

**UNIVERSITY OF KWAZULU-NATAL**

**LEADERSHIP IN LOCAL ECONOMIC DEVELOPMENT  
WITHIN THE EHLANZENI DISTRICT MUNICIPALITY,  
MPUMALANGA PROVINCE,  
SOUTH AFRICA**

**By**

**Madala B. Masuku**

**211558703**

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**College of Law and Management**

**Supervisor: Dr. Stanley Hardman**

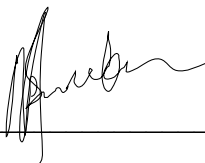
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## **ABSTRACT**

The aim of the research is explore how practitioners perceive the role of leadership in the conceptualization and implementation of LED in district municipalities. The main objective is to identify leadership challenges faced by practitioners to make recommendations towards improving the effectiveness of leadership on Local Economic Development in district municipalities. The research employs a qualitative method applying the practitioners' research perspective in the tradition of the reflective approach attributed to Schon (1983). The data was collected through interviews conducted through open ended questions, in which the key-word-in-context mechanism was used to identify emerging leadership themes that assisted in the analysis of the case. The Scharmer (2009) theory U perspective was used to guide action that was to be taken at any given stage during the reflective practitioner research process. The findings are that one of the key impediments effective leadership of LED within the district municipality is lack of political and administrative will to drive LED at a local municipality level. As a result of this lack of will, structures are inadequately equipped with necessary personnel and that LED does not constitute one of the core objectives of many local municipalities although it is planned and budgeted for. An overarching district strategy with supporting strategic institutions with consistent vision driven programmes and budget is critical. This research report recommends that appropriate capacity must be built at a provincial sphere as well to assist the district in educating local municipalities on the place and importance of LED in the transformation agenda of the society. The LED forums must be properly guided towards fulfilling an overarching common LED vision. Such a vision should rally energies of all stakeholders and communities towards the realization of its objectives of building strong local economies, creating jobs and fighting poverty and inequalities, as well as broadening the tax base for development purposes.

## **ABBREVIATIONS**

|         |  |
|---------|--|
| CBO:    | Community-based Organization                   |
| COGTA:  | Cooperative Governance and Traditional Affairs |
| DPLG:   | Department of Provincial and Local Governance  |
| DTI:    | Department of Trade and Industry               |
| GDP:    | Growth Domestic Product                        |
| GIZ:    | German Technical Support Agency                |
| GVA:    | Growth Value Addition                          |
| IDP:    | Integrated Development Planning                |
| IGR:    | Inter-Governmental Relations                   |
| IHS:    | International Household Surveys                |
| LED:    | Local Economic Development                     |
| LGTAS:  | Local government Turnaround Strategy           |
| NGO:    | Non-governmental organizations                 |
| ReX:    | Regional eXplorer                              |
| SETA:   | Sector Education and Training                  |
| SPV:    | Special Purpose Vehicle                        |
| STATSA: | Statistics South Africa                        |
| UNDP:   | United Nations Development Programme           |
| WICS:   | Wisdom, Intelligence, Creative Synthesis       |

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# **CHAPTER ONE**

## **OVERVIEW OF THE RESEARCH**

### **1.1 INTRODUCTION**

Local Economic Development is one of the key tasks of municipalities to ensure sustainable development in local communities in South Africa. It forms part and parcel of the Integrated Development Planning process used by municipalities in the democratic Republic of South Africa. This research explores how practitioners perceived leadership during the conceptualisation and implementation of Local Economic Development within the Ehlanzeni District Municipality. This research was carried out during the third term of local governance in democratic South Africa, a time when local government was subjected to vigorous scrutiny. This scrutiny gave rise to what today is called the Local Government Turn-Around Strategy (LGTAS). The scrutiny found, amongst other things, that the planning and implementation of LED was very weak in most municipalities.

This chapter provides the background to the research and the problem statement. It outlines the research aim and objectives, as well as the research questions. It also provides an overview of the literature review and the research methodology, and finally presents the structure of the report.

### **1.2. BACKGROUND OF THE RESEARCH TOPIC**

The Human Sciences Research Council (HSRC) conducted research on Local Economic Development in South Africa under the leadership of Doreen Atkinson. The report that was released in 2002 revealed some systemic weaknesses in the implementation of Local Economic Development in municipalities and sighted lack of entrepreneurial, technical and administrative skills, and financial support as deficiencies that accounted for the failure of most locally initiated economic development projects. Most of these projects were grant or donor funded. This discounted the long held notion that lack of funding is the main contributor to failure of local development initiatives (Atkinson, 2002:17).

The then Department of Provincial and Local Governance hosted a national conference on developing local economies on 14 and 15 August, 2006, at the Birchwood Hotel and Conference Centre in Johannesburg, Gauteng. The conference adopted a national LED strategy framework called “Stimulating and Developing Sustainable Local Economies: National Framework for Local Economic Development (LED) in South Africa 2006-2011”. The framework highlighted that “*public sector leadership*” was a prerequisite for sustainable local economic development philosophy and “*group development opportunities*” needed to be unleashed (DPLG, 2006:17). The national framework was deliberated by the Presidential Co-ordinating Council on 8 September 2006. This high level council is attended by the premiers of the provinces and government ministers and is chaired by the President. The framework was adopted by a forum composed of members of the Provincial Executive Councils and the Minister for Provincial and Local Government (now called Cooperative Governance and Traditional Affairs).

Flowing from this, Ehlanzeni District Municipality was identified as one of the district municipalities that were to form part of a pilot initiative called “*Khulis’Umnotho*”, meaning “Growing the Economy”. It was aimed at assisting these identified municipalities to develop their own LED frameworks to suit their particular circumstances. Ehlanzeni District Municipality completed its own framework in 2007 and the period targeted for the implementation of the national framework was between 2006 and 2011. Now that this period has expired, an obvious question could be whether the kind of leadership that was envisaged during the conceptualisation of the framework was actually realised. The focus of this research, therefore, is on exploring how leadership can be conceptualised from the perspective of a practitioner using Ehlanzeni as a case.

### **1.3. LITERATURE OVERVIEW**

#### **1.3.1. LED as an emerging field of study**

Various authors, since as far back as 1984, have acknowledged the importance of understanding the fact that Local Economic Development has been continually evolving in concept, focus and location within government spheres (Banovertz, 1984;



Barber and Eastaway, 2010; Rogerson, 2011; Bartik, 2003; Hampawe, 2008; and Blakely and Leigh, 2010).

This study provides a theoretical framework for Local Economic Development (LED) as an emerging concept and leadership as an evolving concept that is critical for Local Economic Development. The concepts are discussed with an intention to provide insight into the theoretical perspectives that were used in the study to arrive at the findings, recommendations and, ultimately, the conclusions.

Canzanelli (2001:7) defined Local Economic Development as a process for creating suitable conditions for sustainable small, medium and micro-sized enterprise (SMME) development and growth, promoting human development and decent work. The strength of such Local Economic Development is derived from the ability to exploit a critical mass of local potential resources to generate the possibilities of a new product. Hampawe (2008:187) and Blakely and Leigh (2010:75) anchored this idea of Local Economic Development, but expanded on it by describing it as a process that mobilises communities to take responsibility for creating and preserving their standard of living through “*human and physical development*”.

Banovertz (1984: 1) provides an account of how LED was primarily the responsibility of central government worldwide, but has slowly undergone a shift since the 1960s with the responsibility falling on local government. This shift has had a significant influence on the practices and the context of current theoretical perspectives.

Another significant shift was experienced during the 1980s and through the 1990s when “*urban entrepreneurialism*” was introduced by the regime of the then Prime Minister of England, Margaret Thatcher, in her quest to bolster her electoral card of a market driven economy (Barber and Eastaway, 2010:394). Urban entrepreneurship involved identification of pilot projects that were often motivated by the interest of business and political elites.

Rogerson (2011:149) indicates that “*entrepreneurism*” also became evident in South Africa at this time. However, in most cases, such entrepreneurship was manifest in the form of pilot initiatives within the major cities where only the white minority would

be the natural beneficiaries. This had an impact on the local economies. Gunter (2005: 72) observed that even as late as 2005, the municipalities in Mpumalanga Province were not completely au fait with their responsibilities regarding Local Economic Development. Even although the Constitution of the Republic of South Africa was adopted in 1996, this has influenced the manner in which leadership in Local Economic Development was shaped in the provinces and municipalities in the post-apartheid era.

The national LED framework of 2006-2011 adopted a people-centred approach (DPLG, 2006:7). Barltik (2003:2) and Barber and Eastaway (2010: 395) argue that for a people-centred approach to happen, it must be backed by “*sophisticated*” and “*proactive*” leadership. (Barber and Eastaway, 2010:395).

Garajedaghi (1999:87) and Barnes and Hayter (2005: 454) provide a perspective on different models of Local Economic Development. These perspectives provided context for deriving a definition of Local Economic Development.

Barnes and Hayter (2005: 454) reveal that there are two different kinds of models in the study of the economy: one that is universal and the other that is local. The universal model is based on strict scientific definitions, procedures and rigid rules of engagement informed by orthodox economic principles that must be strictly observed. The local model, however, refers to economic development that is participatory and is not based on rigid rules, but takes into account the context and the dynamics within which the development takes place.

