

UNIVERSITY OF KWAZULU-NATAL

**THE RELEVANCE OF MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORKS IN
BUSINESS SITE SELECTION DECISIONS**

BY

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DECLARATION

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ABSTRACT

Due to the current state of the global economy, it is critical for businesses to ensure that they are able to capitalise on every action they take and ensure they are competitive. Hence with every action there is a consequence, so one of the most important decisions taken by a business is that of location. This decision has a lasting effect as it determine the success or failure of a business and businesses will have to live with the consequences of their decisions long after the decision is made.

This study examined the factors that influence business location. In considering these factors it further explored whether businesses that make use of the municipal spatial development framework (SDF) benefit from it since it is meant to be used by both government and the public in directing and guiding development (mainly in space), it is the spatial vision of the municipality. The municipal spatial development framework can be useful tool used to avoid duplication of efforts as it provides information which the public can duplicate if not consulted.

In determining the use of the SDF to inform business location it was important to determine the interaction between business and the municipality with regard to the municipal plans and developments. The study adopted a qualitative approach, which made use of convenience sampling in recruiting participants to the study and six respondents were obtained and interviewed. The participants in this study consisted of those who held management positions as they are involved in strategic decision making within companies.

The study found that the SDF is relevant in informing business location decision; however it is not widely used by businesses because most of them do not have any knowledge of it, and have no interaction with the municipality. Based on the findings of the study it was recommended that municipalities communicate their plans and developments (IDP/SDF) with businesses, businesses are also encouraged to interact with municipalities with regards to their plans and developments. Businesses are to also make use of the SDF when considering location/ relocation of their business, they should interrogate the SDF in determine what the SDF communicate with regard to the factor that affect their business location.

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LIST OF ACRONYMS

DGDP	District Growth and Development Plan
DMOSS	Durban Metro Open Space Systems
GDP	Gross Domestic Product
IDP	Integrated Development Plan
MSA	Local Government: Municipal Systems Act (Act No. 32 of 2000)
NDP	National Development Plan
NSDF	National Spatial Development Framework
NSF	National Spatial Framework
SDF	Spatial Development Framework
SPLUMA	Spatial Planning and Land Use Management Act (Act No. 16 of 2013)

CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

This research examined whether businesses make use of municipal spatial development frameworks when making a business location decision. This was done through in-depth semi structured interviews of individuals in management positions who are involved in strategic decision making. To examine this it was important for the study to determine if businesses have knowledge of the spatial development framework however this is informed by the interaction that businesses have with government regarding their plans and development.

Thus it was enquired if businesses do have this interaction with government and then it was established if the spatial development framework is being used to inform the business location decision making. Upon determining the use or non-use of the framework it was important to determine if there is any relevance or benefit of these plans/frameworks in business location decision making.

This chapter covers the background of the research, the importance of conducting the study, what limitations existed while conducting the study and also provides the structure of the entire dissertation.

1.2 THE RESEARCH BACKGROUND

The shortage of electricity and the drought that is being experienced currently in the world has contributed to the huge economic downturn and there is a declining growth level for the third year in a row (OECD, 2016). This economic downturn has seen a plunge in business confidence. This then means it is now more important than ever for business that are locating, relocating or opening a new branch to choose the right location, within a municipal area so that they choose an ideal site/area which will support the survival of the business (OECD, 2016). In addition this is a cost effective process which cannot be over emphasised.

Site selection is a problem for all types of business; it can be a determining factor in the success or failure of a business location as well as factors that determine the productivity, level of innovation and the level of growth of a firm (Eickelpasch, George and Stephan, 2016). The proper selection of a site can improve a company's market share and increase customer profitability. However many of the site selection decisions are deduced by a basic analysis in terms simple calculation, precedent or predilection (Cheng, Li and Yu, 2007). Apart from the simple methods there are more sophisticated methods which have been proposed, which use statistical and mathematical tools, due to their complexity they are not user friendly in certain respects (Cheng et al., 2007).

Karakaya and Canel (1998) notes that historical studies which deal with site selection for business purposes are too focused on theoretical aspect and their main concern or focus is on the factors of cost. However there are several other issues apart from cost, these issues are of qualitative in nature or intangible (Karakaya and Canel, 1998). Karakaya and Canel (1998) go further to state that there are very few such studies which look at the realistic or first-hand aspects of the decisions for location.

There are many similarities in factors involved in business location a result of globalization which has eliminated a lot of boundaries in the world of business. It should be noted however that regions are still not homogeneous; there are societal influences which vary per region (Albrechts, 2006). As such South Africa is unique like any other country it has its own societal values, business standards, spatial distribution and factors associated with the spatial distribution such as the spatial planning norms and practices.

Kroenenberg (2013) attempts to address municipalities in relation to firms site selection, however he only touches on high level issues, and refers to municipalities as localities/regions and not municipal council. He also touches on regional attractiveness of municipalities in terms of physical resource and infrastructure provided, yet he does not bring in the municipal councils' long term plans (including the development/spatial plans) which can be used as a tool for business information and attract business in the municipal area.

The locations being considered by businesses are under the jurisdiction of a local authority (municipality). Local authorities are required by law to plan for and guide development in areas under their jurisdiction. In doing this municipalities develop a number of plans which seek to fulfil this mandate, one of these plans is the spatial development framework (SDF) which is part of the wider spatial planning. These plans are meant to be used by the public sector, civil society, non-government organisations and the private sector.

These plans are the spatial drivers of development within a municipality and have proven to be of importance to business as they include studies on some or most of the business location/site selection factors. There are many benefits associated with spatial planning and interaction between business and government one very important benefit is avoiding duplication of efforts to (Stead, 2008).

Interaction between business and municipalities/government with regard to municipal plans and developments is key to knowing these plans. A survey conducted by McKinsey (2010) on business engagement with government showed that business do not interact with government even though government (after customers), is one of the most critical role player to business.

1.3 RATIONAL OF THE STUDY

This study was expected to reveal the business location elements particularly in eThekweni municipal area and reveal some of the spatial aspect of business location, through the municipal spatial development framework. Thus this research could contribute towards the understanding of location of business in both practice and theory. With regard to practice, the study could inform potential investors or businesses on the locational factors, government interaction in the eThekweni municipal area and the value of making use of the spatial development framework to inform business location. In this sense potential investors can value the spatial development framework and also get an understanding of the benefits that they can attain by making use of the spatial development framework when undergoing a business location decision making process.

1.4 PROBLEM STATEMENT

The problem researched was that there is limited use of spatial development frameworks and municipal development plans when organisations consider location/relocation, renting or developing a property for business usage. Municipalities have long term development plans which contain the municipal vision which is the desired future spatial form of the municipal area, these plans show where municipalities want to direct investment. However there is very limited interaction between government/municipalities and businesses with regard to their municipal plans and development programmes, which tend to affect business decisions, these decisions are inclusive of business location decision making process (Stead, 2008).

Thus since businesses tend to neglect municipal interaction, most of them also tend to ignore or do not know the long term vision of the municipality thus does not make use of it as an informant for site selection (Stead, 2008). Disregarding the SDF can lead to duplication of activities on the business side by doing some exercises which the municipality has already done, undergoing unnecessary research expenditure and not aligning with the long term vision of the municipality (Stead, 2008). It can also result in organisations not having optimal access to their sites.

1.5 THE RESEARCH OBJECTIVES

- To determine the factors that influence business location/site selection.
- To enquire if business are aware of the Spatial Development Framework and its impact/potential impact on site selection.
- To enquire the extent to which businesses consider the Spatial Development Framework when selecting sites for business location and the benefits of using Spatial Development Framework as one of the tools for business site selection.

1.6 THE KEY RESEARCH QUESTIONS

Based on the objectives the key questions to this research are therefore

The Primary Question

Are businesses making use of the municipal of Spatial Development Framework to inform business site selection decision making?

Secondary Questions

- What are the main factors that influence business location?
- Do businesses know of the Municipal Spatial Development Framework and its purpose?
- Are Spatial Development Frameworks significant in business location decisions?
- What are the benefits of Spatial Development Framework in business site selection decisions?

1.7 FOCUS OF THE STUDY

The research was a qualitative study, which was based on a semi-structured interview approach, it focus was on business located within the eThekwini municipal area. The key individuals as respondents were individuals in management/strategic positions and are actively involved in strategic decision making. The study was to determine if there is knowledge of the spatial development framework by the respondents, the factors that influence their business location and if the spatial development framework is being used to inform the business location decision and if there are any benefits associated with the use of the framework.

1.8 SIGNIFICANCE OF THE STUDY

The significance of this study is that it could inform business location/site selection in eThekwini Municipality and in particular the level of interaction with the municipality with regard to the municipal spatial development framework. Business location factors have been studied in a number of countries in great detail; they have also

been studied in Africa but to a very limited degree, but the importance of business location and its importance have been commented on by a number of writers. It should be noted however that through the interrogation of literature none has been found to delve deeper into the use of municipal spatial development frameworks in business location decision making. De Bok and Sanders (2005) indicated that government (including their policies and plans which include spatial planning and SDFs) are not being explicitly considered.

Rubalcaba, Gallego, Gallo and Garrido, (2013) also noted that in contrast to other conceptual fields, current literature has not given much attention or done much research with regard to the spatial aspect of business location and there also seem to be no agreement on what concisely are the possible elements that influence locational decision making.

Business location issues are viewed from a private sector perspective and not much from the public sector where it is in spatial planning (this is evident also in the majority of the location theories), the private sector do not relate spatial planning and their processes of determining a business location which compromises conformity and harmonious planning and actions between private and public sectors (Damborský, 2007). Thus De Bok and Sanders (2005) recommend that there should be investigations on how spatial planning affect business location.

1.9 LITERATURE REVIEW

The literature review consisted of extensive discourse related to business location/site selection, knowledge of spatial plans, engagement between business and government/municipality and spatial planning (including spatial development framework), in order to obtain themes and trends that are current. The literature review involved the use of a number of journal articles, report documents, websites, policies and other government documents.

1.10 DELIMITATIONS OF THE STUDY

To ensure control of the study parameters that were set to focus the study so that it is finished in time and covers the important areas. The delimitations to this study are as follows:

- Knowing the extent South Africa and KwaZulu-Natal, the study area covered a small geographic area which was only confined within the eThekweni municipal boundary and covered only one municipality, which is a Metropolitan municipality. Thus the different dynamics of the country, province and municipalities (District and local) were not tested.
- The topic for this study, “Site location/selection for firms, considering the municipality’s development/spatial planning” is a very broad topic. The intention of the study was not to look at every aspect of site selection and development/spatial planning, but the study focused on issues that relate to site selection for business purposes, government consultation in relation to development/spatial planning elements that support it.
- It should be noted that while the study intended to provide criteria or guidance for utilizing development/spatial planning as an informant for site selection, site selection with regard to this study is at a conceptual level because the development of a full business model to determine the business site need, fell outside the scope of this research.

1.11 LIMITATIONS OF THE STUDY

The limitations to this study are presented below, some of these limitations were overcome but like other studies there are limitations which cannot be addressed sufficiently.

- This study dealt primarily with the site selection and government/municipal consultation with regard to spatial development framework characteristics only.
- The non-willingness of business to participate in this study prolonged the process of getting willing participants thus extended the time of finishing the study.

- When willing participants were obtained, it was then a problem to set up the interviews because the respondents were business people in strategic/management position with a busy schedule.
- Some of the respondents were being disturbed during the interview due to other commitments thus hampered the flow of the interview.
- The time to complete this study was limited thus the study was limited to the participants that responded positively to the request to interview and did avail themselves on the day of the interview.
- Due to the time factor, the study only considered businesses participation and the municipality was not included thus municipal view based on primary data was not gathered.

The limitations which have been described above did not have a negative effect on the outcome of the study because the study focused on highlighting the importance and relevance of making use the municipal spatial development framework by business.

1.12 STRUCTURE OF THE RESEARCH

This research was structured in five sections; these are captured as chapters and outlined below;

Chapter 1 is the introduction and background. This chapter presents the outline of the study. Amongst others it gives a brief introduction to the study and the research background, it highlighted the problem statement that gave rise to the need to study this subject, outlined the objectives and questions of the research, highlighted the importance of the study, gave a background to what informed the literature review, indicated what limited the study.

Chapter 2 is the literature review. This chapter presents existing literature from different sources on the subjects covered. This was done by looking at; spatial planning internationally and in the South African context, spatial development frameworks with their legal context and their implications to business, the stakeholder awareness of spatial development frameworks and interaction between business and the municipality/ government, the importance of making use of spatial

development framework and its relevance to business location, business location and decision making, a brief background to the eThekwini municipality and then focus on the eThekwini spatial development framework and the theoretical framework underpinning this study.

Chapter 3 presents the research methodology. This chapter outlines the methodology used and the instruments adopted to elicit primary data. It outlines the following; the research method adopted in this study, it captures the location of the study, the sample size, the questionnaire design and how the interviews were carried out.

Chapter 4 is the presentation and discussions of findings. This chapter presented the outcome of the study and discussed its findings. The findings were presented as per the three themes that were developed.

Chapter 5 is the conclusion and recommendations. This chapter gave a summary of the findings and gave recommendations based on the findings and provided suggestions for future research.

1.13 CONCLUSION

This chapter gave a background to the study by highlighting the importance of the study, what the study intends to uncover (through the identified objectives) and how the study was conducted, which was reflected in the structure of the study. The actual methodology of this study is presented in subsequent chapters, which provide in detail the manner in which the research was conducted. The following chapters also cover the literature that informs this study.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presents literature from various scholars, government and other writers related to the research topic. The research was based on spatial development frameworks, business location (factors) and interaction between business and the municipality (government) in this regard.

Thus the literature explored and covered delved into spatial planning as a whole as this is the mother of spatial development frameworks. The study also delved into spatial development frameworks bearing in mind that spatial planning is an international concept and spatial development frameworks is a term used by some countries (like South Africa) and some countries have other terminologies for this concept which falls under the broader spatial planning concept.

It should be borne in mind that although there is literature that links business and the spatial development framework and location choices this is however limited, Rubalcaba et al. (2013) indicated that the spatial aspect of business location has not been given much attention. On the other hand there is abundance of literature that covers the business location topic and also quite a few which look into the interaction of business and government.

2.2 SPATIAL PLANNING: INTERNATIONALLY

2.2.1 DEFINITIONS OF SPATIAL PLANNING

Albrechts (2004) define spatial as the phenomenon of bringing focus to where things are in space irrespective of their nature (either static or dynamic), it involves the activities of creation and management of special spaces, and also has the following characteristics; interrelations between different activities in an area; and significant intersections and nodes within an area which are physically located.

Spatial Planning is a widely used terminology amongst government and the development planning arena as a whole, although it is an international term and phenomenon its scope tends to be different amongst countries, however the goals amongst countries seek to be aligned (Chirisa and Dumba, 2012). CS Consulting (2013) a South African consultancy refers to spatial planning as a process that is integrated and strategic in nature, which takes into account an array of factors and concerns, and addresses how those aspects are arranged in space.

