Black people have since become managers and have progressed from unskilled to skilled labourers. Evidence of their acquisition of skills manifests itself in their houses as well.

NGO Initiatives

NGO's such as Thusanang started out by supporting local self-help efforts to meet specific community needs by taking on development aims. Drawing on the strengths of the growing informal sector, they are helping grassroots organisations to develop income-generating activities. International donors of all political stripes have been supportive of NGO efforts in micro-enterprise development. The Right sees it as relying on the market to address social problems and the Left identifies it as a means for organising communities. This dichotomy gives weight to the view that micro-enterprise development is simply a way of recognising the reality of the growing informal sector and improving the well being of its members. In the 1990s international donors have been requiring NGO's to become more accountable, efficient, strategic and entrepreneurial. Thusanang has been subject to these requirements which militate against its very existence.

Income Generation

Trainees are able to generate their own income on completion of the courses. A former trainee remarked that she is able to secure her own orders now that she has acquired skills. She is also able to earn money by signing a contract to sew choir uniforms, without having to pay Thusanang for using their facilities. On average, people are able to generate as much as R400 a month depending on the type of product they are producing. A former trainee has expressed this as follows:
"...before, I was not working, I could not find a job and I had no skills, I had no money. Then I went to Thusanang, and they helped me. Now I make jerseys and sew. Some months I get R300, sometimes more, sometimes less, you see".

In order to generate income, trainees can move from one task to another in response to market demands or customer's orders, in a more customised world, or to the need to solve problems of quality, performance, development or to meet technical changes. This is in accordance with the flexible specialisation model.

Institutional Arrangements And Networking

Institutional structuring around LED, was not well established. A number of institutional arrangements for promoting LED have been set up in South Africa. Thusanang was not aware of support structures available to them such as Ntsika, Khula Enterprise, National Business Institute, Friedrich Ebert Stiftung, Black Entrepreneurship and Enterprise support facility, Small Business Development Corporation, or even the Centre for Opportunity Development. *"If we were in the city of Johannesburg, you see, maybe we could have got more sponsors and more money, and we could have known about organisations to help us in what we do".* This lack of awareness of support organisations can thus in part be attributed to the rural context in which Thusanang finds itself.

Interviews with the staff and trainees at Thusanang indicate that LED activities occur in an environment of substantial uncertainty and turbulence. Thusanang is linked to external

organisations such as the DBSA, ANC Women's League and the ANC Youth League. Thusanang also obtains sponsorship from Zenex, Anglo American, Eskom, Foschini, BP, the British High Commission and Edgars. However, there is still a need to obtain more sponsorship.

MARKETING STRATEGIES

The training centre has the appearance of a craft workshop. Thusanang has experienced difficulties in the marketing and sales of their products. One possible explanation for this lies in their lack of ability to diversify their products, to meet the needs of their clients. One of the Steering Committee Members of Thusanang remarked that she wanted to maintain the 'African' appearance of the products Thusanang produced, "in order for their products to be recognised any where in the world." This inflexibility together with mass production as the primary mode of production, is having a debilitating effect on Thusanang. Interviews with both trainees as well as managers revealed that they had produced an excess of certain products which they were currently unable to sell. One explanation for this can be related to the mass production methods which Thusanang employs, which are not conducive to current market forces. Although Thusanang exports products to Italy and America, nationally Johannesburg serves as its main market. Alternative marketing strategies thus need to be explored. Thusanang should consider linking up to the Internet and becoming a **24 x 7 Global**. This would mean that Thusanang would be open 24 hours a day, seven days a week to the global market. In this manner their marketing strategies would be broadened to the global community.

LACK OF TRANSPARENCY AND STAKEHOLDER INVOLVEMENT

Thusanang is finding it increasingly difficult to mobilise the necessary financial resources to implement endogenous growth. External support is thus crucial to the existence of the centre as a whole. We can thus question the extent to which Thusanang is involved in endogenous development. The political situation and the lawsuit has led Thusanang's staff to become exceptionally suspicious of their own community, and meetings have consequently taken place 'behind closed doors.' A white manager remarked that *"We don't know who to trust, both blacks and whites. This lawsuit is costing us so much money, we can't afford to lose any more by trusting the wrong people. Dis hoekom ons nou agter toe deure moet vergader"*. The result is that the owner enables only one black manager to gain access to all the knowledge and information of the training centre, barring the rest of the *Thusanang Community* from access to information which affects them. A black trainee made the following comment: *"Nowadays we always have to wait for someone to come back and tell us what is happening. We are now living in the New South Africa, and this system here at Thusanang is very disempowering for us! We want to be more a part of Thusanang."*