Barnes and Hayter (2005) identify four forms of local models that could only be understood through four institutional forces. These include industrialism, “regulationism”, environmentalism and “aboriginalism” (Barnes and Hayter, 2005:458). These four models are elaborated on in Chapter two of this research report.

According to Canzanelli (2001:13), the participatory nature of the Local Economic Development process and its governance can enhance the performance of both the public and the private sector through partnership entered to build social capital.

Canzanelli (2001:10) argues on the importance of structures in the leadership of Local Economic Development. He sees these as:

*an embryo of the participatory forms... that will develop its own growth and models according to local culture, the cooperation levels, the established strategies and the defined implementation instruments and structures.*

According to Canzanelli (2001:1), the main tasks of an LED forum include establishing a collective vision and the aims and objectives of local actors, as well as developing strategies for the achievement of such aims and objectives through setting up “*operational and organisational instruments*” to ensure implementation of plans towards the realisation of the above-mentioned goals (Canzanelli, 2001:1).

However, the question that remains to be answered is what constitutes sophisticated and proactive leadership from the perspective of a practitioner?

### **1.3.2 Leadership as an anchor for Local Economic Development**

Leadership studies contain many different perspectives, such as sociological, political, psychological and organisational perspectives. While not ignoring the fact that LED happens within the political environment of local government, the focus in this study is predominantly on organisational leadership. More often than not leadership is conceptualised from the simple perspective of being about goals, purpose and tasks. However, the perspectives above indicate that leadership has grown beyond that. This research seeks to establish whether leadership is not a phenomenon that is embedded in situations and manifests itself as a response to existing conditions.

Sternberg (2007), Wheatley (1999) and Senge (2006) provided insight into the systems approach to leadership. Sternberg (2007:34) argues that leadership is a product of synthesised wisdom, intelligence and creativity taking place with parameters of a holistic relationship that cannot be interpreted through “*simple cause and effect*” (Wheatley, 1999: 10). Senge (2006:12) argues that the systems thinking approach is one of the five basic principles of the systems thinking theory. The other

four principles are personal mastery, mental models, team learning and shared building.

Scharmer (2009) provided some perspectives of “Theory U”, which is a mechanism for developing and practicing leadership from the perspective of a “*future as it emerges*.” This provided a compatible framework for applying reflective practitioner research for this research study. These theoretical concepts are elaborated on in more detail in Chapter two.

#### **1.4. RESEARCH PROBLEM STATEMENT**

A study of the evolution of Local Economic Planning provides a rich context for what can go right or wrong in organisations charged with the task of planning and implementing LED initiatives. It reveals how different leadership practices have been employed, their strengths and weaknesses, and the positive and negative impact they have had on the development of society. It also shows that the process can be open to potential abuse, which includes possible exploitation of community ignorance for purposes of enhancing selfish interests of those in charge of development initiatives.

The literature review exposed the extent to which South Africa has not been immune to global developments. Through the various articles that evaluated progress made pre and post the 2006 Local Economic Development framework, it has become clear that there are a number of aspects that needed attention with regard to the implementation of Local Economic Development.

This research seeks to establish whether new perspectives of leadership can emerge from practitioners’ experience, practice and interpretation of events and relationships arising from the implementation of the Local Economic Development within the Ehlanzeni District Municipality. It further seeks to establish whether anything further can be done towards the implementation of Local Economic Development beyond the existing leadership practices and perspectives.

#### **1.5. THE RESEARCH OBJECTIVES**

The research objectives are:

- To investigate how practitioners perceive the role of leadership in municipal strategic apex, during the conceptualisation and implementation of LED in district municipalities.
- To identify leadership challenges faced by practitioners in the implementation of Local Economic Development in the district municipalities.
- To make recommendations that will improve the effectiveness of leadership in the implementation of Local Economic Development in district municipalities.

## **1.6. RESEARCH QUESTIONS**

The following research question that guide this study:

- What are practitioners perceptions regarding the effectiveness of leadership in the implementation of Local Economic Development in the Ehlanzeni District Municipality?
- Are there any hindrances to the leadership of LED in the Ehlanzeni District Municipality?
- What can be done to improve Local Economic Development in the Ehlanzeni District Municipality?

## **1.7. OVERVIEW OF THE RESEARCH METHODOLOGY**

The researcher applied a qualitative method in a holistic single case study of Ehlanzeni District Municipality. This involved studying the embedded units, as represented by the four municipalities within the Ehlanzeni District. This was done to reflect on the state of Local Economic Development within the entire district municipality.

A holistic single case with embedded units is a case where “*a phenomenon is studied through itself and its subsidiaries*” (Baxter and Jack, 2008: 550). The study was conducted intensively using the case of Ehlanzeni District Municipality to obtain information that has been analysed over a period eight months (Welman and Kruger, 2001: 178; and Naumes and Naumes, 2006: 62).The holistic approach within Systems

Thinking perspectives involves development of an understanding of a problem through the use of systems “*ideas and concepts*” (Jackson, 2003:301).

The researcher approached the study from the perspective of the reflective practitioner’s approach initiated by Donald Schon (1983) in his book titled, *The Reflective Practitioner: How Professionals Think in Action* (Schon, 1991). According to Schon (1991:61), practitioners’ reflection refers to the way practitioners are able to reflect on their practice and their experiences in previous projects and situations in order to draw lessons that help them to understand a current case they are dealing with. As in this study, reflective practitioners can also observe current practice and draw lessons and knowledge as they reflect on their experiences.

The reflective practitioner perspective was explored through conducting conversations with the community of Local Economic Development practitioners operating in the Ehlanzeni District Municipality whose views were explored. Furthermore, in the reflective practitioner approach to research, the researcher and practitioner collaborate in a manner different from the one envisaged in applied science research by entering into a partnership, rather than a contract between a research consultant and a client. In this type of research, the practitioner plays a bigger role than just being the recipient of a research product from a professional specialist. This includes bringing his own thinking to the reflective researcher and seeing the reflective research as an “*aid to his own reflection in action*” (Schon, 1991: 323).

Schon (1991) indicated that reflective research may take a form of a group of practitioners supporting one another in the research or a consultant practitioner. The researcher may join and become part of the learning organisation or take the role of an observer in a relationship with the participants. Lastly, the researcher may take time out and become a reflective researcher that joins the learning organisation from time to time. This practitioner researcher perspective can, therefore, be applicable to someone who is carrying out enquiry or research work in the place where he holds a job. The agenda is generated through the dialogue that takes place between the reflective researcher and the reflective practitioner and is not predetermined. This practice during reflective research allows the researcher more scope to explore the subject in full (Schon, 1991:324).

Since the study is about leadership in LED, the researcher used Sharmer's (2009) twenty-four Theory-U principles to guide the reflective practitioner approach, firstly to benchmark progress with regard to LED implementation through a participatory process; and secondly, to extract leadership issues that still need attention in the future implementation of LED in the Ehlanzeni District Municipality.

The research employed a process of purposive sampling, where the researcher conducted conversations with participants selected from government employees who are responsible for planning and implementing Local Economic Development. Interaction and interviews also took place with community organisations and business representatives.

## **1.8. STRUCTURE OF THE REPORT**

The structure of the report is as outlined below, as adapted from Thomas (2011: p196), who suggested that the report should be equitably constructed as follows: Introduction not exceeding 5% of the total report, literature review not exceeding 30%, method not exceeding 15%, findings not exceeding 15%, analysis and discussions 30% and conclusions 5%. In this study, however, the case study replaces the findings. The researcher has used this as a guide in this study as follows:

Chapter one, the introduction and background to the study, outlines the rationale for the study, provides an overview of the literature and the research approach. It also outlines the objectives and research questions to be answered in order to meet the objectives of the study. This chapter constitutes 5% of the total report.

Chapter two, the literature review, provides an overview of the existing knowledge in Local Economic Development and leadership and how they impact on each other. In this theoretical framework, the researcher emphasises systemic approaches. This chapter does not exceed 30% of the total report.

Chapter three, the research methodology, outlines considerations taken in choosing the practitioner research approach and how such an approach was applied throughout the research. This chapter does not exceed 15% of the total report.

Chapter four, a case study, presents a comprehensive case study of one of the LED initiatives of the Ehlanzeni District Municipality. This chapter does not exceed 15% of the total report.

Chapter five, analysis and discussion of findings, covers the tedious process of analysing data around practitioners' conceptualisation of leadership and consolidating it into findings. This chapter does not exceed 30% of the total report.

Chapter six, recommendations and conclusions, provide a set of recommendations and conclusions around leadership in LED from a practitioner's perspective. This report does not exceed 5% of the total report.

## **1.9. CONCLUSION**

Chapter one has presented a background of the research topic, the research problem, the aim and objectives of the study, the research questions and an overview of the methodology to be used in the research study. Finally, the chapter concludes by providing an outline of the chapters and the content covered in each them. This is done with an aim of providing a sense of what the reader must expect from the research work the report is presenting.

The next chapter will explore theoretical perspectives around leadership, Local Economic Development and the reflective practitioner approach to research and leadership.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

This chapter provides a theoretical framework for key concepts that inform the research topic. In this case, Local Economic Development (LED) is discussed as an emerging concept juxtaposed with the evolution of leadership approaches. This chapter touches on possible concepts related to these concepts and these are discussed with an intention to provide insight into what assisted in the clarification of the choices made on the theoretical perspectives used during the research which led towards the findings, recommendations and conclusions recorded at a later stage in this report.