Stead (2008) notes the Compendium of European Spatial Planning definition which defines it as government technique used to spatially shape activities for the coming future. Among other factors the Compendium further states that spatial planning incorporates measures which are meant to coordinate the impact of other sectoral policies in space, in order to ensure that economic developments are equally distributed amongst regions rather than waiting for market forces to direct economic development (which would be skewed according to markets), and to also legally control the change of property rights and use (Stead, 2008).

The United Kingdom government defines spatial planning by not only looking into the usual land use planning, it goes further to include developmental and land usage policies with other policies and programmes which shapes how places are in their functionality (Stead, 2008). In addition it incorporates policies with the aptitude of impacting on land usage but do not have the ability of being delivered only through granting or prohibiting planning consent and which is possible to implement through other methods or ways (Stead, 2008).

Stead (2008) notes that Slovenia defines spatial planning (as per its Spatial Planning Act No. 16 of 2002) as the actions of multiple disciplines which involve land use planning, looking into development conditions and where activities are/to be located, it is a tool that identify ways to improve the existing physical settings and determines conditions to be applied in a location and making sure that the set physical objectives and strategies are achieved.

The widely used term as noted by the Ghanaian National Spatial Development Framework (NSDF) is that of the European Regional/Spatial Planning Charter, which is defined as a concept that reflects how elements and policies of society are and are

to be in space (Cowi-Orgut, 2015). The author adds that it involves multiple disciplines who seek to balance regional development and organising features in space in line with the overall strategy. From all the above definitions spatial planning can be summed up as a multi-disciplinary activity that seeks to balance social, economic and environmental aspects of an area through guiding and directing development on how activities are arranged in space and coordination of policies.

Slumping

2.2.2 PURPOSE OF SPATIAL PLANNING

Spatial planning is an instrumental tool which is central to the establishment of “long term sustainable frameworks”, which will embrace social, territorial and economic development within a municipal area, country and across geographical boundaries (Stead, 2008). As any strategic planning, spatial planning is to provide a vision, objective and strategies which reflects a consistent path, and also provides a strategic assessment of what is desirable and what is possible in different settings (Stead, 2008; Chirisa and Dumba, 2012).

Spatial planning is mainly for coordinating policies, through its coordination it is crucial for social, economic and environmental welfare since it creates conditions that are predictable and steady for both development and investment, it ensures that the benefits of the community are secured from development through its controls, this is done by promoting cautious or sustainable development by making proper and efficient use of land and the natural resource since it is well known that there is a scarcity of resources and there is a need to manage their use wisely (Stead, 2008; Chirisa and Dumba, 2012; Harrison, 2014).

Switzerland sums it up by noting that it is a tool that helps to stabilize the overall use of land in the area (Gabi, Thierstein, Kruse and Glansmaan, 2005). This is in line with the Constitution of the Republic of South Africa (Act No. 108 of 1996), section 152 (c) of the Act which stipulates that municipalities need to promote social and economic development and Section 24 which speaks to the protection of the environment.

Although spatial planning may differ from country to country since there is no one way of carrying it out it should be noted that in all countries it covers three important functions; long term or medium term strategy for territories towards a common objectives; it brings together different perspectives; it deals with land use and physical development as a distinct sector of government activity (Albrechts, 2006; OECD, 2001).

In many areas as it was evident in Europe, the need for drawing frameworks and long term planning was resurrected by the haphazard developments, the complexity associated with the usage of space, sprawl and the concerns of environmental assets (Albrechts, 2004). Albrechts (2004) and Walsh (2014) state that spatial planning is a government led initiative, Albrechts (2004: 747) calls it a “sociospatial” process (as its looks at the impact of social on spatial aspects and how the two influence each other) by which there is a formulation of a vision, plan of action and the resource to implement that shapes and frames what a space is and what it may be in future.

Stead (2008) posits that while the importance of spatial planning has been advocated for a while, there are however countries which still lag behind by either not having spatial plans in place or have outdated plans. The author adds that in some instances where there are plans in place it can be found that the levels of growth and sufficient land for the amount of development that has already taken place are not identified. The result of this is that it has made businesses hesitant to locate or invest in these areas (Stead, 2008). This hesitation of businesses is a sign that there is some level of knowledge by some business of these plans and they are given consideration.

Stead (2008) insists that spatial plans should include spatial strategies and the critical issue for these strategies is on finding ways to maximize long term development by ensuring that spatial distribution of all types of developments is guided and encouraged, regeneration and investment; ensuring that infrastructure is coordinated. These strategies inform and guide the development of local policy frameworks and for public and private investment (ibid). Feltynowski (2015) on the other hand argues that spatial plans can be an informational tool for companies seeking locations.

2.2.3 SPATIAL FRAMEWORK PLANS

The role of frameworks is to frame, by framing it is meant that they bring in ideas into the actions taken or to be taken, it draws in thinking and by that it gives a direction for action (however it does so indirectly) (Faludi, 2003). Faludi (2003) adds that frameworks are a very powerful tool thus they are not to be taken lightly, but it should be borne in mind that they do not impose any action, rather what they do is spark/stimulate thoughts and direct future action on those who takes them into consideration.

Stead (2008) points out that spatial framework plans fall under the spatial planning realm; these plans are developed as part of spatial planning. He argues that the purpose of spatial framework plans is to provide guidance, coordination and direction for developmental proposals and to also serve as a central regulatory tool for land use. The framework as a plan is not to give developmental rights, but it is to provide assistance for a potential developer when assessing the prospects of obtaining development rights on a particular piece of land and also be able to determine the restrictions and conditions that would be imposed by the development, mainly when it comes to infrastructure (ibid).

By making use of the spatial framework plans, stakeholders should be able to determine how their interests are affected by proposals; this is made possible by superimposing the development on a map of the area if the area is known (Stead, 2008). Stead further argues that these plans provide a high level view, showing the manner in which public policies and private investment integrate. Although it is a snapshot it has to have a framework plan which shows how public policies and private investment fit together at a particular point, they should reflect the different aspects of spatial development which includes developmental trends and the uncertainties (ibid).

Albrechts (2004) argues that framework plans are of legal stature once they have been adopted/approved, they are developed with a certain timeframe based on the long term vision of the municipality, they perform for a while and after that they become outdated, but they remain the basis for guidance until new ones have been developed, this is because plans are developed based on values, assumptions and

concepts which make them functional and still have the ability to operate even after they are deficient. The author notes that the South African system is that of a discretionary system, in which municipal decisions are subject to the discretion of the administration or political level and the plan merely provides a general guideline.

Todes (2008) argues that in the South African context these plans were found to be too broad as they seek to direct long term development, they are not considered when making site level decisions. Todes (2008) further points out that although land use decisions need council approval they are way too lenient as they are influenced and driven by the needs of developers, thus limiting the intended use of the plans.

2.3 SPATIAL PLANNING IN SOUTH AFRICA

2.3.1 HISTORICAL CONTEXT

The South African system was initially influenced by International practice and was more steered towards the English planning system. In terms of South African planning and spatial structure pre 1994 there have been three transitional periods. This is the time between 1910- 1930, which saw land administration mechanisms being brought (the start of how land is to be used and who uses land where) at this time there was restrictions for black people which deprived them of running business in certain areas (National Development and Planning Commission, 1999; McGranahan and Martine, 2012).

The 1930s saw the post-world war reconstruction and the reconstruction idea saw amongst other modernist movements the separation of land uses (separation between commercial, residential, industrial, agricultural etc) which still underpins the South African spatial planning till today. Post 1948 era was the grand apartheid era; post 1985 was the late apartheid reforms (National Development and Planning Commission, 1999).

Jadwat (2015) observes that the most notable economic feature of the historical planning was segregation along racial lines and trading, whereby people who were not white were not permitted to run business in white demarcated areas (Jadwat, 2015).

2.3.2 CURRENT CONTEXT

Post 1994 there was national commitment to drive democracy, ensure redistribution and equity of resources, social and physical integration, to restructure and review apartheid cities and regions, this inspired spatial planners to endeavour the ambitious task of bringing forward an alternative vision for the future (Todes and Harrison, 2008). The authors report that this gave rise to the scrapping of the apartheid planning legislation and creating a new planning system from scratch in order to bring to fruition the newly developed ambitions.

In the new planning system (post 1994), there have been many policies which intended to address spatial issues, notably the NSDF, its progress however was hindered by lack of stakeholder support who did not show any interest in a situation that would prescribe to them where they should invest in future, thus the NSDF only moved as far as the mapping phase (Harrison, 2014).

Harrison (2014) further noted that the government also came up with a number of initiatives and policies which aimed to foster vertical alignment between local governments, provincial and national policies and plans, to balance spatial development, to address the failures of the NSDF. Harrison (2014) posits that the current legislation which is to support the national, provincial and local developmental state and foster spatial equity is the National Development Plan (NDP), chapter 8 of the NDP seeks to address spatial governance and it also proposed the development of a National Spatial Framework (NSF).

Since the NDP is a national policy it has to be supported by provincial and local plans thus at the provincial level it is translated into the Provincial Growth and Development Strategy (PGDS), at the local levels it is translated into the District Growth and Development Plans (DGDP) and then further translated into the Integrated Development Plan (IDP) which incorporates the Spatial Development Framework as a key component (Department of Rural Development and Land Reform, 2011).

The overarching spatial planning law currently is the Spatial Planning and Land Use Management Act (Act No. 16 of 2013) (SPLUMA), the Act stipulates that it provides

a framework for spatial planning and land use management in South Africa. SPLUMA finds itself within section 146 of the Constitution of the Republic of South Africa since it provides land use norms, standards and the framework (eThekweni, 2016).

The effects of apartheid in South Africa still linger in relation to spatial development, many inhabitants in the Republic still live, work and operate their business in places that were influenced by the apartheid planning, laws and practices which were based on discrimination and segregation. Thus the Spatial Planning and Land Use Management Act (Act No. 16 of 2013) specifies that it seeks to address these inequities by reflecting back to the Constitution of the Republic which states that, the state have to respect the economic right of all South Africans and the SPLUMA responds to this by stating that sustainable development of land which requires among others economic considerations so that land development serves the present and future generations.

2.4 SPATIAL DEVELOPMENT FRAMEWORKS

As noted earlier spatial planning may differ from country to country, the terming of spatial plans may also differ, due to the doctrine followed by each country. In the South African system there are a number of spatial plans, of note is the Spatial Development Framework (SDF). This term is also used in Ghana which has developed an NSDF and also has Spatial Development Frameworks at subnational, regional, sub-regional and district levels (Cowi-Orgut, 2015).

With the known disparities in the country, the SDF is a tool that is to provide resolutions to the lasting disparities in economic activity and quality of life in various areas of the republic (Harrison, 2014). In South African terms the SDF is a framework which aims at guiding how land uses are distributed in space at present and in the future (what is desired) within the boundaries of a municipality so that the vision, objectives and goals of the IDP of a municipality are brought into effect (CS Consulting, 2013).

Ghana defines SDF as a “spatial strategy” that is used to achieve set policies (social, economic and environmental) (Cowi-Orgut, 2015: 8). The author argues that it gives

an idea of developmental pattern that is possible and preferred for the next twenty years. The implication of key sectors (i.e. economic development and employment, population and urbanisation, housing and infrastructure services, education and health care, tourism and leisure, transportation, communications, culture and nature and the environment) on spatial development could be addressed by the SDF (Cowi-Orgut, 2015). An SDF is a framework that provides a strategic vision, it is important to note and emphasise the SDF is not intended to be a blue print (ibid).

According to Cowi-Orgut (2015) the SDF therefore foster economic and spatial development in a manner that does not constrain regional, district and local initiatives, given that they are aligned with it. The author notes that it also gives views and bring forward proposals showing the types of development that must happen (what), the quantity of development in an area (how), and the localities of the developments (where) and also how this is to be achieved. The eThekwini municipality views the SDF as the most important response of the/a municipality to its developmental needs, context and the developmental vision of the municipality (eThekwini, 2015). The SDF serves as the vital land use management tool at a strategic level which guides and manages land use and planning decisions of the municipality (eThekwini, 2015).

The SDF presents a municipality's desired spatial form and it should show where investments are to be directed (private, public land development and infrastructural investment) (eThekwini, 2015). It is also meant to reflect what land usage is desired and undesired in an area; it has to show where strategic intervention and priority spending areas are (ibid).

2.4.1 LEGAL CONTEXT OF THE SOUTH AFRICAN SPATIAL DEVELOPMENT FRAMEWORK

The development of SDFs is a legal requirement as per the Local Government: Municipal Systems Act (Act No. 32 of 2000) (MSA) and SPLUMA (Chapter 4), the SDF is to form part of the municipal integrated development plan which is to be adopted by municipal councils (this is found on Part A Sub-section 12 of the Act). The IDP is a strategic planning instrument which is to guide and inform all planning and development, and all decisions with regard to planning management and

development in the municipality including private sector development programmes (Department of Rural Development and Land Reform, 2011).

The Local Government: Municipal Systems Act (Act No. 32 of 2000), indicates that as part of the IDP municipalities are then required to develop an SDF which is to be a core component of the IDP. As per the Local Government: Municipal Systems Act (Act No. 32 of 2000) the SDF contained in the IDP presides over any other spatial plan.

2.4.2 IMPLICATION OF THE SPATIAL DEVELOPMENT FRAMEWORK TO BUSINESS

Spatial Planning and Land Use Management Act (Act No 16 of 2013) states that the SDF should be a five year plan, with a longer term spatial development vision statement for the municipal area, which indicates a desired spatial growth and development pattern for the next 10 to 20 years. The Act stipulates that SDF must also address the following:

- Identify current and future significant structuring and restructuring elements of the spatial form of the municipality, including development corridors, activity spines and economic nodes where public and private investment will be prioritised and facilitated.
- It must include population estimates for the next five years, include estimates of the demand for housing units across different socio economic categories and planned location density of future housing developments, and include estimates of economic activity and employment trends and locations in the municipal area for the next five years.
- It must also include a strategic assessment of the environmental pressures and opportunities within the municipal area, including the spatial location of environmental sensitive, high potential agricultural land and coastal access strips, where applicable.
- It must determine a capital expenditure framework for the municipality's development programmes depicted spatially. It should determine the purpose, desired impact and structure of the land use management scheme to apply in that municipal area.

In order to fulfil its role of achieving the desired spatial form of the municipality, the SDF has to guide all decisions of the municipality that involve the use of land and development of land or future use and development of land. These decisions include amongst others guiding developers and investors to appropriate locations and forms of development (Department of Rural Development and Land Reform, 2011).

The Department of Rural Development and Land Reform (2011) SDF guidelines have outlined spatial planning categories or steps which are to be undertaken when developing a SDF. These categories include steps which make up the SDF, the one reflected below are extracted due to their relevance and usefulness to businesses to inform their location decisions. These categories are;

- The identification of the hierarchy and nature of nodes within the metropolitan area, particularly indicating nodes where economic growth and investment will be pursued, and those where social investment will take preference.
- The designation of the economic growth potential of settlements/the prioritisation of the urban settlements within the municipality should be indicated with respect to their relative levels of human need and economic potential so as to prioritise fixed investment and human needs programmes
- Getting support from key Private stakeholder for the draft SDF; these include significant landowners, and also engaging the chamber for commerce and industry to try and align their development proposals with those of the SDF.
- To reflect opportunities within the municipality by showing location of Sector Department Projects, budgets for various sector plans, including non-municipal departments and organisations such as ESKOM, SANRAL, DWARF, etc. (SOEs and Government Departments) (The Department of Rural Development and Land Reform, 2011).