THE NEED FOR STRATEGIC PLANNING

One of the major problems facing Thusanang with regard to obtaining sponsorship was a lack of a strategic plan. More and more donors are requiring organisations to produce a strategic plan. The absence of a strategic plan makes it increasingly difficult to obtain funds for local economic development programmes. As the chapter on strategic planning indicated, a strategic plan could enable Thusanang to

- Understand how past economic trends have shaped the present and what they mean for the future
- Clearly define its objectives
- Prioritise actions
- Enable stakeholder involvement
- Build organisational capacity
- Empower trainees
- Mobilise resources
- Effectively deal with problems and threats

It has been found that organisations that plan, perform better than organisations that do not plan. For example, if two training centres had similar resources, skill and goals, the one that planned would outperform the one that did not. Planning is an important development tool. It involves thinking ahead and projecting ideas into the future. Participating in a strategic planning exercise is part and parcel of a community development process which seeks to build commitment and motivation. When a commitment is made to engage in LED strategies, Thusanang needs to consider the ramifications of its actions on the entire community. Strategic planning could enable Thusanang to get ahead of the economic game, instead of running behind, reacting to what other local economic development agents are doing. The purpose of planning is to avoid problems, because it is only when one starts planning, that one realises that the things that were thought to be problems, were really symptoms. Strategic planning could also enable Thusanang to adapt and adjust to changing circumstances. After all, there is an old adage that says that "*If you don't know where you are going, any road will get you there.*" Research in strategic planning has shown that communities which have demonstrated positive results in terms of LED have succeeded in part due to their commitment to a strategic planning approach.

PLANNING RECOMMENDATIONS

THE NEED FOR PLANNING

The findings clearly indicate that there is a need for planning. The literature has shown that structural transformations in regional planning created economic problems. This inefficiency in regional planning resulted in the move to development planning, which encourages local economic processes. Planning for LED within the context of a training centre should increase its competitiveness within the dynamic economic environment. Planning LED in Thusanang is a process that would typically include evaluating the organisation's past performances and their impact on the community. Plans for the future should build on past successes and take advantage of the lessons learnt from past failures. These constitute important steps in planning a viable economic development strategy, since these steps provide both direction and useful data that can make planning easier and more effective. This necessitates an awareness of internal and external economic trends. Thusanang should compare and contrast their local economic strengths and weaknesses with the National economy, and with economies of comparable community training centres. A well planned and well implemented economic development strategy can lead to a stronger economy. In this manner LED can become a reality rather than an intellectual abstraction in Bothaville.

LOCAL AUTONOMY

If Thusanang is to progress and be relevant and pertinent to the communities that it serves, then it must be needs-driven and not resource-driven. In other words, resources must be adapted to meet needs and not vice-versa. These needs are best ascertained at the level of the training centre, with the active involvement of the community which it serves.

A system needs to be developed to allow the other nine branches of Thusanang to respond to the specific needs of their communities and to have clear lines of control and responsibility. This would require that all the centres be equipped with the necessary resources and information to enable them to meet their immediate objectives, while having maximum control over how they use the resources. This would also go a long way in reducing the dependence which these branches have on the case study.

The movement to greater autonomy is by no means limited to Thusanang, it is a world wide phenomenon. Paradoxically, the initiative has come from donors who have set the agenda for implementation and compliance. There is a danger however, that the process available for implementing necessary changes could easily be self-defeating. The very need for compliance could encourage dependency among those who are to be made more autonomous. Reliance on administrative controls and regulations to implement change could serve to encourage the attitude among training centres of merely obeying rules, which is the antithesis of the robust independence and local judgement that should be the characteristics of a training centre.

INFORMATION, DECISION-MAKING AND ACCOUNTABILITY

Information is a vital resource to decision making, but it has not been accorded much importance. Information is required to keep track of day-to-day operations, evaluate performance, assure control and adjust to changes and to plans.

Good management practices are essential if the administration of Thusanang is to be efficient and effective. This requires detailed and clear objectives, control over the resources required to carry out the objectives, with no overlapping of responsibilities. This should be accompanied by accountability for decision making. It is recommended that independent evaluations be carried out on a yearly basis by Searchco (which forms part of BDO Consulting), since they have already undertaken research for the DBSA in the training centre and have information available.