The theory is presented in two parts. The first part consists of theoretical perspectives on Local Economic Development, whereby the researcher seeks to define and unpack concepts relating to Local Economic Development and the context that informs their existence. The second part is on leadership and covers its evolution and relevance to Local Economic Development. These perspectives have a bearing on the conceptualisation of leadership with respect to Local Economic Development.

The chapter therefore discusses theoretical concepts of leadership in the context of Local Economic Development and covers current practices of leadership and the challenges encountered during its exercising. It also provides theoretical perspectives that seek to provide solutions to the challenges.

## 2.2 THEORETICAL PERSPECTIVES OF LOCAL ECONOMIC DEVELOPMENT

### 2.2.1. Definition of LED

Towards the late 1990s, the dominant trend of Local Economic Development became people-oriented. Canzanelli (2001) derives the meaning of Local Economic Development from unpacking the meaning of his understanding of the world “development” itself. In his paper written as part of an International Labour Organisation programme, Universitas, Canzanelli (2001) describes development as a product of an application of a “*complex combination of macro, micro and messo-policies*” in a territory rich in its own potential resources in order to realise development, where “*Territory and its potential endogenous resources is the main ‘resource’ for development, not solely a mere space*”(Canzanelli, 2001:6).

The *macro* level refers to macroeconomic stability; budgetary; monetary and fiscal policies; competition rules; foreign exchange; and trade stability, the *micro* level refers to management capacity; integration technological cooperation networks; business strategies; and management of innovation, business logistics and improved practices in the entire production cycle, while the *messo* level refers to the local development strategies, instruments and services; physical, educational, technological and research infrastructure; industrial, environmental and regional infrastructure; and the mechanisms for enhancing interaction among the three levels (Canzanelli, 2001:6).

Within this context, Canzanelli (2001:7) therefore defines Local Economic Development as:

*...an appropriate process for creating suitable conditions for sustainable employment, small and medium enterprise development and growth, as well as for promoting human development, and decent work.*

The appropriateness of the process is explained firstly in terms of the ability to encourage and facilitate partnership between the local stakeholders. Secondly, it is also explained in so far as the process can enable the joint design and implementation of strategies based on the competitive use of local resources. Thirdly, the resultant

outcome of such a process should be about decent job creation and sustainable economic activities (Canzanelli, 2001:9).

The strength of such Local Economic Development is derived from the ability to exploit the critical mass of local potential resources to generate the possibilities of a new product. It is also derived from its ability to enable frequent innovations and high productivity through co-operation and competitive business, services and governance systems. Innovation and high productivity enable business opportunities to multiply and increase attraction of new exogenous investment.

Canzanelli (2001; 7) therefore believes that the participatory process of Local Economic Development overcomes market failures through the generation of trust and sense of purpose, as well as stimulating citizen participation and entrepreneurial ventures. This is supported by Hampway (2008:187), who defines LED as:

*a process in which partnership between local governments, NGOs, community-based groups and private sector are established to manage existing resources, to create jobs and stimulate the economy of a well-defined territory.*

Blakely and Leigh (2010:75), in their book, *Planning Local Economic Development*, further anchored this idea of Local Economic Development being a process of development that either maintains a good standard of living for the people or changes it for the better when they clearly articulated that:

*Local economic development is achieved when the community's standard of living can be preserved and increased through a process of human and physical development that is based on principles of equity and sustainability.*

The above-mentioned explanation puts the community and the people in the fore-front of economic development, both as participants and beneficiaries of development. It is worth noting that the above mentioned definition has evolved over time as Local Economic Development and planning shifted from the centre to the periphery and from central planning to regional and local planning. Therefore, when Local Economic Development is realised, there must be evidence of sustainable and

equitable human and social development in that the community's standard of living should have been preserved or improved.

Local Economic Development leadership must have the capacity to lead such a process of preserving and improving the standard of living through equitable and sustainable human and socio-economic development.

### **2.2.2. Evolution of LED towards a people centred process (1960s -2000s)**

The definitions of Local Economic Development as a “process” in the above section are in harmony with the perspective of its evolutionary nature, as hinted at in Chapter one. The evolution of Local Economic Development is discussed hereunder, with the intention of tracing the progress made in the conceptualisation and clarification of the local economic development process.

The 1960s marked the beginning of the evolution of LED planning and implementation, at both a global and domestic level. It is during this period where the economic planning function started shifting towards the local government sphere. This resulted in the concurrent shift of responsibilities such as “*comprehensive planning and neighbourhood [sic] renewal*” to the local government (Banoverztz, 1984: 1). However, this shift often happened without the necessary resources following them from the central government level.

The above-mentioned development seems not only to have impacted local governments from a functional point of view, but also caused complications in their structures, culture, processes and their relationship with the environment in which they exist. Local officials were forced to start carrying intergovernmental responsibilities that had not previously been in their sphere.

A significant shift was experienced during the 1980s and 1990s when “*urban entrepreneurialism*” was introduced by the regime of the then Prime Minister of England, Margaret Thatcher, in her quest to bolster her electoral card of a market driven economy. “Urban entrepreneurialism” was criticised for being a heavily top down process that was often driven by political and business interest persuaded

through a very closed and secretive leadership that targeted only short term mega projects organized in the form of special projects (Barber and Eastaway, 2010:394).

The “urban entrepreneurialism”, as discussed above, has dented the credibility of the process of decentralisation and watered down the role of the municipality in the planning of development at the local sphere of government. Secondly, it has downplayed the role of the local community and other stakeholders in the shaping of their own socio-economic destiny.

However, this phenomenon still seems to haunt South Africa as there is a continual outcry that most of the development seems to benefit only a few politically connected elites instead of the broader society and the competent individuals within the society.

South Africa also has a history of separate development as a result of apartheid centralized governance and planning. The move to “entrepreneurism” just before 1994 as a feature of Local Economic Development planning was confined in most cases to pilot initiatives within mega cities (Rogerson, 2011: 149). This meant that it was naturally benefitting the white minority, who were at that time privileged by law to be the only ones permitted to live in towns and benefit from the sweat of the exploited counter races, namely, the majority of the black races in general and Africans in particular.

Gunter (2005: 72) observed that Local Economic Development was not being practised in some of the municipalities in the Mpumalanga Province, even as late as 2005. LED in some of these areas was regarded as an activity that was happening for the first time in some of the municipalities in Mpumalanga. This influenced the manner in which leadership in Local Economic Development was shaped in post-apartheid. Even after the Constitution of the Republic of South Africa was adopted in 1996 that established provinces and municipalities, initiatives continued to be driven from the centre. A glaring example is the government Spatial Development Initiative framework that was located in the presidency without defining how this will enhance local spatial planning by municipalities, as this was their own function as per the constitution.

Even to date, there is still a belief that the newly introduced National Planning Commission (NPC) at the National Government level is about planning everything, from national level to the street in a municipality level, despite the fact that the President clearly defined the role of the NPC as to provide expert advice to Government on the country's "*long-term development*" based on evidence derived from solid research (The Presidency, 2011a:1).

Towards the late 1990s, the idea of people-oriented Local Economic Development was considered. Most of the available definitions started leaning towards answering what, for whom, and by whom? These definitions started speaking of partnerships between local governments, NGOs, community-based groups and the private sector in the management of local resources in order to stimulate economic growth and development and the creation of jobs (Hampwaye, 2008:187).

However, the people-centred approach only started to take hold in South Africa as late as 2006 through the Local Economic Development framework that was developed in that year (DPLG, 2006:7).

Bartik (2003:2) and Barber and Eastaway (2010: 395) argue that for a people-centred approach to happen, local residents must have the ability to convert local resources into local wealth and growth at both personal and societal level. This is possible in a local government that is equipped with necessary capacity to identify local potential. Such a local government capacity must be backed by strong, "*sophisticated*" and "*proactive*" leadership that brings about development necessary for social and economic development, while ensuring environmental sustainability (Barber and Eastaway, 2010:395).

However, the question that remains to be answered is what constitutes "sophisticated and proactive" leadership from the perspective of a practitioner?

### **2.2.3. Models for Local Economic Development**

The definition and conceptualisation of Local Economic Development has also been influenced by developments within the natural sciences. It has always been the norm in economics and natural sciences that things are better explained in models.

Leadership in any local development initiative has been influenced over the years by the use of these models or researchers seeking to create a model to define and explain complex phenomena and interpret the world order and its universal reality. However, even though the term “model” in social sciences may refer to formal and universal accepted procedure or logic, Barnes and Hayter (2005: 454) reveal that there are two different kinds of models in the study of the economy: one that is universal and the other that is local.

### **2.2.3.1 The Universal Model of Development**

The universal model is based on strict scientific procedures that are characterized by formal vocabulary, precise definitions and clear rules that are universal, sacrosanct and which follow orthodox economics. They also presuppose their correctness from the set of definition and logical procedures that “*transcend local conditions to which they are applied*” and “*stands outside the context investigated*” (Barnes and Hayter, 2005: 454).