One of the plans to consider in the SDF is the NDP (vision 2030), and the NDP as part of other concerns, is concerned with community development and economic growth, the plan seeks to see increased employment through accelerated economic growth (National Planning Commission, 2012).

The business location decision impacts on both the firm and the community where the business will choose to locate. This will attract new, expanding and relocating

businesses and also help retain existing business, and these business fosters economic growth of an area (Decker and Crompton, 1993). The SDF in seeking to align with the NDP it takes into consideration these factors. Municipalities have many strategic instruments which they use to attract business and the SDF is one of those tools used by municipalities to try and attract, locating business or branching or relocating (Decker and Crompton, 1993).

Municipal council/local authorities need to play a local planner role of the space falling under its authority, location decision made by firms can be influenced by regional policies (Dembour, 2003). There is a strong relationship between the planning of space and how the community and business use the space, gaining access to services and facilities that they require and how the two interact in this space (Dembour, 2003).

Although municipal decisions on development approval are based on a development application (currently done through the KwaZulu-Natal Planning and Development Act (Act No. 6 of 2008)), it is very important to note that in terms of Section 22 (1) of SPLUMA, a land development decision cannot be inconsistent with the SDF, the SDF is only overlooked in circumstances where it is justifiable that the provision can be departed from in terms of Section 22 (2) of SPLUMA. Thus though an SDF can be ignored during the site selection phase it could have a negative impact when lodging a development application with a municipal council if the development is not aligned with the SDF.

Government has the ability to set competitive environment for business and public policy is meant to influence decisions made by firms and individuals, while this is true but when choosing a business location the policy might have some influence, however the final decision taken by firms is based on a specific perception of advantages or disadvantages that are offered by a specific area (Atkins, 2001; Hillman, Zardkoohi and Bierman, 1999). In noting the importance and impact of the SDF, Msi (2009) in her study recommended that developments are to be within the SDF guidelines.

2.5 STAKEHOLDER AWARENESS OF SPATIAL DEVELOPMENT FRAMEWORKS AND INTERACTION BETWEEN BUSINESS AND MUNICIPALITY/GOVERNMENT

SDF is an integral part of the wider IDP thus knowledge of the SDF is heavily dependent on the knowledge of the IDP. Mfenguza (2007) found that people do not have knowledge of the IDP and those that do have knowledge of it are the ones that work with it (these are the official, municipal councillors and representatives). Mohangi (2014) in her Shakaskraal study quantified this in her findings as she indicated that 67% do have knowledge of the IDP and the 33% that do know the IDP indicated that they knew it through advertisements in newspapers, hearing about it from colleagues at work and those who have an interest in the plan.

Both these authors believe that central to the knowledge of the IDP is through stakeholder engagement and public participation which is to be driven by the municipality. Pletikosić's (2016) however found that when it comes to the public being informed 66% of the respondents had a negative or were not sure if they are adequately informed of the plans and of the importance of the plans.

Participation of stakeholders in the development and implementation of the spatial strategies is vital for the success of the spatial plan, therefore it is crucial that spatial planning should be made up of committees which are inclusive of stakeholders who are influential in development (Namangaya, 2014). It will ensure that participants have ownership and acceptance of the plans and will foster knowledge exchange amongst stakeholders to gather best practice (Stead, 2008).

Participation of stakeholders at the development and review of the SDF is also important, because planning itself changes in response to new direction steered by new assets (Sartorio, 2005). Amongst other stakeholders that are critical in the development of such plans are business representatives (Stead, 2008). The author further argues that this will also ensure that business are aware of the plans and are able to align themselves with the plans of council (ibid).

The Constitution of the Republic of South Africa (Act No. 108 of 1996) encourages municipalities to foster involvement of communities and organisations of the community in government issues this include business organisation and individual

business representatives. Further the Local Government: Municipal Systems Act (Act No. 32 of 2000) and the Spatial Planning and Land Use Management Act (Act No. 16 of 2013) stresses stakeholder participation with regard to the SDF whether parallel with the IDP or with the IDP process. Stakeholder is a broad term which includes interested and affected parties and interested groups. The stakeholders include property owners and business people.

Government transparency is not only for opening up government to be scrutinized and being monitored by the public, but it also gives the public the encouragement to make use of the information provided by government for their own use (Dawes and Helbig, 2010). The authors add that when this information is used by the private sector it then adds to the economic and social well being.

Though participation and interaction is noted there is however a mismatch between the actions of public officials and the business community (Stead, 2008). Henderson, Dicken, Hess, Coe and Yeung (2002) also note that the priorities of different players (including government and business) differ at times. Business executives contend that public officials frequently do not understand business operations and what motivates location and re-location decisions (Stead, 2008). Government however see itself as being able to assess the overall economy and notes that firms do not have the ability to do this at an individual level (Miny, 2012).

Companies have many stakeholders, of these stakeholders customers are the most important, followed by government this is because government decisions, plans, policies and actions (provision of infrastructure and access to capital) affect the economic value of companies (Dua, Heil and Wilkins, 2010). The interaction between firms and government is a very crucial component of the business environment (Hillman et al., 1999). For this reason executives see the importance of business constant, proactive and regular consultation with government. Dua et al. (2010) point out that executives find that interacting with government is not easy, in most cases it is frustrating and business find government officials as not being knowledgeable in terms of business economics of their industries. Averweg (2006) and Musyoka (2010) agree that businesses in the eThekweni municipality are mainly concerned with the uncertainty, inconsistency, untrustworthiness and unpredictability of government action.

Evidence shows that companies' view of government leads to them not taking much initiative in communicating with government as they do not see the value of discussing issues of concern, very few companies focus on building and strengthening relations with government officials in strategic positions in relation to their industries (Dua et al., 2010; Musyoka, 2010). Businesses however do see the need to be proactive in influencing and help shape government policy and plans to ensure success of business (Dua et al., 2010). The authors add that companies do envision an increase in their interaction with government in the near future.

The South African government wants municipalities to be innovative be responsive (as reflected in the batho pele) to community and business needs and being able to provide leadership and public services to communities and businesses. All of this is possible through the interaction amongst the municipality and its stakeholders. Adams and Harris (2005) note the difficulty to involve a number of stakeholders or interest groups such as business representatives in some of its activities.

The eThekweni municipality acknowledges the importance of the participation of business organisations and even proposed enhancing their participation through the eGovernment process. The eGovernment process is a process that was initiated by the municipality to bring about change in how businesses within the municipality relate with the municipality (Averweg, 2006).

Contrary to the arguments put out there is limited interaction between businesses and government/local authority, Miny (2012) indicates that more and more firms are influencing the decisions of government policies. The Tongaat Hullet Development (property development) indicated that as a huge developer within eThekweni they are given the opportunity to partake in the Integrated Development Planning (which includes spatial development planning) (Mngadi, 2013).

But evidently within eThekweni, participation and interaction in the developmental plans of the municipality is not yet happening as required. This was also reflected in the study done by Chetty (2010) which revealed that there are a limited number of people participating in municipal meetings with 70.7% not attending public meetings and 81% having not even met with a municipal official. The study revealed that although people were not partaking or involved in municipal processes and decision

making (which includes spatial planning) the majority indicated that they would like to be involved.

2.6 THE IMPORTANCE, RELEVANCE AND USE OF THE SPATIAL DEVELOPMENT FRAMEWORK

SDF and spatial planning as whole has a number of benefits which span from environmental, social and economic benefits (Stead, 2008). Stead (2008) notes some of the economic benefits as;

- the provision of stability and build investor confidence, the identification of land in locations which are not suitable to meet economic development needs.
- it ensures that land earmarked for development or where development is accessible by being placed well relative to the transport infrastructure and networks and also strategically located in relation to labour force.
- it promotes rural and urban environmental quality, it identifies and promotes development that meets communal needs.
- it discourages decay and sprawl by promoting urban regeneration, renewal and integration.
- it provides for an efficient and consistency decision making manner. Most importantly spatial planning can help avoid duplication of effort by different role players.

Cele (2009) argues that the SDF is the number one priority document which should be used by stakeholders as it can impact businesses positively if it is taken into consideration. Hillman and Keim (1995 cited in Minty 2012) highlighted that a firm's competitiveness and its economic wellbeing is strongly influenced by the government policies and the SDF being one of them, thus if not used by business they are foregoing some competitiveness.

In terms of making use of the SDF as a tool that guides development and achieving the vision of the municipality, Msi (2009) found that very few institutions (including business) makes use of the SDF. Minty (2012) on the other hand indicated that firms were making use of government policies however this statement is broad but it could also be referring to the SDFs.

2.7 BUSINESS LOCATION FACTORS AND DECISION MAKING

Corporate goals are the drivers of business site selection decisions, (Adam, 2012). Economic development features are now being shaped by the venture of increasing returns, the investment and location decisions of firms are believed to be based on a firms expected returns (Ghita, et al., 2013; Eickelpasch, et al., 2016).

Selection of a site for business location forms part of organisations strategic decisions (part of a general body of investment decisions), (Adam, 2012). Thus a firm chooses a location following a behavioural goal like seeking to locate where it can maximise profit over a lifetime (Bodenmann and Axhausen, 2012; Trofimenko, 2010). Each business type has different requirements which must be considered when selecting a site to start or relocate a business based on the characteristics of the business (Eickelpasch, et al., 2016; Onut, Efendigil and Kara, 2010).

In maximising profit, the location chosen by a firm needs to minimize the cost of distribution meet the market demand and be able to be above the competitors (Olawale and Garwe, 2010). Laulajainen and Stafford (1995) however argues that maximisation of profit is not really feasible and states that companies deal with what is possible and satisfactory. Thus although companies want to maximise profit in choosing a location, they however can or settle for locations where they can attain satisfactory profit which is not necessarily maximum.

The decision for choosing a location is one of the most critical decisions undertaken by a company and the consequences of the decision endures long after the decision has been taken since it influences the competitive position and the ability to make profit of which if the decision is not properly taken the business will be prone to failure (Decker and Crompton, 1993; Adam, 2012; Alamá-Sabater, Artul-Tar and Navarro-Azorín, 2011). Indarti (2004) notes the fact that research has also proved that there is a strong relation between the success of a business and its location. Jadwat (2015) also confirms that a firm that relocated improved its profitability shortly after relocation and this was due to the relocation decision.

Thus location is very important for the success of a firm (Rogerson, 2000). Some considerations when choosing a location is also affected by local community and

government attitudes (Decker and Crompton, 1993). Olawale and Garwe (2010) view location as a possible hindrance in success of the business, this is if a poor location decision is taken by a firm.

Laulajainen and Stafford (1995) asserts that a location decision is difficult, and takes a lot of time; the process of making the decision to the time the business start operating generally takes one month to five years. According to Hickson (1986 cited in Adam 2012) location decision is a strategic decision of a company that is ranked as the decision that take the longest time to make of all the strategic investment decisions of a company. Kimelberg and Williams (2013) highlight that in the developed countries one may find specialists/professionals who are consulted to do the business location decision in the initial stages, but in the developing countries these professionals do not exist.

Ghita et al. (2013), coined the reasons for the decisions taken for location or relocation of a business in three categories i.e. push reasons (shortcoming of present location), the pull reasons (benefits seen in a desired location), that attracts the business towards it and the keep reasons which are the positive reasons for the current location or the negative reasons which prevents the business from moving (lock in).

These reasons can further be explained as being the locational factors, which influence the location or relocation of business. These factors are a checklist that analyse the features and benefits which are considered by a business when choosing a locality to operate in.

There is a lot of theoretical evidence that prove that location factors are critical for the decisions made by firms either to relocate or locating in a particular area. These factors also play a huge role in the productivity, growth and innovation of a firm (Eickelpasch et al., 2016). It should however be noted that the factors cannot be applied in a blanket manner, as they differ depending on the sector and the characteristics of the firm like the size, the age, the nature of business, the ownership structure, the organisational structure and the corporate vision, these issues may determine how the initial location decision is carried out (Eickelpasch et al., 2016).

Basically there is no formal approach in the location decision making process and individual firms and organisations tend to approach them differently. The location decision has its complications which are linked to uncertainties and are mainly influenced by personal perceptions (Adam, 2012). The location of a business is not made solely on one factor of the location however it looks at different factors and considers all the pros and cons.

In their analysis of Cape Town's south-east area Turok and Watson (2002) observe the abundant supply of vacant land which is priced low and has access to freeway but notes that this does not take away the areas poor image and the required added cost for security. Thus there are a number of locations which are considered by a locating or relocating firm and Rajkumar (2013), stresses that managers need to assess all the locations with regard to its impact on key operational performance measures. Thus the pros exist but an investor will also consider the constraints and make a decision.

Thus each business has its own consideration of the factors, overall the list of location factors is exhaustive it include; the relative distances (closeness) to relevant market be it the customers (market demand) or the supplier, closeness to educational facilities e.g. research institutions and universities, accessibility to the actual markets or potential markets, accessibility to public institutions like your banks; local administration (Dembour, 2003; Eickelpasch et al., 2016).

To be more specific a list of some of the factors is listed below with a narrative, these factors are outlined by, Alamá-Sabater et al. (2011), Dembour (2003), Salvesen and Renski (2003), Mejia - Dorantes, Paez and Vassalo (2012) , Fedmann and Olhager (2013), Kimelberg and Williams (2013), Eickelpasch et al. (2016), Dogan (2012), Garrison and Deakin (1992), Vlachou and Iakovidou (2015), Rubalcaba et al. (2013) and Rosenthaland and Ross (2014);

- Access to and quality labour: which includes issues like the availability of skilled labour; how motivated the workforce is and the overall availability of local labour this factor is indicated to be more valuable than the wage requirement of the labour areas with low skills level are enticing to business that seek skilled labour thus if an area skills level declines it will encourage

businesses of this nature to vacate. Though labour is viewed as a determinant of business location, Storper (2010) however notes that business will sometimes be influenced by another factor which supersedes labour and the labour will be the one going to business.

- Demographics: these factors include the number of people, the race, the age, the potential labour force, the economically active and inactive the employment and unemployment rates. These demographics e.g. the population and potential labour force and unemployment rate affect the availability of workforce. There are many diverse businesses in eThekweni from across the globe and many non-English speaking people so language becomes one of the biggest barriers and can have an adverse effect on the efficiency of operations. This factor also assist when trying to figure out the consumer base whereby you can estimate the potential demand of a product, by knowing the demographics a firm could work out the market potential of the area.
- Access to customers and suppliers: this factor is directly linked with the demographics and the agglomeration factors, firms prefer to locate in areas where they know they will be able to access their customers and suppliers these areas are usually denser.
- Geographical location: this factor looks at the price and availability of land, and the quality and availability of raw materials and also looks at climate issues. It is worth noting that the provision of land for new industries by the public sector a very important location factor, particularly for firms establishing in certain municipalities of the region.
- Quality of life: this is linked with the quality of labour that companies want to attract and retain, as a result they look for areas that would appeal to this labour, which are spaces that offer cultural, recreational amenities, good standard of living, accessibility to and quality of education and health systems. The motivation of employees is inspired by the good quality of life of the environment, thus the quality of life has become an important factor of consideration for business location. This factor is however classified by Salvesen and Renski (2003) as would like rather than a must have.
- Accessibility and Quality of Transportation: this includes the quality of the air, water rail and road transportation and the quality of infrastructure distribution.