For Thusanang good management also means an appropriate balance of responsibilities between the local centres and local government. Strong community involvement is essential if economic development is to be relevant and responsive. An increase in local decision making does have implications for *who is responsible to whom and for what.* The lines of accountability need to be made reciprocal with appropriate procedures and processes. This would necessitate transparency in Thusanang, greater community participation, partnerships and increased local government support.

THE NEED TO TRANSFER OWNERSHIP

Donors, local communities, Government structures and other development agents have put pressure on Thusanang to indicate that it is representative of the wider population that it serves, that it enhances community participation and that it functions effectively and efficiently. These issues relate to the legitimacy of the organisation. From the research conducted in the Thusanang Training Centre, I strongly recommend that the centre take the DBSA up on its offer to provide the necessary funds for the black community to purchase the training centre from its owners. Thus ownership of the centre would be transferred to the local black community which it serves. This would in part enable the organisation to become more transparent, more stakeholder-inclusive and more representative of the community that it serves. The DBSA in 1993 concluded that "Thusanang has the potential to be a new role model in the New South Africa".

LESSONS EMERGING FROM THE CASE STUDY

THE LOCALITY DEBATE

Throughout the compilation of this dissertation it became clear that although LED could be undertaken at an institutional level (Thusanang), it had to be linked to the broader local context. This further highlighted the difficulty in defining the boundary of the locality since communities are still defined along racial lines. The literature review revealed that endogenous LED was integrally linked to the concept of community, with Bothaville being no exception. There is a need for LED to be placed within a regional framework in order to guard against it becoming a self-defeating exercise. Thusanang has opened training centres in other areas which could increase competition with other localities. This competition nevertheless could be healthy as long as it is accompanied by a collaborative spirit. As an economic development institution, Thusanang experienced capacity constraints especially with regard to financial resources to undertake further community development projects. If the community as a collective entity is not able to lobby for external assistance from government agencies, NGOs as well as other donors, the likelihood exists that this locality, dispite its high skills base, will be unable to harness the benefits of endogenous LED.

TYPES OF TRAINING INSTITUTIONS

The literature on training institutions outside the sphere of what is considered formal education and training, indicates two distinctive types of training institutions that operate in South Africa. These are **community learning centres and entrepreneurial development centres.** In practice the distinction between these types of training institutions is not as sharp and pure forms are rarely found. These training institutions tend to be individualised entities which have fairly dissimilar development histories and fairly unique structures and operations. Even though every training institution is unique, they may possess characteristics of both types. Thusanang, it is argued, is a combination of both.

Community learning centres as part of adult basic education, have received widespread international attention (Visser and Victor,1994). Visser and Victor (1994) stressed that any system of adult education has to address three interrelated issues namely, the trainee-trainer relationship, content of training courses and also has to empower the trainee to learn.

Entrepreneurs form the backbone of a growing economy. In the words of the SBDC "entrepreneurial activity is the essential source of economic growth and social development"(SANCO,1993). It therefore comes as no surprise that the RDP places special emphasis on training which leads to the development of entrepreneurship. The term entrepreneur is subject to different meanings in different contexts. In Britain it is used to refer " to those who use financial markets and the shared equity of firms in a variety of ways to make money for themselves but really create economic wealth." In the USA it is used to describe people who set up a business of any kind, and in Europe, entrepreneurs are people who founded a manufacturing firm. Entrepreneurship can be defined as "any person or group

of people who have the ability to search the environment to identify opportunities for improvement, to mobilise resources and implement action to maximise those opportunities, be it through innovation or meta-innovation" (Visser and Victor,1994:11). Meta-innovation is a phenomenon which is of particular relevance to rural entrepreneurs and is defined as, "the adaptation of a concept from the developed world to the special constraints and opportunities of the less developed world" (Broehr,1982:265). The type of entrepreneurial training which is offered, should be tailored to the specific context and needs of the potential beneficiaries of that training.