The universal models have been influenced by classical and neoclassical theories of development, as has been outlined by Garajedaghi (1999:87). They account for the trait theories of leadership that postulated that there were consistently inherent traits that could apply universally to all effective leaders in all forms of organisations. However, these theories have been refuted by over three thousand studies that were conducted over a period of seventy years (Robbins, 1996: 414; Smit et al., 2007:279; Avolio, 2007:25)

According to Veblen (1957) and Barnes and Hayter (2005:455), the concept of universal models has also been found to undermine local realities, stifle creativity and hinder opportunity to maximize local potentials. Veblen (1957) demonstrated that the golden age of American capitalism characterized by “*leisure societies*” of conspicuous consumptions and individualized prestige could not be a universal phenomenon that represented every local American society. Another example of a local model was presented by Harold Innis, a Canadian economic historian, who demonstrated that models of Western Europe did not fit and suit conditions of Canada. Canada needed its own approaches rather than a one-size-fits-all from Western Europe (Barnes and Hayter, 2005:456).

Barnes and Hayter (2005: 457) carried out some work over 20 years on resource economy focusing on forestry economics in British Columbia, North Island and Tasmania. This kind of work has proven that consideration should be taken of local models because their uniqueness provides a justification for going beyond orthodox economic models and theories.

#### **2.2.3.2. Local models of development**

Contrary to the universal model, local models are sensitive to the context within which they are applied. They seek to keep some elements of “*messiness, contingency and disorder in place*” (Barnes and Hayter, 2005:453). Local models allow for concept ambiguity, non-linear logic and diverse vocabulary, and presume limited connection and correspondence between the terms of the model and that of the world.

Barnes and Hayter (2005) acknowledge that resource economies are affected by unstable markets, population growth and community expansions, unemployment and sometimes unfriendly regulations and legislation. Local models, therefore, will change according to local circumstances. They are not timeless, but a product of historical developments that play a part in the shaping of the nature of ownership and use of a resource in a specific geographical area.

Local models have evolved over the years from a simple, stable and structured nature to a more complex, contested and fluid nature, influenced by developments in the areas mentioned above. This has challenged the notion of a universal model in dealing with local development. Barnes and Hayter (2005:460) argue that local development is influenced by unique geographical realities which do not often share common characteristics. Local development is also based on local bound resources that are influenced by various factors. Firstly, by the size and scale of capital resource needed to be employed for extraction and processing of these locally bound resources. Secondly, it is influenced by the ownership and use of management regimes, and the regulations that are in place in a particular space where the natural resources are found. Thirdly, they are influenced by the extent at which operations are affected by external factors, such as environmental activism, and local culture and practices of a specific area where the natural resource is found or a specific local economy is



located. As this knowledge base would be within the community, it would be expected that leadership would come from the community and its leadership structures.

Barnes and Hayter (2005) identify four forms of local models that could only be understood through four institutional forces. These include industrialism, “regulationism”, environmentalism and “aboriginalism” (Barnes and Hayter, 2005:458).

#### **(i) Industrialism**

Industrialism refers to a situation where private capital, usually, corporate capital, organizes the resource economy, mostly for exporting rather than processing it. These resource economies involve the injection of large capital resources in areas such as mining, pulping and other related complex projects that require huge capital injections necessary for extraction and processing within a geographical immobile locality.

While these resources are immobile, they can, however, continuously change hands through buying and selling of rights by third parties. (Barnes and Hayter, 2005:458). Obviously, in this case, the knowledge base will be mostly with the private sector. Thus, the private sector or business will lead in the process of defining the nature of the resource, its extraction and the benefits derived from it and will thus provide the necessary entrepreneurial leadership, while the government provides the necessary policy leadership and interventions.

#### **(ii) Regulationism**

Regulationism refers to the effect of state regulations and form of ownership, where the state can choose to own the resource and regulate how extraction and processing can be carried out. Regulations include even those established through global multilateral agreements that may need to be considered when crafting a local model of production (Barnes and Hayter, 2005:459). In this case, the centre of knowledge and leadership is obviously with government.

### **(iii) Environmentalism**

Environmentalism speaks of the effect of environmental non-governmental organizations on resource production in a geographical area and the extent to which they can lobby and campaign for ultra-positions that may constrain the resource production in a geographical area. Here, the non-governmental organisations with expert knowledge and academic and research institutions will obviously be the knowledge base and will therefore assume leadership of the campaigns.

### **(iv) Aboriginalism**

Aboriginalism, on the other hand, has to do with the level of mobilization and consciousness to issues of resource ownership and use by the native people, as well as processing and beneficiation. Native people may resist specific forms of ownership and utilization regimes of the resource (Barnes and Hayter, 2005:459).

The discussion on local models brought about an interesting dimension as it assisted to bring about an understanding that power, skill and capacity were not centred on any singular stakeholder. Stakeholder involvement and partnership in development is very critical in order to maximise the effort and productive impact of any intervention.

Furthermore, the institutional forces that are discussed above do not exist in isolation in each location, but are conditions to be fulfilled simultaneously during development initiatives in a locality. For instance, a private owner has to apply to the local municipality for any development in it and may require permission with a number of conditions that must be complied with as per government regulations and by-laws governing development in a particular space. The owner may need a buy in from the local community within which the development must take place as per Environmental Impact Assessment. Lobbying of community based organisations and non-governmental organisations may help to unlock stand offs during the Environmental Impact Assessment phase of the project.

#### 2.2.4. Common successful features of LED

According to Canzanelli (2001:12), universities and research institutions throughout the world have identified social capital, strategic vision, systemic competitiveness and implementation structures as common features which contribute to the success of LED. For example, Oakerson and Parks (2011) argue that the manner in which the “*interorganizational*” structure is arranged may provide better solutions to problems that are difficult to handle “*at a level of individual organization and jurisdiction*” Oakerson and Parks (2011:148).

Canzanelli (2001) further defines social capital as the ability of people to work together in an organised and voluntary manner governed by common rules and values towards a common goal, in a manner that subordinates their individual egos and interests to that collective whole. However, although building of social capital capacity can be time consuming and costly to implement, it is a worthwhile exercise if one has to build the effective governance which is necessary for Local Economic Development (Canzanelli, 2001:12). Blanchard and Mathews (2006) argue that this can only be achieved in a highly competitive environment that “*engenders civil participation*” and “*economic heterogeneity*” in districts where business operates in pluralistic fashion and a number of “*local interests*” work for a common goal, which is often about improvement of their own community (Blanchard and Mathews, 2006:2246).

Canzanelli (2001:13) argues further for the complementary use of both state bureaucracy and flexible mechanisms, even in the private sector. This complimentary mutualism between state and private sector results in the reduction of transaction and compliance costs, better exchange of information and maximises exploitation of local economic opportunities. The social cohesion that emerges out of the social capital reduces opportunistic behaviour that often stalls or completely kills community initiatives (Canzanelli, 2001:15). However, this social cohesion can be constrained by the short term nature of political leadership tenure that does not allow enough time for well-developed vision, predetermined objectives linked to implementation plan and enough time to quantify plans and link them to resources, skills, capacity and strengths of the organisation (Canzanelli, 2001: 36).

From above discussion it is clear that the conception of development is consistent with the Marxist-Leninist universal dialectical law of development – the law of unity and the struggle of opposites, as captured by Konatantinov (1982:109). This law states that fundamental development happens as a product of fierce contestation of ideas and innovation for better existence of being and is “*sometimes called ‘logical contradictions’*” (Konatantinov, 1982:110). Development, therefore, requires requisite leadership to be able to expose the comparative and competitive advantage that individuals could exploit for community development and survival. Such leadership should be able to establish structures that allow for a competitive edge and complementary working together between the public and private sector.

### **2.2.5 Structures for facilitating leadership effectiveness**

Canzanelli (2001) identifies a few implementation structures that facilitate leadership effectiveness. These include, amongst others, voluntary project-based partnerships, which allow for mechanisms to allow delivery in accordance with the predetermined project activities and cash flows; Local Economic Forums; and Local Economic Development Agencies (LEDAs).

Canzanelli (2001:10) characterises the local forum as;

*... the embryo of the participatory forms, which will assure good governance to the development strategies in the area.... that will develop its own growth and models according to local culture, the cooperation levels, the established strategies and the defined implementation instruments and structures*(Canzanelli, 2001:10).

According to Canzanelli (2001:1), the main tasks of the forum include establishing the collective vision, and aims and objectives of local actors, as well as developing strategies towards the achievement of such aims and objectives through setting up “*operational and organisational instruments*” to ensure implementation of plans towards realisation of the above-mentioned goals (Canzanelli, 2001:1).

The third implementation structure of Local Economic Development that was identified was Local Economic Development Agencies (LEDAs). According to

Canzanelli (2001:19), Local Economic Development Agencies, sometimes called functional structures, contribute to the success of Local Economic Development as they assist in the identification of Local Economic Development initiatives. They also facilitate communication amongst participating stakeholders, mobilise technical skills for developing projects and support local entrepreneurs.

Since LEDAs tend to enjoy some level of autonomy, they allow for long term thinking and organisational memory and are “*stable, self-sustainable and permanent*” (Canzanelli, 2001:19). They are recognised for their ability to elaborate strategic plans, identify socio-economic development priorities, create a favourable environment for investments, mobilise local capacity, and effectively arrange and allocate local resources towards sustainable local economic development, growth and redistribution.