The transportation aspects is linked to the transportation of goods with the critical element of links with other cities and internationally and employees which involves time and money.

- Quality of Infrastructure: this factor looks at issues like the technological advancement in the area, scientific and basic infrastructure, the infrastructural quality is seen as an enable to an organisation. Reliable technology, scientific and basic infrastructure e.g. optic fibre, energy, and hydrological infrastructure may help an organisation develop and maintain innovative and efficient operations and quality products. High quality public services can result in more investment of organisations.
- Agglomeration: this is a factor of economies of scale, seeking to locate in areas where a firm will be closer to related firms in order to improve profits.
- Other factors include but not limited to; economic performance, tax rate, labour wage (higher wages deter on firm investment or location), social and cultural factors, regulatory, government efficiency, financial efficiency, unemployment, unionisation rate, quality of telecommunication, proximity to and quality of suppliers, business environment and hometown location (locating the business closer to home or in their hometown).

In Cape Town retail developments and consumer focused services have moved towards the well-off neighbourhoods because in these areas there is a high demand as consumers want convenience and business sees an opportunity to increase business (Turok and Watson, 2002).

In noting these factors it is important to highlight that literature has highlighted that the following factors are the most critical factors that influence the location of a business; the highest ranking factor is human resources, which is the availability and supply of skilled labour followed by access to customers and markets and then in no chronological order, the agglomeration associated with the economies of scales, cost of production and the availability of land or office space (Dembour, 2003; Salvesen and Renski, 2003; Mejia - Dorantes et al., 2012; Fedmann and Olhager, 2013; Karakaya and Canel, 1998; Kimelberg and Williams, 2013; Eickelpasch, et al., 2016).

Site selection for a new location can involve many possible sites however a firm cannot evaluate all the sites based on the operational criteria. Hence the process of selecting a new location is designed in a manner that minimises consideration according to the most relevant factors for the most relevant candidate locations, while making sure that all viable alternatives are considered (Salvesen and Renski, 2003). While all the factors and evaluation methods are used for site selection (Damborsý, 2007) found that the majority of the firms that make location decisions use their intuitions.

2.8 BACKGROUND TO ETHEKWINI MUNICIPALITY

eThekwini municipality is located in the province of KwaZulu-Natal, on the east coast of the Republic of South Africa. It covers an area of about 2297square kilometres, the municipality shares it borders with iLembe on the Northern side, Ugu on the Southern side and uMgungundlovu to the West (eThekwini, 2016).

The municipality currently has a population of 3.4 million people as per the 2011 statistics, this population has shown an average increase of 1.13% annual growth as this population was recorded to 3.09 million people in 2001 this is of course a result of a number of factors which include one of the critical factors which is migration (eThekwini, 2016). Migration is caused by a move to take advantage of resources which are distributed spatially in this case it is normally the result of people seeking employment, the City receives 8.1% migrants, while 3.4% are recorded to be leaving (eThekwini, 2016; Dingle, 2014). While international trends show that urbanisation levels have declined within large cities, the situation is different in South Africa and Africa, and eThekwini is no exception, as it continues to grow at a rate of approximately 1.1% p.a (eThekwini, 2016).

eThekwini like every other place in South Africa's current shape and spatial pattern is a result of the apartheid legacy. The revers mode of densification along with the business and residential expansion further out of the city centre has resulted in a spatial pattern and urban form that is inefficient, inequitable and contributes to urban sprawl (eThekwini, 2015).

In terms of ratable business and commercial (2.93%) and Industrial (1.37%) properties they only add up to 4.3% of the properties within the municipal area relate to business and commercial. The municipality intends to grow the rates base, by increasing the number of business, commercial and industrial properties (eThekwini, 2015).

Thus the municipality recognizes the need to change policy in terms of the municipality's land policy with a shift from housing to economic development (eThekwini, 2015). This shows that the municipalities recognise the need to attract and influence business. Property investment in eThekwini Municipality which is based on the building plans passed in 2011; show that many of the plans passed were business related and very few are for residential purposes, as reflected in the table below (Harrison, 2014).

Table 2.1: Building Plans Passed in eThekwini in 2011

	Residential	Retail	Office banking	Industry and Warehousing
eThekwini	8.1%	10.6%	18.3%	20.6%

Source: (Harrison, 2014)

In terms of spatial distribution of these investments reflect that 57% of the approved building plans for office and banking lies on the northern parts of the City, 61.5% of the retail lies on the outer west of the City, majority of the new office developments have been taking place along Umhlanga Ridge on the former sugarcane fields (Harrison, 2014).

2.9 ETHEKWINI SPATIAL DEVELOPMENT FRAMEWORK

The eThekwini SDF is of strategic nature it is meant to guide the distribution of land uses in space to ensure that the vision, goals and objectives of the municipal IDP are achieved (eThekwini, 2015). The municipality developed a 20 years and beyond SDF which makes it a long term plan, this plan is revised every 5 years as per the IDP cycle (ibid). The municipality indicates in its SDF that it contains data that is current and presents the realities, trend and spatial issues of the municipality and how these relate to one another, this makes the data useful and applicable (ibid).

The eThekwini SDF highlights the main benefits of the SDF and the three which are applicable to this study are as follows:

- It provides guidance to both public and private sector investment, thus it makes it easier for investors to know where to direct their investments.
- It serves the purpose of a framework for plans that come after it as per the packaging of plans i.e. local area plans, functional area plan, precinct plans, nodal regeneration plans, density strategy, a detailed scheme and it forms the basis for a number of Land Use Management Systems.
- It presents visually the desired spatial urban form of the municipality from short to long term.

The eThekwini IDP and SDF are critical council documents which provide the overall vision, status quo of the municipality and the areas where the municipality intends to spend its budget and their long term plans for the municipality (eThekwini, 2015).

The spatial development framework, presents all this information hence it is said that it is the spatial representation of the municipal long term vision. Cohen (2000) refers to the council vision as being the marketing tool of the City and further states that this vision is no different from the marketing plan developed by the private sector. The critical information that is contained in the eThekwini SDF which is very useful for business includes demographics, land ownership, land form and land usage, environmental sensitivity, settlement and economic activity distribution, accessibility and transportation, social facilities, services and infrastructure.

2.9.1 DEMOGRAPHICS

Business location is very much linked with the market it will serve, and if it want to serve a market within the same boundary it is located in it is critical to know the demographics of the area. Population and demographics become more important in this sense. Kotler and Keller (2012) break this down to the following data; population growth, population age mix, ethnic markets, educational groups, households patterns, income distribution. eThekwini municipality has provided an analysis of the demographics of the municipality this information includes; population and population projections for 10 years (reflecting annual population estimates from 2012 till 2021),

the population concentration (as per the municipalities planning regions), age profile, gender profile, employment profile, education profile, income profile (household and individual), migration and urbanisation trends (eThekweni, 2015).

It is important to track the changes in demographics over time as this can have a huge impact on location of a business. Labour has been dubbed the main factor in business location, thus knowing how the skill levels have changed over time and how it might change in future is important. This is also highlighted by Cohen (2000) who argues that a decrease in the level of skill in an area makes the area less or unattractive to businesses that are looking for skilled labour and encourage more businesses to leave the area.

2.9.2 LAND OWNERSHIP AND LAND USAGE

The status quo provide useful data pertaining to land ownership, the SDF however shows public owned land (this land include Municipal land, Parastatal land, provincial land and state land) and land under claims. However private land ownership is provided at other levels but not at the SDF level (eThekweni, 2016).

Critical land form and land usage information is analysed by the eThekweni SDF this information includes, the major land uses, settlement pattern and urban form. In terms of land usage the SDF reflects that 32% of the land is shared amongst residential, commercial/office and industrial land usage (eThekweni, 2015). The economic land uses are located in closer proximity to the N2 and N3 and these are unevenly distributed throughout the municipality and separated from the higher density residential uses (ibid).

The SDF provides a detailed analysis of how settlements and economic activities are distributed in relation to each other throughout the municipal area (per planning region), for example the analysis for the central metropolitan region of the municipality is said to have a clear separation of residential uses from economic uses. Thus there are few employment opportunities where people live, and that economically active residents have to commute. The population projections alongside the densification data made it possible for the municipality to determine areas that are expected to increase in population and density thus the municipality

developing contingency plans to deal with the issue as the eThekwini (2016) SDF states that if the growth patterns are left unchecked they will advance undesired spatial distribution of sprawl.

2.9.3 TRANSPORTATION

Transportation is viewed as one of the elements that inform business location site selection, Kawamura (2001) also affirms that since transportation has been at the fore of business location, this has not decreased it has merely shifted on how it is viewed. Targa, Clifton and Mahmassani (2006) find an association between access to primary highway facilities and the level of economic activity. eThekwini (2016) SDF has provided an analysis of the movement network system, which provides an insight on the state, the types and availability of transport systems with the eThekwini area and further indicated their plans and programmes of enhancing these systems, providing details of the development and upgrades that are to take place. The Systems evaluated and analysed in the SDF include, the public transport system, freight transport system, Air transport system, passenger rail system, non-motorised transport (eThekwini, 2015).

2.9.4 ENVIRONMENTAL SENSITIVITY

In terms of environmental sensitivity, the municipality has Durban Metro Open Space System (DMOSS) layer which is presented in the SDF, the DMOSS layer contains key environmental assets that is supposed to be protected and conserved, the asset include, rivers, lakes, estuaries, grasslands, forests and coastal resources (eThekwini, 2015; eThekwini, 2016). The total coverage of the DMOSS layer is estimated to be around 33%, this is a very large area considering that DMOSS include land that is usually undevelopable (eThekwini, 2015; eThekwini, 2016).

The usefulness of DMOSS is that it informs a landowner or developer early that the property is of environmental concern and should they wish to develop on the land they will have to conduct a more detailed study to assess the potential impact which will be posed by the development and get approval in terms of the municipal scheme and the National Environmental Management Act, 1998, (NEMA, Act No. 107 of 1998) (eThekwini, 2015; eThekwini, 2016).

2.9.5 ECONOMIC ACTIVITIES

Prior to business investment in an area it is critical to know the economic activities of the area to understand how the business will fit in and stand to benefit. The SDF is useful in this sense as it provides an analysis of the spatial economy. It displays the spatial distribution of the municipality's economic activities (eThekwini, 2015). These activities are categorised under industrial development (covering logistic and transport, chemical sector, furniture and bedding, textiles, clothing, footwear and leather and other), freight and transportation logistics, commercial/retails and business development, informal economy, agricultural development, tourism and recreation (ibid). The municipality highlights where these areas are narratively and also illustrates them spatially on a map (ibid).

An analysis is provided for some key major projects that will take place in the municipality, and have the potential of impacting on the overall municipal economy. These projects are catalytic in nature and can bring about spin offs on other businesses (eThekwini, 2016).

2.9.6 SOCIAL FACILITIES – QUALITY OF LIFE

In recent years studies have shown that some businesses are now prioritising areas where there are social facilities as these help attract employees (Kimelberg and Williams, 2013). In this regard the SDF has looked into the social facilities within the municipality (Kimelberg and Williams, 2013). The analysis of the social facilities looks at the availability and backlogs of facilities like; health (hospitals and clinics), fire protection and emergency services, police, education (schools and libraries), sports and recreation, social grants areas, cemeteries and government offices (eThekwini, 2015). As other elements covered by the SDF these facilities are presented spatially and areas where the municipality will provide these facilities in the near future are highlighted (ibid).

2.9.7 SERVICES – QUALITY OF LIFE

Services are important to business as they are to the municipality, thus the municipality has to keep track of the level of service within the municipality.

Legislation mandates the eThekweni municipality to eradicate service backlog thus it is critical to continually keep stock of the backlog and know where services are required. This information is then critical for business as they know what type of services will be required by their type of business and will need to determine if these services are available or if they will be made available in the near future. The services that are analysed in the SDF include, water and sanitation, solid waste, electricity, telecommunications (eThekweni, 2015; eThekweni, 2016).

2.9.8 THE LONG TERM VISION OF ETHEKWINI MUNICIPLAITY

One of the key elements of the SDF is the spatial proposals. These proposal are built around the key structuring elements which include; the identification of hierarchy of roads, transport corridors and nodes in order to promote accessibility and the efficient movement of people and goods, the identification of areas where economic growth and investment will be pursued, the identification of future growth areas and where to direct growth in a sustainable manner (eThekweni, 2015).

The SDF also highlights the main investment priority of the municipality which is the port expansion and back of port redevelopment and goes further to identify other key priority projects (eThekweni, 2015). This also reflects the proposed transport linkages and major road infrastructure proposals for the main investment priority (ibid).

Targa et al. (2006) found that roads with higher functional form and capacity are likely to be more influential in the location and relocation decisions of businesses. In addition nodal development is associated with agglomeration, as it wants development to move away from sprawl which was the influence of the apartheid regime and seek to promote densification for residential and scale economies for business. According to eThekweni (2015) economic nodes and corridors help to provide an effective distribution network for a range of economic opportunities.

Thus the municipality saw it necessary to identify the nodes and corridors. Nodes and corridors are linked to opportunities in certain centres and also along certain routes, these nodes and corridors are categorised or classified as per their role and significance. As a results the economic development nodes are identified as per their hierarchical importance; the nodes are identified as follows;

- a) The metropolitan node; this node is the key economic centre where all of the varieties of economic sectors are prevalent and perceived to have good potential to be further expanded on.
- b) The sub metropolitan node; these nodes provide economic support at a metro and local scale they can vary from having a variety uses (residential, retail, commercial, business, public transport interchange, specialize logistics services).
- c) The urban node; these are well located lower order nodes serving the needs of local areas. These nodes are located at transport interchanges and or at the intersections of development spines. Their role is to provide essential day to day commercial needs and social and commercial services).
- d) The investment opportunity areas; these areas provide opportunities for new investment, must be targeted for the encouragement of private sector involvement, must be easily accessible to major public transport routes.
- e) Other nodes include the rural service nodes, rural investment node, industrial node, tourism and recreational node.

The municipality further indicate narratively where these nodes are and also map these areas so that they are reflected spatially e.g. the metropolitan node is said to be in the City Centre/CBD, and the industrial node is in Cato Ridge, Harmasdale, Tongaa/Inyaninga, Cornubia, Port, Umbongontwini (eThekwini, 2015).

Over and above the identification of these nodes the spatial development framework identifies strategic investment areas to help prioritise and guide development initiatives to be located in areas where the greatest impact and positive spin-offs from a city wide scale can be achieved. The strategic investment areas are identified as follows: the port of Durban, Illovo, back of port, Dube Trade Port, Cato ridge, south Durban basin, iTrump inner city regeneration (eThekwini, 2015).