LOCAL IDEAS FOR INITIATING LED PROJECTS

When one thinks about initiating projects to support local emerging businesses, it is essential to have a clear understanding of their needs and circumstances. Besides hiring a consultant to do extensive feasibility studies, the following ideas can be implemented by the local people:

- To get a better view of th diversity of small businesses in your area, consider organising a 'small business fair'. Invite all the different kinds of emerging enterprises to exhibit what they produce and the services they offer.
- Obtain some statistics on the economic situation of your area such as the number of jobs in the formal and informal sector; unemployment levels; skills and education of the local population; as well as other demographic data.
- Identify what the situation is regarding access to finance? Would it be useful to arrange a meeting between councillors and local emerging entrepreneurs?
- Identifying what the attitude of local government is towards small businesses.
- Identify other organisations in the area which represent local small business and/or offer services for them? If so meetings should be arranged with them to find out what their situation and needs are. If no such organisations exist then one must ask whether there are and initiatives which could help to overcome this situation.
- An '*economic map*' should be drawn which indicates where small businesses, informal traders and hawkers, emerging manufacturers and where most home-based entrepreneurs are located (Kenyon,1996). This would enable networking, clustering, partnerships and the community would be in a better position to draw up a *community skills inventory*. A skills inventory is a mechanism which a community can make use of to identify untapped skills and knowledge.

In the words of SANCO, *"as a new era of administration dawns, new forms of development, appropriate to meeting the needs of the majority of the people as well as their economic and employment requirements, have to be embarked upon (SANCO,1995:3).*

THE RELATIONSHIP BETWEEN LOCAL AUTHORITIES AND TRAINING CENTRES

One aspect that promotes LED, is the presence of highly skilled and well trained workers in a locality. The case study provides a basic overview of some of the pertinent issues that may confront existing and emerging training centres in other regions and localities. It further

highlights different strategies in its application to LED, to better facilitate endogenous LED, by increasing low income, low skilled peoples access to employment opportunities in the formal, semi-formal or informal sector.

Poor institutional capabilities will have a detrimental effect on LED in any community setting. Local government should provide proactive support in the form of information and finance. Training centres could gain a higher level of support if they had access to information. Local authorities usually have a great deal of information at their disposal. While municipalities are undertaking publicity programmes, to attract tourism, training centres could be included in such campaigns. An opportunity thus exists for local authorities to promote training-centre-based economic development initiatives by helping to market locally produced commodities. Thusanang for example, produces goods for tourists and the municipality could play an active role in helping to market some of these products on behalf of the training centre.

Municipalities also need to make their procurement policies more supportive towards small and emerging contractors and sub-contractors. Public works programmes that are undertaken create an excellent opportunity to use local labour. Local authorities are thus in a position to promote local labour in the execution of their own contracts. Municipalities can adopt policies which promote the active participation of the newly emerging skilled work force, from training centres, with respect to municipal contracts. Such a policy would enable the skilled labourers in Bothaville to get assistance in completing tender documents and enable the work that goes out on quotation to be accessible to training centres. This would also enable training centres to support tenders from companies that promote labour intensive methods of production. Thusanang would in this manner obtain the ability to become innovative and adapt techniques, which would necessitate new flexible forms of production, strategic intervention and a multi-skilled labour market.

Institutional Impediments To Rural Economic Development

The findings of this research have raised questions as to whether existing institutional arrangements are geared towards delivering development resources to rural areas. This suggests that there are impediments. The development and support for SMME's is a concurrent function of the Department of Trade and Industry and the Department of Economic Affairs. Local Small Business Service Centres are located mostly in urban areas. These Departments should ensure that there is a geographical spread of these centres to ensure that they reach the rural areas as well. Ntsika Trust has taken on this responsibility. To date very few small towns and rural areas throughout the Republic have Local Small Business Service Centres.

The responsibility for SMME development and LED are located in different provincial departments. However, the development and support for SMME's are an integral facet of LED. Attempts should therefore be made to allow one department to take on the responsibility. The other problem with SMME development is that it is a generalised strategy

which emanates from national level and has thus not been able to respond to the specific character of the SMME sector especially in rural areas.

What has become clear from the study, is that Thusanang will have to engage in various LED initiatives if it is to survive and continue to have an impact on the community that it serves. Previously, small towns sustained considerable economic loss due to location factors and their marginalisation. This marginalisation is likely to continue especially now that international markets have opened up. However, these small towns should take advantage of export markets available to them.

CONCLUSIONS

A global scan of LED initiatives has been undertaken which cover the European countries, America and Latin America. In Great Britain, Germany and France the literature clearly relates LED to global dynamics. Global restructuring has necessitated the move towards flexible forms of production, encouraging diversity, creating new markets and stronger linkages between the different sectors. A community with a high level of entrepreneurship ultimately incurs less risk than one that relies upon the illusory security of large scale enterprise. **LED planning that is typically pursued at the local level, is intended to improve the well-being of the people living in a particular geographical area.** Priority should thus be given to economic development projects which meet local social objectives as well. It is becoming evident that global forces militate against sustainable local development initiatives. This occurs primarily because local activities are taking place in the global arena. Communities thus need to act on the popular phrase, 'Think Globally, Act Locally".