Over time, LEDAs have contributed to delivering social protection to workers by providing them with employment that is more stable, which allows them to enjoy the privileges of full time employment in the form of benefits, such as medical aid. Thus, Canzanelli (2001: 24) argues that Local Economic Development can play a fundamental role in human development too. Canzanelli (2001: 32) also found that LEDAs have played a part in the facilitation of local dialogues, spreading of information and exposing local opportunities, as well as access to services, which played a major role in the reduction of vulnerability.

#### **2.2.6. The LED environment in South Africa**

##### **2.2.6.1 Policy and Legislation that supports LED**

LED in South Africa is backed up by considerable legislative and policy frameworks, as outlined hereunder:

- i. The Constitution of the Republic of South Africa

Local Economic Development is a constitutional mandate to municipalities. The Constitution of the Republic of South Africa, 1996, Act 108 of 1996, Section 152, compels municipalities to, amongst others, promote “*social and*

*economic development, safe and healthy environment,”* while involving the communities themselves in matters that are affecting them (DPLG, 1996:84;Rogerson, 2011:150).

ii. Local Government Transition Act of 1993, as amended in 1996

The Local Government Transition Act obliges municipalities to develop Integrated Development Plans (IDP) that address spatial and transport planning and infrastructure, and promote economic development.

The current indications are that while Local Economic Development is located within the Integrated Development Planning process (IDP), it is only municipalities that are compelled by the law to comply. Government has put in place corrective and punitive measures to regulate and enforce compliance by municipalities, to the exclusion of the other spheres.

It is for these reasons that there seems to be reluctance from upper spheres to provide leadership at a local government level, preferring to police compliance with basic rules rather than facilitating innovation and learning.

iii. The Local Government: Municipal Systems Act no.32 of 2000

The Municipal Systems Act no. 32 of 2000 provides for core “*principles*”, “*mechanisms*” and “*processes*” imperative for the “*social and economic uplifting of local communities*” (RSA, 2000: 1).

### **2.2.6.2 Other critical policy initiatives that support LED**

These include, among others:

- (i) Initiatives such as the establishment of Local Business Services Centres by the Department of Trade and Industry in 1997 to provide technical business planning capacity. In addition is the triggering of the Spatial Development Initiatives and the introduction of Industrial Development Zones in order to facilitate more investment in the locality.

(ii) Interventions such as the stakeholder driven Local Economic Development framework of 2006 also showed the seriousness of both government and other affected stakeholders. This framework aimed at promoting robust and inclusive local economies, taking advantage of local opportunities and potential, as well as comparative and competitive advantage for the development of communities. Vibrant economies had to result in the broadening of the tax base, increasing employment opportunities and “*contribute to national development objectives*” (Nel and Rogerson, 2007:4).

This is consistent with the Constitution of South Africa, act number 108 of 1996, which enjoins local municipalities to plan and implement social and economic development. It is this directive that has pushed government to develop further policy guidelines and implementation frameworks to encourage municipal leadership to incorporate these responsibilities in their local government obligations (Nel and Rogerson, 2007: 3; Rogerson, 2011: 150); The Constitution of the Republic of South Africa, 1996:84).

The 2006 framework is critical to this study, because it is this framework that has triggered a lot of progress with regard to taking the LED process further within the Ehlanzeni District Municipality. It was within this context that the then Department of Trade and Industry assisted a number of municipalities to develop their LED strategies.

The objectives of the framework of 2006 include, amongst others, an intention towards a more strategic approach to LED and support of locally driven economies through enhanced participation of local communities. It also emphasised the facilitation linkages of such a local economy to the national and global economies as well as improving co-ordination, planning and implementation across the spheres of government and between government and non-government actors (Rogerson, 2011:153). Any choice of leadership, therefore, has to support and ensure that these objectives are met.

The above discussion brings to the fore the issue of management and leadership of organisations towards mitigating the constraints, as mentioned above.

### **2.2.7 Summary of literature findings on LED**

The literature review above explored the concept of Local Economic Development right from its development and through its evolution. The review also touched on the aspects that influence the approach to Local Economic Development and concluded by looking at the South African situation. Literature reveals that effective Local Economic Development occurs in a highly competitive environment characterised by greater civil participation and economic diversity, where the state and private sector complement each other in making the community realise its common goal of development.

The 2006 National LED framework and the subsequent actions towards facilitating its implementation have resulted in making tremendous progress in guiding municipalities towards implementation of LED in their municipalities. This has resulted in the development of district and local municipality frameworks within the Ehlanzeni District municipality.

However, studies done pre and post the 2006 national LED framework have indicated that there is still more work to be done with regard to developing collective vision in the local communities and stakeholders, and establishing effective participatory institutions.

A review of the literature has also revealed that both political and administrative leadership are equally critical towards the development of a common development path.

## **2.3 THEORETICAL PERSPECTIVES ON LEADERSHIP**

### **2.3.1. Definition of leadership**

Leadership has been one of the most studied and widely researched subjects for over a hundred years. Leadership theory has evolved over these years from the limited focus on the intrinsic aspect of leadership effectiveness to a broader focus that interrogates cognition, behaviours, attributes and a context within which leadership is exercised.



Much time has been spent on debating and researching on whether effective leadership is culturally specific or universal, contextually specific or intrinsically natural, charismatic or transformational. These debates and research have concluded that leadership conceptualisation needs to move a step ahead and integrate the interplay between leaders and their followers. Leadership conceptualisation also has to consider historical, current and emerging contexts (Avolio, 2007:25).

There is a tendency to use the terms leadership and management interchangeably. Mintzberg (1975:12) observed and analysed 860 correspondences and conducted 368 verbal conversations. He then concluded that a manager is “*that person in charge of the organisation or sub-unit*” (Mintzberg, 1975: 12). This is a person vested with both formal and informal authority over an organizational unit and has the status within the institutions he or she oversees. Smit and Cronje (1992) included leadership as part of other management roles, such as planning, organizing, staffing, control and communicating.

However, Kotter (1996:71) illustrated a different perspective using a strategic planning framework as a guide, where he associated leadership with the creation of vision and development of strategies for attaining the vision, while management is about developing of plans linked to budgets towards the realisation of strategies set through leading. The role of leadership in an organization in this regard is neither “*mystical and mysterious*” nor associated with “*charisma*” or “*other exotic personalities*”, nor is a province of “*a chosen few*”. Leadership is neither to be seen necessarily as “*better than management or a replacement of it*” (Kotter, 1999:51). Both leadership and management must be seen as two different, but complementary, aspects in the running of an organization.

The only difference is that leadership is about the creation of vision and designing of strategies for the realization of the vision. Management, on the other hand, is about planning and budgeting, establishing structures suitable for accomplishing plans and staffing them (Kotter, 1999:54). Management in reality is about “*coping with change*”, while leadership is about “*coping with complexities*,” which can sometimes veer towards chaos in the absence of good management (Kotter, 1999: 52).

Leadership is not only concerned about change itself, but also the direction such a change is to take. Data, patterns, relations and linkages of the systems and subsystems are used to determine the nature of the change, as well as the context within which such a change takes place (Kotter, 1999: 55).

The definition of leadership has been well captured by various authors in various ways. However, the most suitable definition for this dissertation is that of Vroom and Jago (2007:18), who describe leadership as:

*a process of motivating people to work together collaboratively to accomplish great things.*

Smit et al. (2007:272) support the notion of leadership as a process when they captured their definition of leadership as:

*...the process of directing the behaviour of others towards the accomplishment of the organisation's goals...the activity that infuses energy into the organisation to activate its members and resources to get things moving and keep them in motion.*

The process, according to Ancona et al. (2007:180) must be able to make sense and comprehend the context within which an organisation and its people operate, relate and build relationships within and without the organisation. The process must be able to allow the organisation to envision the future it wishes to build, create a compelling picture of it and invent it through building new ways to achieve it. For leaders to be able to fulfil the above-mentioned functions, they have to have the necessary acquired or bestowed authority, power and ability to influence, power and ability to delegate, as well as responsibility and accountability (Smit et al, 2007:272).

Tricket and Lee (2010: 429) assert that “*leadership requirement differs according to the context of a given place*” and that it is an iterative process that cannot be created from imaginary and self-invented geographical area, but is a “*contextually-based, collective cross cutting process*” that calls on leaders to shape and develop their systems alongside interventions to “*shape and make a place*” Tricket and Lee (2010: 429).

There are three major theories of leadership emerging from the literature: the trait theory, the 'great person' theory and the contingency theory (Stough, 2010:614).

### **2.3.2. Theories of Leadership**

#### **2.3.2.1. Trait Theory**

Trait theory research was conducted prior to the 1940s where researchers and academics were looking for consistently inherent leadership traits that could apply universally to all effective leaders in all forms of organisations. Although three thousand trait studies were conducted over seventy years, none of them has led to the compilation of a universal list of traits associated with successful leaders (Robbins, 1996: 414; Smit et al., 2007: 279; Avolio, 2007: 25).

#### **2.3.2.2 Great Person Theory**

The great person theory concept is a process where an individual or a very small and select group creates a vision for exploiting regional economic potential to benefit the individual or group that creates it. The individual leader in this regard creates an idea, implements and markets it until it ignites the necessary energy that contributes to the regional economic sphere (Stough, 2010: 6154).