2.10 ALIGNMENT OF LOCATIONAL FACTORS AND THE SDF

Table 2.2 SDF and Location Factor Link

Theoretical findings: Business locational factors	eThekwini spatial development framework data
Accessibility and quality of transportation	<p>Evaluated and analysed, the public transport system, freight transport system, air transport system, passenger rails transport system and the non-motorised transport.</p> <p>Identified corridors by showing the significance of routes.</p>
Access to labour, Demographics, Access to customers	<p>Demographics are presented in the SDF.</p> <p>The evaluation and analysis of demographics including ten year projections can to some level assist in assessing the customers or potential customers in the area.</p>
Agglomeration	<p>Economic activities and land usage, though cannot give a thorough analysis as this can be provided better by the lower level plans but this data can provide assistance by guiding towards the area which can be targeted before going to the finer findings which will need to be searched beyond the SDF.</p>
Availability of land	<p>The SDF has provided information pertaining to land ownership (however this is not to the level of individual ownership, but it is broad categories) and land usage.</p>
Availability of services	Social facilities and services
Quality of life	<p>Social facilities are reflected in the SDF it shows existing and future. This information is presented spatially.</p>
Geographical location: availability of land, climate	<p>This plan is at a strategic level and does not provide this level of information</p>

2.11 THEORETICAL FRAMEWORK

Location of firms has been questioned by a number of researchers whose aim was to determine the reasons behind location (Vlachou and Lakovidou, 2015). The most notable writers and theories on this topic are:

Von Thünen who looked at land use patterns around villages and concluded that location is influenced by transport, cost of commodities and labour (Vlachou and Lakovidou, 2015). Christaller and Lösch later looked at the central place theory, where location of services in a central area is surrounded by a rural/agriculture whereby they both support each other. Christaller came with two determining factors for location these are the range which is the maximum distance prepared to be travelled to obtain a service and the threshold which is the minimum number required to support the business (King, 1985). Lösch began at a level of one economic activity, and took it further to the level of demand and competition (King, 1985).

Marshall and Weber, their theory looked at agglomeration economies or economies of agglomeration which are the costs saved in production by locating factories close to one another where they can share costs or sell to one another whereby they save transport costs (Webber, 1985; Vlachou and Lakovidou, 2015).

Behavioural theory which indicated that location should also consider internal factors of a firm, this approach argued against its predecessors and stated that they too focused on profit maximisation, and saw that this needs to be substituted by satisfaction behaviour (Pellenbarg, Van Wissen and Van Dijk, 2002; Ghita, Scarlat, Santo and de Barros, 2013). Pellenbarg et al. (2002) argue that this theory is skewed more to relocation than location.

Later there was the introduction of the institutional approach which indicated that the previous approaches did not consider the decision making being in an active environment. Firms operate in a social space with cultural and value systems. Damborsý, (2007: 167) defines institutions as “a social arrangement or a rule that regulates the relationships between individuals and between social groups”. Thus while looking at the behaviour of the firm, consideration also need to be given to the

social and cultural context where this behaviour is implanted. In this space firms have to interact with a number of stakeholders including government (Pellenberg et al., 2002).

Government is one of the important institutions in influencing the behaviour for location or relocation of firms. This theory notes zoning as one of the governmental factors that facilitate location or relocation (Pellenberg et al., 2002). The development of zoning is informed by the SDF since the Spatial Planning and Land Use Management Act (2013) requires an SDF give structure to the land use management scheme (zoning) for a municipality. Zoning is the regulatory level, which ensures that the right amount of land for every land usage is in the right place and is located on a site that is suitable for each land use, it ensure harmonised land usage (McConnel, 1981).

The approach states that attention should be paid to institutional factors like the various types of government policies and programmes (Pellenberg et al., 2002). This approach is the most relevant theory to this study as the study focuses on the use of government policy and plans as a guide to business location decisions.

2.12 CONCLUSION

Business location has been seen to be a very important factor in the strategic decisions made by businesses. These decisions are influenced by a number of factors which are deemed important by a business. These locational decisions are not being made in a vacuum but they are being made in areas falling under the jurisdiction of a municipality. In managing their areas of jurisdiction municipalities develop a number of policies and frameworks which seeks to monitor and guide development within their area of jurisdiction. One of the tools developed by municipalities is the spatial development framework whose major purpose is to guide and inform investors, by presenting current land information and the desired spatial form.

This chapter also discussed the factors that inform business location, the knowledge of the SDF and level of interaction between business and government, spatial planning, SDFs and the eThekweni SDF. Literature has shown that spatial

development frameworks are important for guiding and monitoring development in the area of a municipality. This development includes business developments (inclusive of location/relocation). The benefits of these frameworks were outlined including how they can benefit businesses.

It is apparent from the literature that it is important for business and government to interact to increase knowledge and use of the SDF which will benefit both business and government in the long run. There are mechanisms in place which seek to foster this interaction but there is still a deficiency in interaction between these two bodies. This limited interaction means that there is also limited use of government plans by business including the SDF.

The following chapter presents the research methodology that was used for the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter presents the research methodology that was adopted for this study; the research approach chosen was qualitative in nature. The study was based on business research which Bryman and Bell (2011) describe as an academic exercise where research is conducted on topics that look at the business and management field with a social science aspect in it. Thus this study aims to determine the relevance of spatial development frameworks in business location, this entails determining the main locational factors that influence business decisions. In establishing this, the study required interaction with different businesses in the eThekweni municipal area, this exercise involved data collection.

The research methodology chosen was critical in the research as it defined how the research is conducted, in choosing a research methodology it is important to examine the study to be conducted to ensure that the right methodology which will yield the required result is utilised. For this research the qualitative method was adopted as the study required an in-depth understanding of how businesses make location decisions.

Zikmund, Babin, Carr and Griffin (2013) state that sampling is a very important aspect of business research which needs to be examined vigorously. This study took serious consideration in evaluating and adopting a nature of sampling for this study. Ethical issues were also considered in the process of the research in order to ensure that the study does not impede on the rights of participants.

3.2 RESEARCH DESIGN

3.2.1 QUANTITATIVE RESEARCH

Quantitative business research is described by Zikmund et al. (2013) as a research that seeks to address the objectives of the research by making use of practical assessments that are measured and analysed numerically. Thus quantitative

research is focused on numbers. The quantitative method relies on questionnaires that require self-response and are structured. Thus for this study it was not relevant to know the numbers but to get participants' actual perceptions.

3.2.2 QUALITATIVE RESEARCH

Qualitative research is based on the use of words more than numbers or quantification when collecting and analysing the data (Bryman and Bell, 2011). Zikmund et al. (2013) and Golafshani (2003) describes it as a research which seeks to address the objectives of business by using methods that gives the researcher room to be expansive on his/her interpretation of what is happening by not making use of numerical measurements, it seeks to discover a deeper meaning to a phenomena and get new understandings by not influencing the phenomena being questioned.

The qualitative method is not as structured as the quantitative method, it is dependent on the researcher who has to get the meaning from an unstructured response from a respondent thus s/he derives the meaning of the data collected and translates it to information (Zikmund, et al., 2013).

Qualitative research focuses on stories, visual portrayals, meaningful characterisations, interpretations, perceptions and other expressive descriptions (Zikmund, et al., 2013).

3.2.3 CHOICE OF RESEARCH METHOD

There are different views about which research method yield best results, Zikmund et al. (2013) argue that both methods can accomplish objectives which the other cannot. So in making a choice between the two is not about the superiority of one over another but need to consider the advantages and disadvantages of the methods and then ensure that the right one is used in the right context (in terms of research) (Zikmund et al., 2013; Rose, Spinks and Cahnoto, 2015). Some researchers make use of both methods as Bozas (2011) in his study indicated that the use of combined methods increases the level of insight extracted from the research.

The typical steps in qualitative research entail the generation of theories rather than the testing of theories that are specified in the outset (Bryman and Bell, 2011). Since measurements are not a big part of qualitative researchers the issue of validity would seem to have little bearing on such studies.

The research methodology adopted for this study was of a qualitative nature, it is based on the principle of constructive composition of information; this study or research is concerned with problem solving while also seeking to give solutions as an interchange or interaction between theory and practice and reaches a deeper epistemological level of knowledge creation. The study relied on investigative innovations. The main purpose of using the constructivist research approach was to solve the real world problems through a new construct that will make both a practical and theoretical contribution. Primary and secondary data were obtained.

Secondary data research used consists of literature review of business site selection/location and development and spatial planning fundamentals, government policies, laws and documents. The primary research involved visitations to sites, look at provincial, national and international practices and plans and also include interviews with people in strategic roles/management and have an active role in business location decision making process. The primary data collected was to answer the research questions (Rose et al., 2015).

The rationale for using the qualitative method was informed by the issues highlighted by Zikmund et al., (2013) and are broken down as follows;

- The study sought to get a deeper understanding of motivations or on developing novel concepts.
- To gain further insights and crystalize the research problem.
- Seeking to determine an understanding of some phenomena in great detail and in much depth (want richer information).
- The objective of the research was to determine how decisions are made naturally without any interference, so that improvements processes can be identified.
- Qualitative research produces many product and process improvement ideas

- Qualitative research can yield unique insights, many of which may lead the organisation in new direction.
- When the researcher has limited experience or knowledge about a research issue, exploratory research is a useful step (bearing in mind that exploratory is usually qualitative as they often do not produce quantitative data, thus many exploratory research designs produce qualitative data).

It was critical for this study to obtain the factors that inform business location. Thus another important factor which informed the research methodology is the notation given by Kimelberg and Williams (2013) who assert that interviews are a good way of obtaining these factors as they give more room for flexibility and gathering more details on factors that influence business location.

3.3 STUDY LOCATION

The study was based within the boundaries of eThekweni municipal area. The reason for choosing this area was that it is located in KwaZulu-Natal which was convenient for the researcher in terms of accessibility. This was also based on the fact that this municipality is the only Metropolitan municipality within the province which contributes the highest in terms of gross domestic product (GDP) and has the highest number of revenue generating businesses.

3.4 SAMPLE SIZE

Convenience sampling was used to identify the respondents for the study; due to the difficulty to obtain willing participants in the study, participants were therefore selected based on their willingness to participate and their availability (Zikmund et al., 2013). Convenience sampling is non-probability sampling method, it is based on ease of access/reach of the respondents (Zikmund et al., 2013). The Durban chamber of commerce and industry was the main source of data for respondents/the population. The sample which Zikmund et al. (2013) describe as a portion of the larger population sourced from Durban chamber of commerce and industry based on the ease of access to the respondents (people closer and available) and their willingness to participate.

Adam (2012) indicates that location decision making requires the involvement of appropriate personnel in decision making process since this is a core strategic decision made by a firm, thus for this study the participants targeted are business owners, management, professionals who participate have knowledge which relates to the topic being researched.

The study hoped to gather a minimum of 15 respondents but due to unforeseen circumstances like companies pulling out at the last minute and non-willingness to participate this did not happen. Time and resources were not available to wait for the availability of other respondents and continuously contacting them to check their availability. Sample size in qualitative research is better informed by the time given to the study, accomplishment of all the objectives and the resource available to do the study (Marshall, Cardon, Poddar, Amit and Fontenot, 2013). The Study objectives were indeed covered with the respondents interviewed for the study.

The sample size for this study was 6 companies within the eThekweni municipal area, the size was accepted on the premise that literature indicate that the number of participants/sample can range anything from 5 to 50 (Dworkin, 2012). Literature also notes that there is no standard sample size or mathematical quantification of the sample size in a qualitative approach (Dworkin, 2012; Trotter II, 2012). The companies that participated were as follows; engineering and environmental consultants, manufacturing, property developers, mechanical automotive retail, fast food restaurant, medical service. These companies were chosen based on their willingness to participate in the study and their availability. Respondents were recruited over a period of 7 months and the data was collected over a period of 3 months, because different companies/ individuals were interviewed in different days. This prolonged process of recruitment and data collection was due to the non-willingness of participation, unavailability and last minute drop out.

To the satisfactory of the study however it was realised that the key areas were covered through the in-depth interviews which took longer than the anticipated time of 30 minutes, to up to 3 hours. Thus rich data was extracted from the respondents and there was a level of repetition in findings and no new themes or concepts were being discovered which makes it safe to say that saturation level was reached (Trotter II, 2012).

3.5 QUESTIONNAIRE DESIGN

The research tool used was an interview schedule with open format questions/open ended questions (qualitative questions) i.e. it gave the respondent the chance to express their views in a manner that is free flowing. The respondents were free to provide answers that s/he felt were correct. The data from these open ended questions were to be true, insightful and there were unexpected suggestions.

3.6 FIELDWORK

The study was based on qualitative interviews. A list of companies interviewed was constructed and the potential participants were contacted either telephonically, email, or met face to face in order to request an interview based on their accessibility and their willingness to participate. This process was followed until a number of all willing participants was reached however some of the participants who confirmed their willingness and availability pulled out of the interview either few days before the interview or on the day. Prior research of the companies who were willing to participate was done thoroughly to ensure smooth communication with the participants.

The participants were contacted and an introduction made and the academic institution's name provided (Cooper and Schindler, 2003). Then the participants were given a detailed explanation of the study, its purpose and the estimated time the interview would take of which they provided a gatekeeper's letter to access their organisation. Meetings were then arranged to meet with the participants for face to face interviews (Cooper and Schindler, 2003).

Every individual who participated in the study was given the opportunity to consent to their participation and every measure was taken to ensure that they are protected, this include their right to remain anonymous and confidential. Adam (2012) and Kimelberg and Williams (2013), argue that since the decision of a business location is a strategic decision with long term implications it is important to get the right people (decision makers) to make this decision.

Thus for this study the individuals who were interviewed were those in management position and involved in strategic decisions of their company. The reason for interviewing them was to gather the factors that influence their location decisions and to gather feedback how they viewed municipal development/spatial plans and how they may impact their location decisions.

3.7 RESEARCH ETHICS

Ethics is a very important component in research it is defined by Sekaran and Bougie (2010) as a standard or behaviour guidance when undertaking research. In ensuring that the study is ethically appropriate during the interviewing process, the issues that were identified in Bryman and Bell (2011) were considered and adhered to these issues are briefly:

- ensuring that the participants were not harmed be it physically, psychologically or future.
- obtained informed consent participants were then given a consent letter to sign which gave them the right to stop the interview should they feel that their rights are being impeded on; this was to ensure fully voluntary and comfortable participation, they were also informed verbally that should they feel uncomfortable at any point they can halt the study.
- participants were informed that the interview is confidential and anonymity will be ensured this is to ensure that the participants privacy is not invaded; and
- on the day of the interviews the participants were informed of the study in detail to ensure that they understand the study and its intention based on the assumption that some of the participation will not know what the spatial development framework ad spatial plans are. The study was described as for its true sense and it was ensured that participants were not deceived they answer according to what the study is about and not what they have been made to believe.