The literature on global restructuring has done a good job in linking the formal with the informal, the global with the local and the economic with the social. But it often emphasises the implicit policy implication that somehow, the state should absorb the informal sector to create better conditions. It is imperative to distinguish the two very distinctive components of the informal sector. Firstly there is the sector of low-paid jobs through sub-contracting, which is part of a defensive mechanism for small scale contractors. Secondly the informal sector includes vital community-based initiatives to produce mutual self-help community-based economic development. This segment attempts to partially supplement reliance on the state and the global economy with community self-reliance strategies. It envisions the individual not as a worker but rather as a whole human being, embedded in many networks. This sector also does not separate economic space from social space or natural space.

Although LED is being broadened in response to new local realities, no concise treatment of LED is able to provide local actors with both a theoretical understanding of the LED process and the practical skills needed to design public-private partnerships and execute LED projects.

The Race Relations Conference (1992) recognised the crucial role of education and training with a special focus on vocational training in economic development. A large number of people will have to change their attitudes and perceptions if the proposals are to be put into

effect and become effective. Even greater are the barriers to change. This conference has highlighted the following issues:

"...there is promise of improvement in vocational training but within a context which in essence remains unchanged. There is continuing contradiction of teaching 'enterprise' without ensuring that potential founders of new firms have the technical skills around which to build their new firms."

The generation and maintenance of local economic prosperity are dependent on the creation of new economic activities to replace declining activities, to generate new and increased employment and to create the new economic wealth on which all else depends. At the state level traditional economic development approaches are viewed as insufficient, and new policies and programmes to promote innovation and entrepreneurialism are being undertaken. At the local level new awareness exists that competition for state financial support represents a high risk for economic development. Local actors from the public, private and non-profit sector are assuming the lead roles in providing self-employment opportunities. Local leaders need to look inwards for the talent, resources and ideas needed to spur local economic development.

Thusanang must remain dynamic and adaptable so as not to lose ground to competitors. In 1996 Premier Lekota visited Thusanang and his support has since been a pillar of strength. In his opening address he stated that,

"Thusanang is the best project that I have visited in the region and I hope that Thusanang will act as a role model and catalyst for development in the region."

The criteria of expected returns and anticipated risks are further specified and shaped by internal policies and external economic conditions. Thusanang as a small business has less control of the external economic environment and usually assumes *more risks* to achieve their objectives. They must locate a niche in the market or find sufficient equity capital, or both, and have the good fortune to avoid fatal events such as sudden downturns in the local economy, an escalation of interest rates or cost of key inputs and evaporation of capital sources. Local actors must thus consider ways of securing funds to support the execution of any LED strategies.

Building skills, which will increase the local community capacity to promote LED should be a central focus. While entrepreneurship should be encouraged, I would stress the need for planning that clearly defines the purpose and organisational objectives. Concepts of local self-reliance are stressed yet the reality of insufficiency, slow growth and low income have overshadowed the rhetoric of these ideas. To some theorists economic development is a process that happens, because there are structural, social, political, technological and market forces, that create the dynamics to drive the local economic development process. Although people generate development through productive activity, the causal forces of development are to be understood without reference to specific actions of particular individuals. Individuals acting to derive sustenance from their environment constitute the essential

dynamic that drives the LED process. People cause economic development to happen when they bring something latent, i.e. skills into activity. Although we cannot change the world in any way we please, we can act more effectively to promote LED with three mutually reinforcing constructs: a conceptual framework, a strategic perspective, and a theory of local economic development.

Yet if South Africa's rural areas are to enter a process of real growth, to be a more just society and to become a modern economy, radical and profound changes are required and such changes can only be effective if they are matched by equally fundamental changes in personal and institutional attitudes to the local process of economic development. If not, the poverty afflicting a large proportion of the rural populace will not be ameliorated to any significant degree. Unemployment has increased, which indicates that this is not some accidental abboration of the global economy, of demographics, of a lack of the entrepreneurial spirit, or a lack of large corporations in the local economy, much less from high taxes or any of the other reasons commonly put forward. There is however, a clear fundamental reason. The South African economy until recently has failed to adopt an endogenously driven economic development which generates its own prosperity.