An example of the success of this type of leadership has been experienced through the change process that has taken place in Austin, a college town, since 1957. Through change initiated in the interest of economic development by Dr George Kozmetsky, the town grew from a 200 000 resident town dependent on state government to a technological-intensive and modern regional economy with a population of 1 million. This success was attributed to a conscious policy effort to create a new base to the economy. A number of actors were made to work collaboratively towards achieving a common goal through a well marketed "*vision, a plan, a combination of business, academic and government leadership and partnership*" (Stough, 2010: 615).

### **2.3.2.3 Contingency theory**

According to the contingency theory, leadership is said to be catalysed by “*major systems disruptions*” like natural disasters, economic upheavals and major political changes in a country where, in most cases, political leadership takes the lead (Stough, 2010: 619). The study of such examples as Tempera (Finland), Liverpool (England) and Rotterdam (the Netherlands), made Stough (2010:620) argue that contingency theory of leadership provided a critical theoretical framework for understanding the broader role of leadership in a regional economic development context.

However, Collinge and Gibney (2010) argue that the role of formal leadership still receives inadequate attention in policy debates and discussions in a situation of high dominance of hard economic theory (Collinge and Gibney, 2010:380). Current challenges call for leadership that transcends “*thematic boundaries*” and integrates key stakeholders from all dimensions of urban regeneration (Barber and Eastaway, 2010:395).

Four models of contingency theory were subsequently developed. These were: Fiedler’s 1967 contingency model, Hersey and Blanchard’s situational theory of 1969; Vroom, Yetton and Jago’s contingency model of 1973; and The House and Mitchell’s path–goal theory of 1974 (Avolio, 2007:26).

#### ***(i) Fiedler’s contingency theory of leadership***

Fiedler’s contingency theory of leadership argues that leadership cannot be divorced from the subordinate and the situation. Success is a product of an appropriate “*match between the leader, the subordinate, and the situation*” (Robbins, 1996:422; Smit et al., 2002:281). Vroom and Jago (2007:20) argue that leaders should be able to do this, while providing appropriate authority or persuasive power to guide followers through the path towards meeting the goal.

### ***(ii) Heresy and Blanchard's Leadership Cycle Model***

This model links style effectiveness to the maturity of subordinates or followers. The extent of the shift from task oriented leadership to employee or people oriented leadership or the other way round is contingent on the maturity of those who are led (Smit et al, 2007:283; Robbins, 1996:424; Blanchard, 2007:).

### ***(iii) The Vroom-Yetton-Jago Model of 1973***

This model provided a set of rules to determine the extent of form of involvement in decision-making in different types of situations. However, researchers found the model to be too complex a model for organisations to use (Smit et al, 2007:284).

### ***(iv) The Path-goal Theory***

The Path-goal theory moves from the premise that the duty of a leader is to provide the necessary assistance to the followers on the path towards the realisation of goals of an organisation (Robbins, 1996:426; Smit et al., 2007:284)

## **2.3.3 Contemporary Perspectives on Leadership**

Research into leadership has continued from the post 1940s to date and has resulted in various different perspectives ranging from transactional leadership, charismatic leadership and transformational leadership (Robbins, 1996: 435; Smit et al., 2007:285)

### **2.3.3.1 Transactional Leadership**

Transactional leadership is associated with what managers are traditionally expected to do, as outlined above by both Kotter (1996, 2000) and Smit et al. (2007). According to this perspective, managers direct, control, manage performance based on policies and procedures and coerce followers to comply in return for rewards or reprimands. The relationship that exists is not based on mutual commitment to a higher goal of the organisation, but by the continued carrot and stick nature of exchange between the

manager and the follower (Smit et al, 2007:285).However, transactional leaders are more useful in stable situations than within the changing environment.

### **2.3.3.2 Charismatic Leadership**

Charismatic leaders are seen to have the capacity to motivate people to do more than what is expected of them, because they radiate extraordinary high levels of confidence. They have a strong conviction in their beliefs and ideologies and communicate a compelling vision and high sense of purpose. They are often known as “change agents” (Robbins, 1996: 436 and Smit et al., 2007:285).The bad side of them is that they may become a liability, as they may grow arrogant owing to their high level of confidence that may exaggerate their self-esteem (Robbins, 1996: 438).

### **2.3.3.3 Transformational Leadership**

Transformational leaders are often seen as being similar to charismatic leaders. However, they differ because of their “*ability to bring about innovation and change*” though the introduction of a successful and vibrant vision and mission and through organisational institutional change, strategies, culture and reward systems (Smit et al., 2007:285). Kotter (1996: 26) identified the following eight key activities in leading successful change:

- Establishing a sense of urgency;
- Creating and communicating a clear vision;
- Getting rid of obstacles that prevent others to act on the vision;
- Establishing strong teams to drive such a vision;
- Creating short term wins to keep the momentum going;
- Consolidating improvements;
- Entrenching the values of the vision of the institution; and
- Introducing leadership development and succession planning and implementation.

Fein et al. (2011) argue that such change can only happen if focus is placed on changing “*follower’s values, personal identities and psychological needs*” (Fein et al., 2011:517). For it to succeed, care must be taken of the following dimensions: “*setting*

*directions, developing people, redesigning organisation and managing the institutional programs*” through exercising power and authority, fair justice, respect of democratic principles, ensuring “*individual accountability*” and “*social responsibility*” (Shields, 2011:569).

### **2.3.4 Systems Model of Leadership**

The systems model views leadership as a mode of formulating, making, and acting on decisions, whose key components are “*wisdom, intelligence, and creativity, synthesized*” (WICS) (Sternberg, 2007:34). These are derived from relationships within a holistic system that “*cannot be reduced to simple cause and effect*” (Wheatley, 1999: 10). Leadership effectiveness in such a holistic system is a derivative of a strong relationship that exists between individual subsystems strengthened by partnerships, followership, teams, networks, as well as the empowerment within the organisation motivated by inculcated “*deep longings for the community, for meaning, dignity, purpose and love*” (Wheatley, 1999: 14).

Senge (2006) identifies five disciplines of systems thinking theory and they are discussed hereunder:

#### ***(i) Personal mastery***

Personal mastery refers to that discipline that is meant to sustain the continuous clarification and deepening of personal vision in a way that allows us to see objective reality and align our energies to ensure the necessary perseverance towards the achievement of the goal we have set for ourselves (Senge, 2006:7). This principle is consistent with the need to mobilise collective ideas and interest towards a shared strategic vision. Canzanell (2001:15) has identified this to be a successful factor in Local Economic Development.

#### ***(ii) Mental Models***

Mental models refer to those “*deeply ingrained assumptions, generalisations, even pictures or images*” hidden in our minds that influence our perceptions about the world outlook, its objective reality and how we believe we can change it (Senge,

2006:8). This is the principle required for ensuring “*systemic competitiveness*” for the success of Local Economic Development, as alluded to by Canzanelli (2001:15)

### ***(iii) Building Shared Vision***

Building a shared vision entails the practice of what Senge (2006) calls “*skills of unearthing shared pictures of the future*” that inculcate commitment from inside towards its realisation (Senge, 2006: 9). The principle is consistent with the building of social capital through promotion of participatory process and establishment of partnership amongst stakeholders to ensure success in Local Economic Development, as alluded to by Canzanelli (2001:13).

### ***(iv) Team learning***

Team learning has to do with the forming of teams where extraordinary capacity is harnessed and directed to a collective action meant to achieve a set collective goal. Senge (2006) depicted core learning capabilities as the ability to present the aspiration of the organisation obtained through personal mastery and shared vision. Team learning also allow individuals to engage in a reflective conversation through which mental models expose their inner thinking and perceptions that make it easy for to engage in a collective action. Team learning makes it easier for a better understanding of complex systems. This discipline is critical in the creation of implementation structures that ensure success of LED, as alluded to by Canzanelli (2001:12)

### ***(v) Systems thinking – the fifth discipline***

System thinking enables us to realise how best we can change complex systems effectively and align the processes of achieving our organisational aspirations. Although Senge (2006:7) cautioned that system thinking view is still “*extremely intuitive*”, he conceded that it constituted a centre of convergence of all five interrelated disciplines. It is for this reason that he regards Systems Thinking as “*the fifth discipline*”. Thus, this kind of leadership discipline is consistent with the notion