During the interview the participants were given a copy of the questionnaire which they could refer to while being questioned, permission was requested to start with the interview, participations were then asked questions guided by the drafted questions and further questions were provoked by the responses given by the

respondents (Cooper and Schindler, 2003). The responses from the interview were captured by taking notes and also through audiotaping (permission was requested from the participants for audiotaping) (Creswell, 2014).

3.8 INTERVIEWS

A semi-structured interview process was utilised for this study in order to obtain information from participants. A list of open-ended questions were designed to assist in guiding the interview process and the responses, without anticipatory fixed responses, leaving room for flexibility in going beyond the set questions and also asking and answering questions which were not in the initial questionnaire (interview schedule) yet provoked by the responses and the direction taken by the interview (Bryman and Bell, 2011). This would provide rich information that is not limited to the perceptions (Bryman and Bell, 2011). The research instrument used for this study is attached as appendix three. The data source i.e. the names of respondents or company represented are not included in the findings for the purpose of ensuring the ethical issues of anonymity and confidentiality.

3.9 BUSINESS LOCATION OF RESPONDENTS

All the respondents have businesses that operate in the eThekweni area either as the head office or as a branch; this was the intention of the study as this was the targeted study area. Some of the businesses however expand their operation beyond the boundaries of eThekweni, the province and national level hence respondents were guided to focus on the operations within eThekweni even though reference and comparison was being made of other business interest that are outside the boundary of eThekweni or even beyond the boundaries of South Africa.

3.10 RELIABILITY, VALIDITY, CREDIBILITY AND TRUSTWORTHINESS

Irrespective of the approach chosen for a study, the study has to be validated for credibility. In the qualitative study the credibility is dependent on the capabilities and the efforts brought in by the researcher (Golafshani, 2003). Reliability is usually utilised to test in a quantitative research, this idea is however used in every type of research. In qualitative research the concept of reliability is to test the quality of the

study by spawning understanding. Many writers argue against the testing reliability in qualitative studies, while others see the need to test check and measure a study. Some writers suggest that validity is left to the perception of the researcher. Thus many researchers used their discretion for defining validity (Golafshani, 2003).

The validity of the study lies in the trustworthiness, quality and rigor of the research (Bryman and Bell, 2011). This was made possible by the nature of the study due to the independence of the study not seeking to influence and direct the study for any hidden or obvious reasons. The participants chosen were of no relation thus there was no biasness in response. The study was not funded by any organisation or individual thus it did not need to seek to serve any interest apart from the intended objectives of the study (Viswanathan, Ansari, Berkman, Chang, Hartling, McPheeters, Santaguida, Shamliyan, Singh and Tsetsvadze 2012). Biasness was also dealt with by diversity in the sample, representatives were from different company types/industry, also companies that participated were in different regions of the municipality (regions were not outlined in the findings as it may compromise anonymity of the respondents).

In order to ensure validity the researcher adopted the triangulation approach at the analysis stage of the research findings; this was done by getting the data being peer reviewed by another researcher at another location and time different to the one of the researcher (Golafshani, 2003).

3.11 PILOT STUDY

A pilot study was carried out by the researcher before conducting the actual research. This was to pre-test the questionnaires before going out to the field. The pilot study involved workshopping the questionnaire with three businesses and three professionals to ensure that they made business and academic sense. The participants from businesses were selected using the same criteria as was for the actual study. The professionals/academia's involved individuals who hold master degrees, individuals who have conducted research on business related issues.

3.12 DATA ANALYSIS

The information gathered from the interviews was captured in writing and by audio recordings. The recordings were later scribed and compared against the notes taken during the interview to ensure that every point and detail was captured before sifting and analysing. The information was then analysed by developing themes that were coming out of the findings. The information was then aligned to the questionnaire to note which question was answered by which theme.

3.13 CONCLUSION

This chapter presented the methodology that was adopted in conducting this research. The study is of qualitative nature as it relied on words rather than numerical analysis. The location of the study is eThekweni municipal area, the sample of six businesses participated in this research. The chapter further provide a synopsis of how the fieldwork process was conducted, the design of the questionnaire and the interviews. The participants in the interview were people in strategic positions and had an impact on decisions taken by the firms.

CHAPTER 4

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 INTRODUCTION

This chapter presents the findings of the study. It covers the findings that were obtained from the semi-structured interview schedule (the questionnaire had 14 open-ended questions); the analysis of the findings categorising them and grouped them into three themes.

The themes were established from the data collected via face to face interviews with different businesses operating in the eThekweni municipality, a detailed methodology of the data collection process has been presented in the previous chapter. To inform the relevance of the information required by the study it was important to determine the type of business, respondent's position and role in business location decision making, last time decision made. The themes developed were as follows; business location factors, interaction with the municipality, understanding and usage of the spatial development framework and the spatial development framework, relevance, benefits and areas of improvement of the spatial development framework.

For ease of reading verbatim responses were not all quoted. Instead most of the responses have been presented in a summary form. Each of the heading represents the summary of the views of each respondent; these responses are linked to the objectives.

4.2 KEY AREAS ANSWERED

Based on the design of the study the following research questions and objectives of this study were answered (these are presented below reflecting the linkage between the research question and the objective):

4.2.1 OBJECTIVES AND RESEARCH QUESTIONS

Objective 1: To determine the factors that influence business location/site selection in the eThekweni area to determine alignment with the . This objective is linked to

research question (secondary question) 1 which reads as follows; what are the main factors that influence business location?

Objective 2: To enquire if business are aware of the Spatial Development Framework and its impact/potential impact on site selection. This objective is linked to research questions 2 and 3 (secondary questions) which read as follows;

- Question 2: Do businesses know of the Municipal Spatial Development Framework and its purpose?
- Question 3: Are Spatial Development Frameworks significant in business location decisions?

Objective 3: To enquire the extent to which businesses consider the Spatial Development Framework when selecting sites for business location and the benefits of using Spatial Development Framework as one of the tools for business site selection. This objective is linked to the primary question of the research and the secondary question (4) these questions read as follows;

- Primary research question: are businesses making use of the municipal Spatial Development Framework in regard to making informed business site selection decision making?
- Secondary question 4: What are the benefits of Spatial Development Framework in business site selection decisions?

4.3 ANALYSIS OF RESEARCH FINDINGS AND THE RESPONDENT BACKGROUND DATA

4.3.1 TYPE OF BUSINESS

As an introductory question, respondents were asked to first indicate what kind of business they are in, this question was asked so that the subsequent questions can be linked back to the business type. All six respondents were from completely different business backgrounds (different professions, practice, expertise, and business size, turnover) this was good for the study as it gave a diverse response and knowledge base of the content of the research. The main important issue of this was that the exposure of business to situations is not homogenous and the usage of

policies is not the same. So the more diverse the businesses that participated in the study, the more the study get to obtain different understandings and proposals.

The businesses who participated in the research were engineering and environmental consultants, manufacturing, property developers, mechanical automotive retail, fast food restaurant and medical service they were all operating in different locations of the eThekweni Municipality (operations within the inner city, outer regions and the periphery).

4.3.2 RESPONDENTS POSITION AND ROLE IN BUSINESS LOCATION DECISION MAKING

Respondents were asked about their position within the company and also to indicate and clarify their role in the process of the business location decision making. This was necessary so that the intention of the study of interacting with decision makers is achieved, as they were deemed to be the key individuals who will provide information that is relevant to the company and its location informants. This was to limit the probability of getting answers which are based on assumptions and not practiced.

Kimelberg and Williams (2013) indicated that surveys and interviews rely upon the knowledge and memory of the respondents of the decision on business location, thus it was important to obtain the right people who have the right knowledge. The participants were people in strategic positions who partake in the decisions of location. This was also done in order to avoid the dilemma that (Ellingson, 1999) respondents find themselves faced with when making location decision. The following table presents the position and the role in the decision process of the respondents.

Table 4.1: Role in Decision Making

No	Business type	Position	Role in decision making	Gender	Race	Age Group
1	Engineering and environmental consultants	Principal (unit head)	Feasibility study	Male	White	45-50
2	Manufacturing	Director	Strategic planning	Male	Indian	60-65
3	Property developers	Director	Feasibility study	Male	White	45-50
4	Mechanical automotive - retail	Director	Administration	Male	White	45-50
5	Fast food restaurant	Financial manager	Administration and finance	Female	White	40-45
6	Medical service	Director	Makes all location decision	Female	Indian	35-40

All six respondents as shown in table 4.1 are in management position, and have an influential role in the business location decision making process in one way or the other thus they have knowledge of what informed or informs their business location. They have also played and continue to play a key role (for those with multiple locations and who's business depend on constant location and relocation of business) in the business location decision making process.

Upon approaching companies requesting to conduct the study (after explaining what the study entails), the first person referred to for participation was a person in a management. This move provided the researcher with an idea that even within companies irrespective of role, it is understood that it is the people in management position who are more suitable to partake in this kind of survey. This then led to the conclusion that it is known that they are more informed of the locational factors due to their position and influence in strategic decision making.

4.3.3 LAST TIME DECISION MADE

In order to determine the relevance of the decisions made when locating the business it was important to denote the time factor. Relevance of any information is

always linked to time because over time situations change and the way of doing things also change. This is also the with business location because with evolution there will always be an influence on factors that inform business decisions.

Thus to keep guard of this factor it was then deemed necessary to determine when was the last time the business and the involved individuals participated in a business location decision process. The timeframe that was desired for the last time that a location decision was taken by participating businesses was five years. If a decision was taken in the last five years it was then considered to be current. The table below shows the last time (in years) a decision to locate or relocation was made.

Table 4.2: Last Time a Decision was Made

Business type	Last time a decision was made
Engineering and environmental consultants	2013
Manufacturing	2006
Property developers	2015
Mechanical automotive - retail	2014
Fast food restaurant	2016
Medical service	2014

The findings for this study should be considered to be informed by current factors which makes them relevant as most of the respondents made location decisions within the past three years (which is within the five year timeframe) and only one being over five years. The fast food restaurant deals with franchising and the franchiser was interviewed thus they make business location decision every year thus their last decision was made this year (2016). The property developers also deal with large scale developments and for their investment purposes have to make location decision frequently thus they made their last decision in the previous year (2015).

The engineering and environmental engineering and environmental consultants' decision was that of relocation, they were operating in another area and decided to relocate in 2013. The mechanical automotive retail is part of a franchise and the franchisee was interviewed and had just recently located (2014). The medical service has medical practices which are solely owned thus and the last decision to

locate another practice was in 2014. The manufacturing firm bought a property which they were to operate in; in 2006 which is the year they decided to locate in that area (ten years ago); although they are outside the five year timeframe they did indicate that the initial factors were still relevant.

4.4 ANALYSIS OF INTERVIEW AND DISCUSSIONS OF FINDINGS

The responses from the interview schedule were analysed by arranging them thematically. Three themes were developed and the themes were as follows;

- Theme one is the business location factors.
- Theme two is the interaction with the municipality, understanding and usage of the spatial development framework.
- Theme three is the relevance, benefits and areas of improvement of the spatial development framework.

The interview schedule responses are reflected under the themes.

4.4.4 THEME ONE: BUSINESS LOCATION FACTORS (RELEVANT TO OBJECTIVE 1)

In understanding how businesses locate and to determine the linkage between the municipalities location needs and how this is dealt with by municipal plans it is important to know the factors that business consider when choosing areas to locate their business. All the respondents noted the importance of making a good location and noted that should an improper location decision be made then it will strain the business financially and can lead to closure.

The respondents highlighted that they strive to choose the best possible locations which will ensure that they are able to make profit. The property developers also indicated that they want locations where they can practice social responsibility by giving back to the communities, although this is not the primary issue of the location but it is a by-product of the selected location.

On choosing a location respondents indicated that it took them between eight months to five years (from the time they decide to locate to the time of actually locating and starting operations) depending on the type of business they are in, the

reason for this is the processes involved which include other external role players and also ensuring that the processes are done correctly and the location is actually feasible in the long run. Below is a table that captures the factors that are considered by the different business when choosing a business location.

Table 4.3: Business Location Factors

Business type	Location factors/informant – key draw/pull factors	
Engineering and environmental consultants	Primary	<ul style="list-style-type: none"> • Accessibility: Through road (mainly public transport) and air.
	Secondary	<ul style="list-style-type: none"> • Proximity to client base • The area matches the image of the company (within a precinct that has similar branding and level service) • The level of office space grading • Rental Costs
Manufacturing	Primary	<ul style="list-style-type: none"> • Accessibility (staff public transport, proximity to amenities)
	Secondary	<ul style="list-style-type: none"> • Building costs • Availability of services
Property developers	Primary	<ul style="list-style-type: none"> • Natural Features (mainly water features i.e. rivers, lakes and sea)
	Secondary	<ul style="list-style-type: none"> • Accessibility (Road, Rail, Air) • Product Market Space
Mechanical automotive – retail	Primary	<ul style="list-style-type: none"> • Access (Main Road Locality)
	Secondary	<ul style="list-style-type: none"> • Proximity to customers • No competition in the area • Hometown
Fast food restaurant	Primary	<ul style="list-style-type: none"> • Feed, a place that has enough people and enough cars driving past that section
	Secondary	<ul style="list-style-type: none"> • Accessibility: place to be easily accessed by consumers • Potential market of the product • Proximity of the nearest outlet (shouldn't be too close to each other to a level of driving one out of business or detrimental to its bottom line – more of a brand rather than individual competition)
Medical service	Primary	<ul style="list-style-type: none"> • Foot traffic (it is easy to get customers who are travelling by foot and this is achievable by locating in a shopping centre where there is another business/shop that attract customers e.g. grocery store)

Business type	Location factors/informant – key draw/pull factors	
	Secondary	<ul style="list-style-type: none"> • Retail space • Proximity to the nearest service of same nature (seek locations further away from other practices of the similar nature)

All businesses were asked to identify their primary location factor; this was asked in order to distinguish between the most important factor and the secondary factors, the most important factors are accessibility, access to customers or client base and very unique factor is the natural features which were highlighted by the property developers, who concentrate a lot on estate and hotel developments.

In their feedback with regard to the main factors that inform their business location none of the respondents highlighted that the municipal plans and specifically the spatial plans (what the municipal plan says of the area) play a role in choosing a location for their business. The use of the plans is only highlighted by others once they were questioned about them. This shows that municipal plans are not rated as a priority when making business decisions.

Labour which was viewed as an important factor by other studies which include the work of Dogan (2012), Eickelpasch et al. (2016), Fedmann and Olhager (2013), Kimelberg and Williams (2013) and Mejia-Dorantes et al. (2012) was seen by the property development firm as a minuet issue to influence business location as a factor, they viewed the availability of labour as not an issue because workers can always be imported from anywhere where they are available. This view of the property developer is similar to Storper’s (2010) who indicated that labour will go to where firms are in circumstances where business is not located where labour is.

The manufacturing firm indicated that: “The reason we prefer accessibility is because we wanted a convenient location for staff that use public transport to ensure punctuality to work thus maintaining production standards”. They also highlighted that they preferred to have access to different facilities easily i.e. banks and other institutions, and the accessibility to key transport facilities as many of their materials are sourced from overseas.