Now an opportunity exists to shape the understanding of economic development held by local citizens and leaders in ways that could increase Thusanang's chances of both doing good by improving local economic conditions and doing well by achieving its organisational goals. Thusanang's challenge is to promote local economic development in the face of dwindling resources and complex economic problems. The private sector, now more aware than ever before of the advantages of partnership arrangements, is growing more flexible and willing to negotiate about the burdens and benefits of economic development projects. Local actors are creating new economic development opportunities. Greater self-reliance can be created through the mobilisation of existing resources and self-created local initiatives. However they demand a fuller understanding of the LED process and sharper skills to increase the success of partnerships.

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APPENDIX A

QUESTIONNAIRE

LED STUDY IN THE THUSANANG TRAINING CENTRE

1. GENERAL INFORMATION

1.1 Name of respondent

_____

1.2 Age of respondent

_____

1.3 Gender of the respondent

_____

1.4 Position held in the training centre

_____

1.5 For how long have you held this position in the centre

_____

2. BACKGROUND INFORMATION AND ESTABLISHMENT CHARACTERISTICS

2.1 This training centre is a

a) Government organisation ☐

b) Non-Governmental Organisation ☐

c) Non-Profit Organisation ☐

d) Other ☐

2.1.1 If other please specify

_____

_____

_____

2.2 Is your training centre located in a rural or urban area?

_____

2.3 When was your training centre established (year)? _____

2.4 By whom was your training centre founded?

_____

_____

2.5 Why was your training centre formed?

_____

_____

_____

2.6 What is the aim and or mission of your organisation?

_____

_____

_____

_____

2.7 What role / function does your organisation play in the Bothaville community?

_____

_____

_____

_____

3. CAPACITY OF TRAINING CENTRE

3.1 What training courses do you offer? Please tick.

a) Knitting ☐

b) Needlework ☐

c) Lace making ☐

d) cooking ☐

e) Nutrition education ☐

f) Other ☐

3.2 If other please specify

_____

_____

3.3 Are the courses you offer

full time ☐ part time ☐

3.4 Is your administrative office sufficient for your requirements? Explain

_____

_____

3.5 Do you employ administrative staff?

Yes ☐ No ☐

3.6 If yes, how many

----------Full time ----------Part time

3.7 How is your training centre structured? (hierarchy)

_____

_____

_____

_____

3.8 How many executive members do you have? _____

3.9 How many trainees do you have on average? _____

3.10 Are your trainees local residents of the Bothaville community?

Yes ☐ No ☐

3.11 If No please specify which areas they come from?

_____

_____

3.12 How many are

Males _____ Females _____

3.13 What is the education level of your trainees? Please specify

_____

_____

_____

3.14 What is the average income of a trainee?

0-R100 ☐

R100-R200 ☐

R200-R300 ☐

R300-R400 ☐

R400-R500 ☐

R500+ ☐

3.15 Do your trainees receive certificates after completing their courses? _____

4. TRAINING PERFORMANCE

4.1 How often do you train people?

_____

_____

4.2 What are your reasons for training people on this basis?

_____

_____

_____

4.3 Are your trainees able to generate their own income and or other benefits on completion of your courses?

_____

4.4 How do the trainees perceive the training centre?

_____

_____

4.5 Does the training centres influence extend into and beyond the community? Explain

_____

4.6 Is your training centre linked to external organisations? If yes please specify, give reasons and state the nature of these links?

4.7 How would you rate the success of the training centre in meeting its objectives?

PAST TRENDS AND FUTURE GROWTH

5.1 Where do you obtain sponsorship from?

5.2 Have you experienced financial difficulties in the past?

☐ YES ☐ NO

If yes, how have you overcome them?

5.3 What problems, financial and other, have you encountered in the last five years?

5.4 What incentive schemes led to the establishment of your training centre?

5.5 Has your training centre experienced : a change in recruitment ☐

or stayed the same over the past 5 years? ☐

5.6 What has been the average growth rate in terms of sales of all your products?

..... decline

1-5% per year ☐

5-10% per year ☐

10-20% per year ☐

over 20% per year ☐

5.7 Do you anticipate that your training centre will grow rapidly? Explain.

5.8 What is your vision for the training centre over the next 5 years?

5.9 What are your priorities in moving towards this vision?

5.10 Do you have any plans for expanding your operations?

5.11 What role can your training centre play in the economic development process?

5.12 How has the nature of the training courses changed over the past five years?

5.13 What is your most important development goal?

5.14 Where are potential markets for your products:

Locally..... .....
Nationally.....
Internationally.....

Explain.

Author Moosa R
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