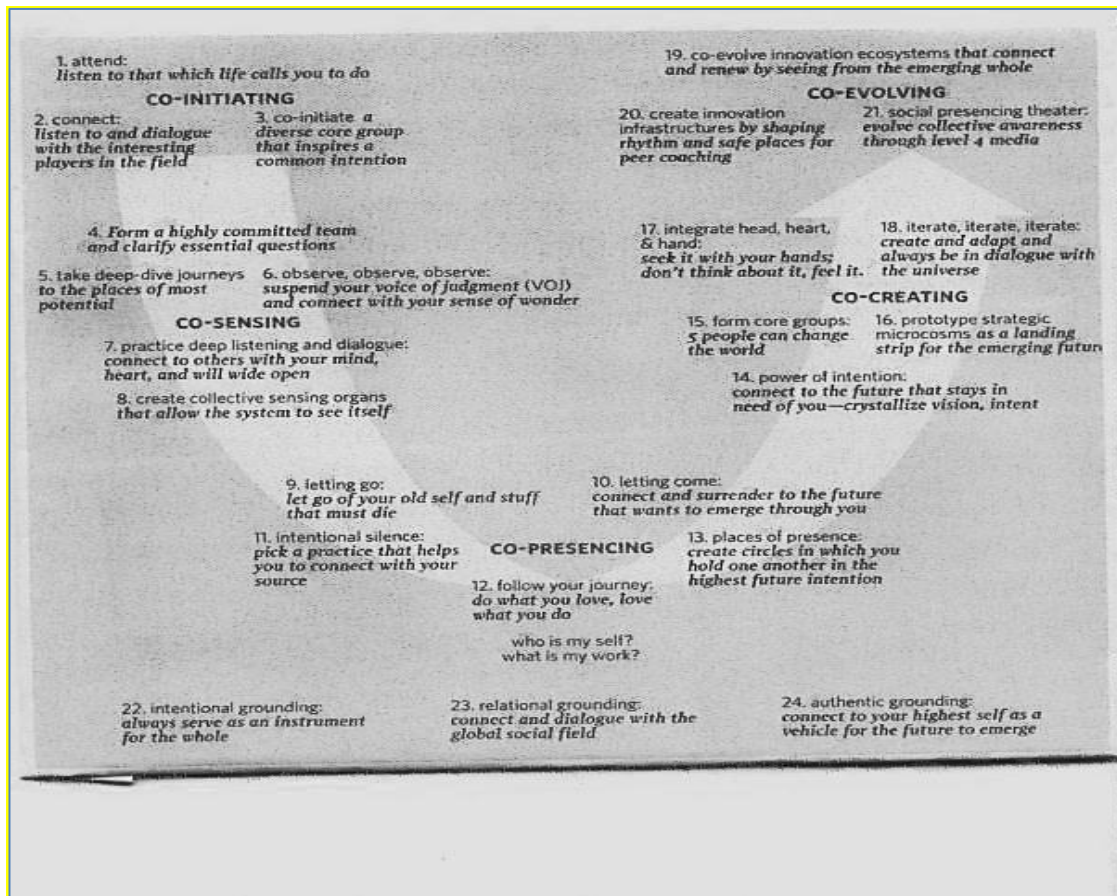
of LED as a process to facilitate partnership between local stakeholders, as explained earlier on by Canzanelli (2001: 9).

### **2.3.5 Theory U: Leadership from the future as it emerges**

Scharmer (2009) takes further the perspectives of the fifth discipline through the derivation of what he called “Theory U,” a mechanism of developing and practicing leadership from the perspective of a “*future as it emerges*”. In his research that led to the above-mentioned theory, he identified four barriers to organisational learning and change (Scharmer, 2009:126). The first barrier is about fixed ideas in an organisation with disregard to the environment within which the organisation exists. The second is about failure to say what you think about the organisation and its state of affairs. This makes the organisation vulnerable and prone to repeat the same mistake many times. The third is about not linking theory to practice, that is, “*not doing what you say*,” leading to confusing messages to subordinates about the culture of the organisation itself and demoralising and discouraging them from innovatively making things happen time bound (Scharmer, 2009:127). The fourth is about what Scharmer (2009:127) calls “*not seeing what you do*”, in other words, being blind to the damage you are causing to the organisation by your bad actions or inactions. Scharmer (2009: 119) calls this act of remaining hamstrung by these barriers downloading, a phenomenon that is often embedded in an organisational culture that has a strong resistance force to ground the organisation in the thought of the past.

Scharmer (2009) argues that that while Senge (2006) talks about five broad interrelated principles of leadership within the realm of systems thinking, these can be unpacked into twenty four individual principles that must be fulfilled in order to realise change and innovative organisations. These twenty four principles are illustrated in figure 2.1 hereunder follows:

**Figure 2.1: The Twenty Four Principles of Theory U**



Adapted from: Scharmer C. Otto (2009). *Theory U: leading from the future as it emerges – The Social Technology*. Berret-Koehler Publishers. San Francisco. US, p441

The twenty four principles of Scharmer's (2009) Theory U approach to Leadership development and evaluation reveals some commonalities with the reflective practitioner perspective of Schon (1991) that is used in this research as a technique to collect and interpret data to arrive at the findings and conclusions of this research. Schon's (1991) reflective practitioner perspective speaks of how professionals think in action.

### 2.3.6 The Reflective Practice and Vision of Social Progress

Schon, in Rodwin and Schon (1994: 70), believes that change is not a product of luck, magic or some heroic manipulation of individual entrepreneurs, but a product of *“practical, direct experience with development as it proceeds.”* Such a change happens as a result of an effective development decision making process by policymakers as they are participating in their *“creation and coping with equilibriums that are inherent in the development”* as they induce change that give rise to social progress (Rodwin and Schon (1994: 70). Schon calls this *“reflection-in-action”* which is *“central to the art through which practitioners sometimes cope with the troublesome ‘divergent’ situations of practice”* (Schon, 1991: 62). Reflection-in-action is sometimes known as social learning, viewed at the same time as development itself (Rodwin and Schon, 1994:69).

Social learning theory arises from where performance improves over time not in a situation of deterioration, regression or inconsistency of in action. The social learning theory must also determine the what, who and how of the learning process.

The practice of reflection allows practitioners to reflect on their knowledge in practice by thinking back on the project they have undertaken or situations they have experienced in order to comprehend their understanding of how they are handling issues at the current moment. They may do this even when they are in the midst of the action itself. Practitioners’ reflection saves the professional or practitioner from boredom and burn out as a result of the *“more repetitive and block balancing experience”* of the *“knowing-in-practice”* process (Schon, 199:61).

According to Schon (1991:61), reflection allows practitioners to reflect on their knowledge as they practice, reflect on a previous project that has been carried out or a situation that has been experienced in order to draw lessons that help them to understand a current case they are dealing with. In this research, practitioners are in a position to observe the current practice, reflect on their past experiences and make use of the lessons and knowledge they have drawn as they move into the future.

More knowledge gets cultivated through reflective research, where both the reflective researcher and a reflective practitioner bring their own thinking to the reflective research as an “*aid to (their) own reflection in action*” (Schon, 1991: 323). Reflective research has no predetermined agenda, but the agenda is generated through the dialogue that takes place between the reflective researcher and the reflective practitioner (Schon, 1991:324).

This research is about leadership in LED. So, looking at Sharmer’s (2009) Theory-U above, it is clear that the twenty four principles can create an environment conducive for social learning through the reflective practitioners’ approach.

## **2.4. ISSUES OF LEADERSHIP OF LED IN SOUTH AFRICA**

So much has been recorded in South Africa about Local Economic Development, yet so little has been said about its leadership. Most of the work that has been written has focussed more on the policy issues, either in broad terms or on specific policy areas or a specific programme area. Most of them do not even make reference to leadership, except for two Master Degree theses, one about Ehlanzeni on IDPs by Gunter (2005) and one on LED by Mahlalela (2005). However, leadership issues have been implied in some of the other research work, and can only be extrapolated from a number of factors.

One such academic research from which leadership issues can be derived is in a Master Degree thesis by Xuza (2007), which was more on the performance evaluation from practitioners’ perspectives pre 2006. Another work that stood out is by Rogerson (2011), also on the evaluation of performance post 2006.

The period 2006 is emphasized because it was the year that ground breaking progress was made when a national LED summit was convened, where, for the first time, a blue print was produced that came up with more clarity on what needed to be done to take LED further. This framework clarified the vision of LED and the need for collaborative working, not only for the various spheres of government, but also a need to form partnerships that will ensure effective LED in local communities. It emphasised for the first time a need for a strong and unapologetic leadership when coming to Local Economic Development.

### **2.4.1 Features of leadership as per South Africa's LED Framework**

The 2006 national LED framework speaks about the building of decisive and unapologetic governance led by energetic, creative and assertive leadership with shared understanding of the challenges facing the implementation of LED and the necessity of mobilizing locally owned solutions. The framework further outlines the outcomes of such leadership as follows:

- (i) The establishment of effective public private partnerships to stimulate investment and establish a center for co-ordination of private and public stakeholders
- (ii) Capacity to identify comparative and competitive advantages of the district and amongst the municipalities within the district.
- (iii) The establishment of an environment conducive to the creation of employment opportunities through establishing fast and effective business.
- (iv) The effective implementation of inter-governmental relations (IGR) for joint engagement and planning that result in a coordinated action by all spheres and players in Local Economic Development.
- (v) Development of innovative spatial development strategies linked to land use, policies, by-laws and local capacity to implement.
- (vi) Mobilization of a strong pool of skilled people to unlock latent economic opportunities.
- (vii) A credible LED strategy and a strategically placed LED unit in the organizational structure.

However, all the above do not speak of how such leadership manifests itself and to what extent such leadership influences or is influenced by the people and the environment within which Local Economic Development has to be conducted. This also raises the matter of what this is leadership all about. This forms the core of this study.

The question that arises is, what was the situation of LED before 2006 and what are the perceptions of LED since 2006 in South Africa?