4.4.5 THEME TWO: INTERACTION BETWEEN BUSINESS AND THE MUNICIPALITY, UNDERSTANDING AND USAGE OF SPATIAL DEVELOPMENT FRAMEWORK (RELEVANT TO OBJECTIVE 2 AND 3)

4.4.5.1 BUSINESS INTERACTION WITH THE MUNICIPALITY

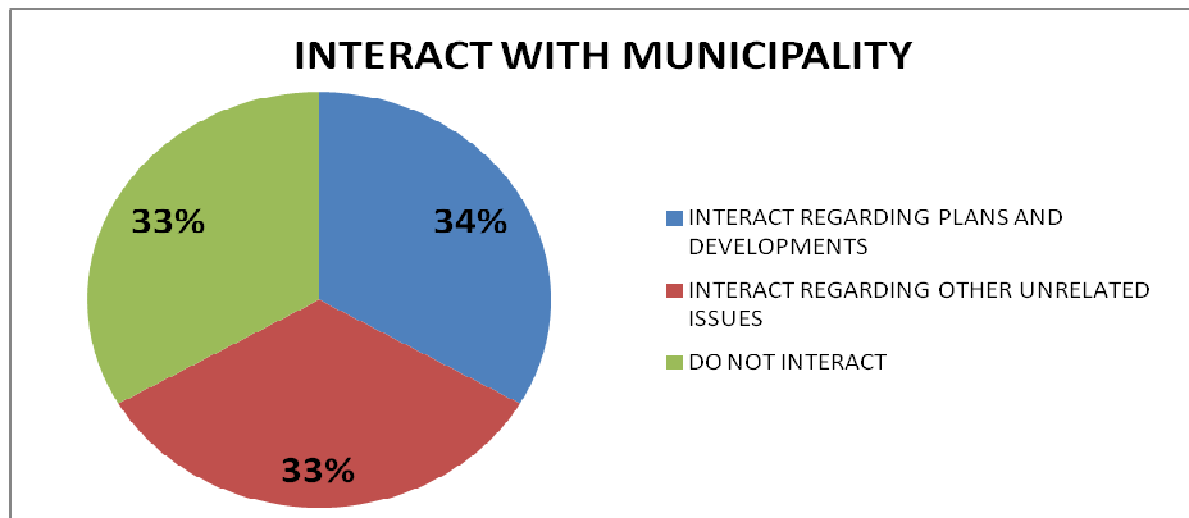


Figure 4.1: Business Interaction with the Municipality

The findings of the theme extracted, showed that interaction between businesses and the municipality with regard to spatial planning depends on the type of business and understanding of the impact and implications of the municipality on the business. This was evident from the responses which revealed that consultation and interaction with the municipality was mostly done by the companies that have an understanding of the impact of the municipality upon their location. The engineering and environmental consultants and property developers were the ones who had some level of interaction with the municipality.

The engineering and environmental consultants, since their primary work deals with the development of land i.e. construction and provision bulk infrastructure, and their main client is the municipality had constant contact with the municipality as they need to know at all times what the municipal plans are. Thus when taking the location decision there was no need to interact with the municipality as they knew the plans of the municipality and the other municipal issues were dealt with by the landowners since the land/building is being rented.

The property developers revealed that they interacted with the municipality with regard to their development and plans but for them it does not end there, they also interact with government as a whole because as a business that deals with land issues they have a greater need to understand a number of land issues which include; property rights (land rights include the enquiry if land is under claim since most of the land bought for development is agricultural land and as it is known that a number of farm areas or agricultural land is under claims) and know which land is developable amongst other issues.

The property developers indicated that: “The sphere of government to be considered and interacted with is determined by the size of the project to be out rolled, if it is large scale it needs to be taken to the national level to seek alignment with the national plans especially the National Development Plan (NDP) (so that the project can be put on the map) and provincial if it is of a medium or small magnitude and the local authority/municipality is consulted once the other spheres of government has been consulted to get their feel on an earmarked space”.

For property developers interaction with the municipality helps understand what is where and be able to see what is planned for in the future. It also gives insights into understanding what type of land is situated where (between areas) and then plot a plan of what time the other developable areas come in line.

Constant interaction with the municipality has ensured that there are developments which are now being done and are ahead of every other developments currently taking place (unlocking developmental opportunities). With regard to the relations with the municipality the developers indicated that the municipality goes out of their way to assist where they are expected to help.

The fast food restaurant indicated that they had not interacted with the municipality with regard to the municipal developments and plans, however since the business deals with multiple properties which require interaction with the municipality for authorisation in terms of zoning and special consent, the municipality is thus consulted in this capacity and consulted frequently when required.

For the fast food restaurant it is critical to consult the municipality as it would take much longer to move into a new location and start doing business if they are not consulted (currently it takes between eight to twelve months and without interaction with the municipality it would take anything from two – three years). The municipality has been very supportive and provides assistance as required however the support received from the municipality is moderate as it depends on the individual assisting at that particular time.

From the feedback received from the fast food restaurant it is clear that the consultation of the municipality in this aspect is then merely for legal compliance and not to inform the planning and site selection processes of the company.

Mechanical automotive retail, medical service practice and manufacturing reported that they did not interact or consult the municipality with regard to the municipal plans and developments, because they did not understand the benefits of consulting the municipality and did not see the need to interact with the municipality. The manufacturing firm reported that the only time they interacted with the municipality was when the municipality contacted them to re-evaluate their property rates.

These businesses all reported that they only saw what the municipality planned once construction or development start taking place or when they read about it in the newspapers, seen in the news or heard about it on the radio that a new project would soon take place.

4.4.5.2 UNDERSTANDING AND USAGE OF SPATIAL DEVELOPMENT FRAMEWORK

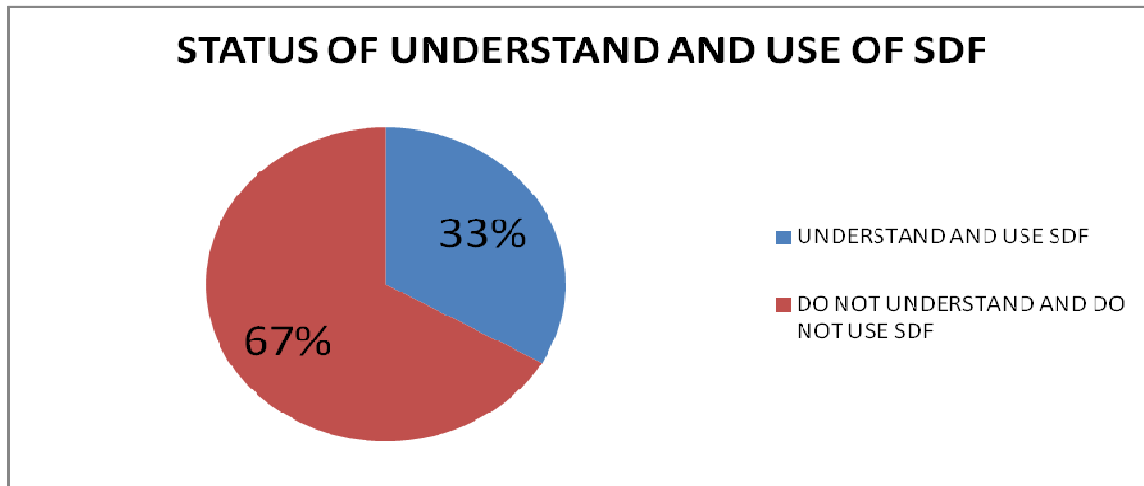


Figure 4.2: Business Understanding & Usage of the SDF

The feedback from the respondents reflected that the Spatial Development Frameworks (SDF) are known to some business and unknown to others. Just as it was reflected in the interaction between business and the municipality, knowledge of the SDF is no different; it is evident that it is dependent on the type of business and knowing the impact that the SDF has on the business in space.

The engineering and environmental consultants and the property developers are the ones who indicated that they had some level of interaction with the municipality, also with the SDF it was these two businesses that reported that they knew and understood the SDF. Thus this showed a relationship between the interaction with the municipality and knowledge of the municipal spatial plans.

The engineering and environmental consultants as mentioned above had knowledge of the SDF; the main reason was that there are studies which were done by the company for the municipality which link to the SDF. It was however indicated that although the plan is known and understood, it was not known in detail. The part of the SDF that was understood well was only for the region where the company is currently located and not the other regions.

The SDF was used by engineering and environmental consultants at the feasibility stages (checking the viability of the locations) of the business location process, with

the use of the SDF it was possible to see that the area where the business is currently located in is a development node (areas to concentrate development) and also the company was able to determine where the public nodes (areas of public concentration) are.

The property development firm showed that it had immense knowledge of what the SDF is as it was imperative to understand the space that they were operating in or going to/might operate in. Thus knowledge of the SDF goes beyond municipal level to understand national spatial structuring elements to ensure understanding of the national footprint. One of the company's facilities is a hotel and a hotel precinct and these facilities have a national footprint, thus it is critical to understand what will happen at a high/strategic level of government in terms of tourism, air traffic, rail traffic, road traffic, new road infrastructure. It is almost impossible to understand what the demand will be for a hotel development without taking into consideration the government plans.

The natural assets are also very important to the business (property development) as indicated the SDF is able to provide this information at a high level with detailed studies having to be done by the company, this part of the SDF is very useful and important as it lays a foundation.

It is also critical to understand what governments/municipalities are envisioning for the next five to six years in terms of planning as these events become very important. Thus understanding of spatial planning is taken from the national level and narrowed down to the provincial then the local level because all the planning has to be done where people are. Thus all location decisions taken by the business is informed by the spatial plans (this includes the SDF) since they inform how things are desired by the municipality to be arranged spatially.

The property development, engineering and environmental consultants and fast food restaurant firms indicated that although the municipalities do not know much of the company's operations and every day business it supported them on what they are expected to do.

Besides the two businesses indicating that they had knowledge of the SDF and made use of the plan, the other respondents from the fast food, mechanical retail, medical service and manufacturing indicated that they had never come into contact with any spatial plans (including the SDF) of the municipality nor had knowledge of any spatial planning and its purpose. They further reported that they also did not know of the planning legislation and that they could influence the shape of the municipal plans by participating in its developmental stages.

Although the engineering and environmental consultants indicated that they had an understanding of the SDF, they also did not participate in the developmental stages of the SDF. The property developers on the other hand indicated that they participated in the development of the plans, their participation and involvement in the spatial plans went up to the level of national plans, where they were able to get one of their projects being recognised at the level of the NDP.

The fast food restaurant, mechanical automotive retail, and manufacturing reported that economic issues of the municipality are important to companies and it is critical to know where economic contributors are located within the municipality. Demographic data was also acknowledged by the firms and that this information was sometimes outsourced from other consultants, the availability of this information in municipal plan can be used to inform location decisions. The fast food restaurant appreciated the transportation information in the SDF as their business is also informed by the feed through an area, thus knowing the road categories and corridors of the municipality was important to the business. The manufacturing firm indicated that for them as manufactures it was also important to have knowledge of the level of services within an area as their operation is dependent on the availability of services as well.

Overall social and spatial issues and informants who are considered by business when locating are useful if readily available and if it was known that it is available these plans would have been used. The manufacturing reported that identification of nodal areas by the municipality was also useful to them and knowing these areas will be beneficial to them when considering areas of expansion.

4.4.6 THEME THREE: RELEVANCE, BENEFITS AND AREAS OF IMPROVEMENT OF THE SPATIAL DEVELOPMENT FRAMEWORK (RELEVANT TO OBJECTIVE 3)

The engineering and environmental consultants revealed that the SDF helps them to understand what is going to take place in the surrounding areas, and gives an idea of what the municipality would like to see and should the municipality push for industrial development in an area then that area is not good for business of this nature, and it would be important to try and avoid that area. Thus it gives the business some direction of what the municipality desires in the neighbouring precinct. The SDF is a useful guidance tool but in finalising the location decision it would not be an overall consideration that would change the businesses ideas of where to locate.

The property development firm indicated that: “The relevance of spatial plans was subjective; for instance in the case of bigger developments it is important to know what is happening in the surrounding areas, because that affect what is done internally in to the business developments, thus the SDF is very much relevant. The main benefits of the SDF is that its gives an understanding of current land usage and the desired use. It then gives the ability to design the need requirement for your developments, the focus of the business is mixed use thus knowing what is happening and what is envisioned by local authority it guides and changes the face of the mixed use, so it gives an idea if for e.g. more commercial, more retail or alter to low end residential it will help every other business”. Thus the economic analysis and proposals projected by a municipal SDF is very important to the business.

Property development entails a number of feasibility studies which are to be taken when choosing a location thus making use of the SDF and other spatial plans eliminates the chances of doing studies that have already been done by the municipality for an area. By eliminating the duplication of work it thus saves money and time. Without municipal spatial planning and SDFs it would mean that there would be disorganised development which is uncoordinated and unstructured leading to undesired land usage locating next to the development of the business.

For the property developer, a very important factor in the SDF is the environmental study which presents the natural features and assets. This is very useful to the

business as the main location factor the property development company is the natural assets and the SDF provides a presentation of these assets in a written and visual form. Also to note is the consideration and impact of land claims to the business, as some of the developments are impacted by land claims, the SDF shows which areas are under land claims, and the company then has to further interrogate the claim on properties with the department of rural development and land reform.

The property developer indicated that: “Even though the SDF does not have any enforcement on location of business but subsequent plans of the municipality which can impose enforcement are informed by the SDF, so non-alignment with it could lead to non-approval of the development. The SDF also shows where the municipality intends on spending its budget, thus knowing where the municipality will spend its budget it becomes a good guide to choosing locations where services are to be made available by the municipality”.

Fast food restaurant indicated that: “Although we do not have knowledge of the SDF prior the interview; it seems as a useful tool which can better inform the location decision making process. The business has a vast amount of vacant land which needs to be developed, in the coming year there will be many developments undertaken by the business and it is not known what the municipality is planning around the vacant properties owned by the business it will help in the location decision making process”.

The mechanical automotive retail company indicated that: “We do not have any knowledge of the SDF prior to the interview and it would add value to make use of the SDF, as it would provide the necessary information that informs the business of spatial characteristics of an area and what the municipality is planning for its space”. The company pointed out that the SDF would guide them in terms of clients and see which areas are currently denser (populated) and where the municipality intend to further increase densities (populate) and probably be able to infiltrate those markets. Transport routes are also important to the business of this nature thus making use of the plan can help identify the characteristics of different routes which can assist inform the location of the business on routes that would present a more lucrative market.

The manufacturing firm indicated that: “We have never considered the framework or spatial plans of the municipality but believe that an understanding of the municipality plans for areas in which they operate in is critical as it can assist business fast track their location decision. Making use of the framework can also help by informing on what developmental actions can be taken by the business and since the business intends to grow it can inform in further areas of expansion (spatially)”.

Engineering and environmental consultants indicated that, the SDF could be improved by reflecting time scales of development (breaking down the development in phases). In business a ten year lifecycle is too long since there is influence from the market and businesses have to respond to the market, therefore with regard to location of a business it is not always possible to make a solid ten year focus/outlook. Thus it makes it hard for business in some instances to align with the longer term of the SDF, since it has a longer term vision which spans between ten to twenty years for example a business signs a five year lease with a landlord, this lease is renewed after the five year term if the business is still interested in utilising the premises, but if the market changes after ten years the business might have to move to follow the market.

Mechanical automotive retail and manufacturing reported that without knowledge of the SDF it was not easy to identify areas of improvement; however the municipality could be more pro-active in communicating the SDF to the public and business to ensure that the plans are known by interested and affected parties/stakeholders. Communication of the SDF by the municipality was also voiced by respondents who knew it; the engineering and environmental consultants indicated that they do not know when the SDF was last reviewed or advertised.

Although reflecting no knowledge of the SDF by the fast food restaurant, the responsibility of the municipality inability to communicate the plans was not seen as a failure from the municipality’s perspective however this was seen as a negligent on the business side as they have never looked for this kind of information from the municipality. As has been seen the property developers business is more influenced by the municipal plans and have vast knowledge of spatial planning and its impact from national, provincial and local level see the province of KwaZulu-Natal and eThekweni municipality doing well with their spatial plans specifically the SDF.

To the contrary the medical service do not see any value that is added by the SDF to this sort of business and do not see any change in this perspective in the near future as this kind of business is dependent on foot traffic. This foot traffic is linked to shopping centres and attaining space in these shopping centres is dependent on the land/building owner thus the municipal plans have no significance in where this sort of business locates, however indicated that they would like to know about the plan.

Although only two of the respondents indicated that they had knowledge and had made use of the SDF, others who had not used the plan in making their location decisions indicated that even after their location decision they still felt that they were strategically located and were reaping the fruits of the location. Thus all respondents find their business location decision being a good one irrespective of making use of the SDF or not.

But even though all the firms reported that they were strategically located with or without use of the SDF, they did see the need to interact with the municipality with regard to its plans and developments and also see the value of the SDF to assist in making an informed business location or relocation decision process.

The relevance of the interaction with the municipality and making use of their plans was however discarded by the medical service who indicated that the SDF is not relevant for their business. The main reason it is not seen as relevant is because the business does not need any spatial analysis of an entire area, it just requires a busy mall. Although it viewed that the plan is not useful for the business it was however found that a developer or the owner of the shopping centre will be best suited to use this plan because they consider all relevant factors for the location of the shopping centre in order to attract clients, so it was not completely nullified.

4.5 ALIGNMENT OF LOCATIONAL FACTORS AND THE SDF

Table 4.4 SDF and Location Factor Link

Field findings: Business locational factors	eThekwini spatial development framework data
Accessibility: Public Transport, Road network, Air, Rail	<p>Evaluated and analysed, the public transport system, freight transport system, air transport system, passenger rails transport system and the non-motorised transport.</p> <p>Identified corridors by showing the significance of routes.</p>
Proximity to client	The evaluation and analysis of demographics including ten year projections can to some level assist in assessing the customers or potential customers in the area.
Image of the precinct	Evaluation and analysis of economic activities, land usage and identification of nodes. Extended further by the lower level plans.
Level of office grading	
Natural features	Environmental assessment via Durban Metro Open Space System (D'MOSS)
Proximity to competitor	Economic activities and land usage, though cannot give a thorough analysis as this can be provided better by the lower level plans but this data can provide assistance by guiding towards the area which can be targeted before going to the finer findings which will need to be searched beyond the SDF
Retail space availability	
Availability of services	Quality of life shown by social facilities and services
Building or Rental Cost	This plan is at a strategic level and does not provide this level of information

4.6 CONCLUSION

This chapter provided an analysis and discussion of the six firms that participated in the research. Evidence shows that municipal consultation and the use of the municipal spatial plans (the SDF in particular is very important), is currently linked to the business type. However the key findings revealed that there are indeed companies who make use of the SDF and make contact with the municipality. Other companies reported that they did not make use of the SDF and did not consult the municipality with regard to its development and plans due to the lack of knowledge or understanding that there is a platform to interact with municipality in this regard and that these plans exist.

The importance of making use of the spatial plans was acknowledged and the benefit of using these plans was noted. Even though the importance was acknowledged by others, one business in particular indicated that the plans were not relevant to them but malls are located in areas of mixed use and in mixed use areas this medical practice is viable thus the developers will do their homework and then attract businesses that fit in this centre so it makes the plan relevant but at another level.

The objectives of the study have been answered in this chapter by noting the summary of the key findings below;

Objective 1: There are a number of factors that inform business location however the main factor was found to be accessibility.

Objective 2: Some businesses do have knowledge of the municipal SDF but a majority do not, however its influence on business location decision making process is acknowledged by businesses.

Objective 3: Business involved in property related business make use of the SDF when selecting site for business location and the benefits of the plan is acknowledged, those who have not used the plan notes its benefit and importance, one firm however indicated that the plan is not relevant to them.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents the recommendations for a way forward and future research on business location and gives a conclusion to the study. The nature of the study, (qualitative) ensured that the information provided was detailed and reflective of the actual situation on the ground.

5.2 RECOMMENDATIONS

5.2.1 OBJECTIVE ONE

This part of the study addressed objective one which was to determine the factors that influence business location, this was important on two parts; firstly it was to know these factors in the eThekweni space and secondly was to see if these factors are dealt with in the eThekweni SDF.

Findings from literature: literature revealed a number of factors that are considered by business when making a business location these factors range from human resource, accessibility to customers and suppliers, availability of land, and many others. In comparing these factors against the data presented by the SDF it was established that a number of these factors are dealt with in the SDF in one way or another.

Findings from the field: Factors that influence business location were found to be; transport accessibility (road, rail, air and foot), access to clients and suppliers, image of the area, cost (land/building or rental), natural features, product market place, absence of competition in the area, potential market, retail space. Most of these factors are analysed by the SDF. The framework even goes beyond the provision and analysis of this information by identifying development nodes and corridors which shows nodal areas of activity and routes of activity. It also gives a desired spatial form of the municipality. There is an association between the locational factors the SDF data.

Conclusion: The literature and field findings reflect some level of consistency in terms of factors that influence business location. It is apparent that most of the issues that inform business location are associated with the SDF data; this shows the relevance of the SDF in business location decision making.

Recommendations: Business location factors are associated with the SDF data; it is recommended that business interrogate the SDF in detail to determine what the SDF say about these issues and how they can impact on business location given the factors that inform their business location decisions.

5.2.2 OBJECTIVE TWO

This part of study addressed objective two which was to find out businesses do have knowledge of the SDF and how it can impact business location decision making process.

Findings from literature: literature showed that there is limited knowledge of the SDF. This limited knowledge is attributed to the limited interaction between municipalities/government and stakeholders which include business organisations. Both parties are responsible for this limited interaction. For businesses it is optional to interact with government but important, however government is obligated by legislation to consult with businesses. Though the study did not include detailed literature findings on the knowledge of SDF by industry, Tongaat/Hullet Development which is a development company did express their knowledge and participation in the development of these plans.

Findings from the field: Awareness and the impact of the SDF was found to be dependent on the field of practice of the firm. Firms dealing with property issues are aware of the SDF and other government planning initiatives. The potential impact however was noted by all except for the medical service who reported that there will not be any impact or potential impact which will be imposed by the knowledge of the SDF, but did indicate that they would like to be informed about the plan.

Knowledge of the SDF by business was also found to be very much linked to the level of interaction of the firms with the municipality with regard to the municipal

plans and developments. Ignorance on the respondents' side was expressed but it was also found that the municipality is not informing the public adequately of the IDP/SDF.

Conclusion: Knowledge of the SDF is dependent on the level of interaction between business and government and discussing municipal plans and developments, and also linked to the type of business.

Recommendations: It is recommended that the knowledge of the SDF is expanded to all types of businesses, this can be achieved by the municipality being proactive and interact with businesses as they are mandated by legislation to foster public participation/stakeholder consultation needs to ensure that they reach a wider audience in their activities (with the Integrated Development Plan and SDF processes) and also further ensure that they equip business with critical information that relates to their plans and developments as they are highly affected.

It is also recommended that businesses of all types become proactive and interact with the municipality with regard to the municipal plans and developments, by doing that they can be properly informed of the municipal plans and how it will affect them.

5.2.3 OBJECTIVE THREE

This part of the study addressed objective three which aimed at determining if the SDF is considered when making business location decision and also finding out if businesses see any significance of the SDF when making their decisions or is the plan of no use when making these decisions:

Findings from literature: Literature revealed that very few institutions (including business) make use of the SDF; it was found that making use of the SDF can have a positive impact on the business thus making it relevant to informing business location decisions.

Findings from the field: It was found that only the respondents who had knowledge of the SDF were the ones who used the SDF in the business site selection process and they knew upfront the benefits of making use of the SDF. The other respondents who did not know what the SDF is enquired about its use and were then able to

realise the benefit associated with the SDF. It came out that the SDF is not the overarching tool in making a business location decision.

Most of the respondents noted the importance and the role played and to be played by the SDF when doing a business location decision. However on the contrary the medical service saw no use or benefit of the SDF for their business but did agree that since they were tenants, the landlord who is usually the mall owner could find the plans useful. The use of the SDF by the owner of the mall has an indirect impact on the tenants.

Conclusion: Based on the findings it is apparent that there are benefits associated with use of the SDF as noted by almost all the respondents, thus the SDF is relevant to informing business location decision, but it is not to be the only tool used to make the final decision of location. Only businesses that need to be located in malls do not see the need to make use of the SDF and see no benefit of the SDF at their level however do note that the SDF could be relevant to the owners of the mall and this has an indirect impact on the tenants.

Recommendation: Since the benefits of the SDF have been noted, it is recommended that businesses make use of the SDF when making locational decisions. But for businesses that are reliant on locating in a mall they can use their discretion to decide if they must use the SDF or not, however the mall owners should make use of the SDF since it could be more relevant to them than to the tenants. It is also recommended that though an SDF is used as a tool to inform business location however the decision making process should not only rely on it solely other applicable and relevant methods can be used to complement the SDF data.

5.3 SUGGESTIONS FOR FUTURE RESEARCH

- The study only limited its respondents to businesses and was not extended to include the municipality and other planning professionals in the provincial and national departments, thus future studies should expand to include government stakeholders to get their point of view.

- The study focused on the SDF and did not give too much attention on other development plans of the municipalities, thus future studies should expand and look at other related municipal plans in detail.

5.4 CHAPTER SUMMARY

The chapter recaptured the key elements/ findings of the literature review alongside the findings that were gathered from the field and the objective that was addressed by both the findings. Through this exercise recommendations were made on how to address the key issues emanating from the findings. Suggestions for future research were then provided should another individual wish to further research this subject.

5.5 CONCLUDING REMARKS

This research has been able to gather from literature and practice the key issues that influence business location decision making. A deficiency was noted in terms of the liaison between businesses and the municipality mostly with regard to the municipal plans and developments, only businesses that deal with land/property issues indicated that they know the plans, other businesses indicated their interaction being strictly based on authorisation and rates related matters, while others indicated that they do not liaise with the municipality at all.

Knowledge of the municipal SDF is highly influenced by interactions between businesses and the municipality with regard to the municipal plans and developments. The importance of understanding the SDF and benefits of the SDF for their business was rejected by only one respondent. Municipalities do have a role in ensuring that businesses have an understanding of the SDF and partake in the development and implementation of the SDF.

Knowledge of the SDF and usage of it by business will strengthen alignment of business spatial practice and the municipal spatial plans, this will ensure that the goals of the natural assets of the municipalities are preserved, space is used optimally and business also reap the economic benefits as anticipated by the municipality. Though the plan is not forced on business to use and it is at the

discretion of the business to use the plan there are benefits on either end. The SDF is either directly or indirectly relevant to business location decision making process.

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APPENDIX ONE: ETHICAL CLEARANCE

09 September 2016

Mr Khulekani Ndlovu (214580280)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Ndlovu,

Protocol reference number: HSS/1460/016M

Project title: The relevance of Municipal Spatial Development Frameworks in Business Site selection decisions

Full Approval – Expedited Application

In response to your application received on 05 September 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully



Dr Shamila Naidoo (Deputy Chair)

/ms

Cc Supervisor: Mr Alec Bozas
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj / Ms Eileen Mohamed

Humanities & Social Sciences Research Ethics Committee

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APPENDIX TWO: INFORMED CONSENT FORM

Informed Consent Letter 3C

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Dear Respondent,

MBA Research Project
Researcher: Khulekani Ndlovu (082-081 0137)
Supervisor: Alec Bozas (082-3344 477)
Research Office: Ms P Ximba (031-2603587)

I, **Praiseworthy Khulekani Ndlovu** an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal. You are invited to participate in a research project entitled: **The relevance of municipal spatial development frameworks in business site selection decisions**. The aim of this study is to determine the factors that inform business location / site selection in eThekweni municipal area and in particular the level of interaction with the municipality with regards to the municipal spatial development framework.

Through your participation I hope to understand if businesses consult municipalities and make use of Spatial Development Frameworks when making business location or site selection decisions and further get to understand if these plans have contributed to your decision and business success if they are being used, however if they are not being used I hope to understand if you see any relevance or added benefit that can be enjoyed by making use of these plans.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about 30 minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's signature _____ Date _____

This page is to be retained by participant

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

MBA Research Project
Researcher: Name (Telephone number)
Supervisor: Name (Office Telephone number)
Research Office: Ms P Ximba 031-2603587

CONSENT

I.....(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT

DATE

.....

This page is to be retained by researcher

APPENDIX THREE: QUESTIONNAIRE (INTERVIEW SCHEDULE)

NAME OF INTERVIEWER

PLACE OF INTERVIEW

DATE OF INTERVIEW

BUSINESS LOCATION

1. What nature of business are you in?
2. What is your role in business site selection?
3. What factors influenced your decision to locate your business in this area?
 - a. Amongst your factors which is the main factor that influenced your location choice? Please elaborate?
 - b. In considering the main factor/s for your business location, do you feel that you are strategically located (i.e you are able to take advantage of the market as initially planned)? and Why?
 - c. Discuss the factors that adversely impact on site selection?
4. When was the last time you made a business site selection decision and what sort of site was it planned to be?
5. To what extent do you interact with the municipality regarding their developments and related plans?
6. What has been your experience or view of the municipal spatial plans/ planning?
7. To what extent do you consult the municipality when making a business site selection decision?
8. How do you view the alignment of the municipal plans (in particular the spatial plans) and your long term plans?
9. What is your knowledge of the Spatial Development Framework?
10. According to your knowledge or thought what is the purpose of the Spatial Development Framework and the impact of the Spatial Development Framework on site selection?
11. To what extent have you made use of the Spatial Development Framework when making your site selection decision?
12. What is the benefit or could be the benefit of making use of the Spatial Development Framework when making a business site selection decision?

13. How can Spatial Development Framework and business site selection alignment be strengthened or assured or how can the municipality ensure that the Spatial Development Framework is useful or adds value to business?
14. Discuss the level of support you have had from municipal planners and experts?

APPENDIX FOUR: TURNITIN SUMMARY



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