#### **2.4.2 Perspectives of LED prior to 2006**

Xuza (2007) published an article on what she calls “*Practitioner’s perspectives*” on the trends of Local Economic Development practice in South Africa for the period 1996 to 2006 (Xuza, 2007:117). The analysis in the article revealed a number of positive and negative developments. From the eye of a practitioner, the article provided a context for the 2006 framework. The framework was meant to provide guidelines that will help to address the gaps that were discovered during the 10 years of implementation of Local Economic Development in South Africa.

The 2006 framework therefore came as a backdrop of Local Economic Development that was unconsciously differentiated in a manner that made rural and small towns focus on agriculture and tourism, while urban centres and cities, in particular, focussed on SMME, with little if no emphasis on the priority centres that drive the local economy and therefore enhance the development of SMME and increase job creation momentum (Xuza, 2007:119). Local Economic Development initiatives were mostly driven by donor and government grant funding. This resulted in a situation where implementation was fragmented and uncoordinated, without due regard to co-operation with non-governmental organisations and community-based organisations, never mind the private sector.

This lack of attempting to build strong partnerships between the above-mentioned structures and local government has resulted in failure to close knowledge, skills and resource gaps. There is little evidence of success of projects that were undertaken individually, while there has been significant evidence of success where a project has been undertaken in partnerships. Money, contrary to popular perception, did not come up as a big challenge, as there was a lot of grant funding from both the government and donors (Xuza, 2007:120). Hence prioritisation of need to build strong partnerships and lead co-ordination of inputs from other spheres of governance comes up as one of the critical leadership outcomes.

Local Economic Development in the first ten years seems to have grown much from poverty alleviation initiated projects, which assisted a great deal in transferring skills

for survival, enhancing collective decision making and participation amongst members of the community. However, it is on record that this poverty alleviation approach never assisted in the graduation of poverty alleviation oriented projects into sustainable economic initiatives. In this case, it would have been critical to build capacity to transit LED practices from a project based approach, to a comprehensive and holistic approach and towards a broad sustainable development approach employing human and capital resource and having clear outcomes.

In response to the above, the government spent much time focussing on policies meant to attract foreign investments in a top-down style of decision-making. They facilitated attracting specific industries to “*specially designed areas in local areas*” (Xuza, 2007:121). They focussed their major effort on export-oriented local industrial developments located mostly in an Industrial Development Zone. Most of these initiatives came to nothing due to officials lacking the capacity to properly read the local market environment.

Following the above-mentioned experiences, most of the initiatives that followed focussed more on the development of indigenous business that takes into account local resources. In response to the situation above, the National Government initiated “*Local Service Centres for LED*” and decentralised them to be accessible to all municipalities to help municipalities in the planning and designing of business propositions. However, by the end of 2005, Local Service Centres were still not all operational. A further attempt was also made to establish Sector Economic Development agencies, but they too became aloof from the people and collapsed at an early stage.

Research and development is critical to development in that it provides new knowledge and information about society and the environment in relation to the development imperatives. The period from 1996 to 2006 was also characterised by the absence of “*all-encompassing economic development policy*” that could be used to direct development and provide a platform for debate through academic practice in tertiary institutions (Xuza, 2007: 123). As a result of this, these institutions displayed inadequacy with regard to research and development, while teaching and training, on the other hand, became more biased to the IDP than on Local Economic Development.

The training conducted by Sector Education and Training Agency (SETA) was done in isolation of tertiary institutions. Although the agency did well in the creating of understanding of Local Economic Development by practitioners, it has denied learning institutions a learning opportunity from practices, experiences and challenges encountered by Local Economic Development practitioners. As a result of this, the “*profession*” and programmes in institution of higher learning remained “*poorly arranged*” and planned for (Xuza, 2007:118).

The analysis by Xuza (2007) provides a basis for understanding the evolution of Local Economic Development in South Africa, and a framework for the analysis of future Local Economic Development framework and issues to be taken care of in the leadership of a successful Local Economic Development programme. It revealed that in the ten years prior to the initiation of the Local Economic Development National framework of 2006, the practitioners’ perspectives on LED were as follows:

- First emphasis was on poverty alleviation induced through donor funding and government grants.
- Urban/rural differentiated approach with municipalities of small rural towns focusing on agriculture and tourism and urban centers focusing on SMME development.
- No partnerships between government, NGOs and business.
- Top-down policy driving foreign investment focusing on processing of export of raw material through Export Processing zones.
- Fragmented capacity building where sector training was done without involvement of institutions of higher learning and research while the training was delinked from the integrated formal education system.

This research seeks to establish as to whether there has been any change in the perceptions of practitioners since the advent of the National LED Framework guidelines of 2006.



### 2.4.3. Situation post 2006 national framework

Rogerson (2010:482) identified the years 2005 and 2006 as a “*significant watershed*” for LED policy development in South Africa that has seen the emergence of the 2006 LED Strategy Framework, which was hailed as a sign of policy maturity. In the article where Rogerson (2010) revealed the above, he had analysed experiences of LED since South Africa’s new democratic government had come into power. This incorporated a 15 years period from 1994 to 2009. He identified the following strategic challenges in the implementation:

- Lack of collectively shared meaning of LED;
- Lack of clarity of roles amongst stakeholders during the integration and cooperative working amongst stakeholders;
- Failure to pitch LED at an appropriate level;
- Lack of alignment of LED with the Provincial Growth and Development Strategies;
- Failure to reduce the gap between LED practices in cities and small towns;
- Failure to involve local people as participants and beneficiaries,
- Weakness in the ability to disseminate good LED practice;
- Private sector involvement that has continued to happen in a very fragmented and inconsistent manner;
- LED not taken seriously, even after 15 years;
- Absence of efforts to nurture and build sustainable LED networks and knowledge platforms;
- Inadequate capacity building and funding of LED;
- The quality of data and the need for integration of both the so called “*first and second economy*” (Rogerson, 2010)

The 1994 to 2009 period under review was also characterised by both positive and negative outcomes in relation to policy development, interpretation and co-ordination of LED. The review also highlighted questions around the leadership role in the

conceptualisation, institutionalisation, planning and implementation of LED in municipalities.

Making use of the 2006 National LED Strategy as a guide, the following emerges from most of the post 2006 articles that wrote about Local Economic Development in South Africa:

#### **2.4.3.1. Intra and intergovernmental relations**

The review indicated that government spheres were still found wanting with regard to intergovernmental co-ordination (Nel and Rogerson, 2007:4; Rogerson, 2009:441; Rogerson, 2011:149).

The other area of concern is that the historical silo mentality in municipalities did not help the situation either. It is this silo mentality that limited municipalities within their own boundaries and comfort zones when planning Economic Development. This resulted in municipalities failing to exploit comparative and competitive advantages of their economies that were of spatial nature and straddled the boundaries of municipalities to the fullest.

#### **2.4.3.2. Partnerships**

The review also picked up that three years after the national framework had been adopted, the relationship amongst various role players involved in Local Economic Development, such as government, NGOs and business, was still an issue that remained unsolved.

The review revealed that municipalities were also facing difficulties with regard to the art of involving communities and stakeholders in the Local Economic Development initiatives of their municipalities. In most of the cases, LED still remained project based and donor or grant driven where communities would only be informed about them as they were imposed on them by municipalities and other spheres of government. Communities were not allowed meaningful participation, from conception to implementation. In small towns, the inability to attract the requisite

skills for leading development exacerbated the situation with regard to the above-mentioned discussion.

The 1994 to 2009 situation calls for intensified awareness on the importance of a public private partnership as a catalyst for LED and South Africa is said to have the potential to lead the world in this regard (Rogerson, 2009:455). Municipal officials need capacitating to deal with stakeholders through improvement of relationships, development of service level agreements, reduction of excessive red tape and regulations, as well as an establishment of effective partnerships (Rogerson, 2009:452).

#### **2.4.3.3. Policy and legislative environment**

Rogerson (2011) acknowledged that although the period 1994 to 2009 has seen rapid policy and legislative improvements within the local government sphere, there are still various challenges facing the implementation of LED. The legislative and policy advancements referred to above, include:

- the coming into being of the 1996 Constitution;
- the passing of the local government Municipal Systems Act of 2000;
- the 2002 draft policy document that gave more impetus to sustainable development;
- the Growth Equity and Accelerated Redistribution (GEAR) initiative of South Africa of 2005;
- the launch of the 5 year Local Government Strategic Agenda and Implementation Introduction of the Plan of 2006; and, lastly,
- the introduction of the 2006 National Spatial Development perspective, which provided framework for the development planning at all the spheres.

Additional to these are the DTI Regional Industrial Development Strategy of 2006, as well as the National Industrial Policy of 2007 and the 2006 LED Framework, which forms the basis for the discussion in this study (Rogerson, 2011:150).

#### **2.4.3.4. Institutional arrangements**

The review indicates that 15 years down the line there has still not been an improvement in critical institutional arrangements and co-ordination.

Although co-ordination structures have been established such as the national LED forum, provincial LED forum, and Municipal LED units and, in some instances, advisory structures and local development agencies, there has not been consistency in their implementation nor clarity on how they should relate to each other. (Rogerson, 2011:154). Furthermore, the work of donor agencies has not yet been synchronised enough towards strengthening the quality of LED in localities.

#### **2.4.3.5. Integrated Local Economic Development and Planning**

The review depicts South Africa as a good example in the progress made in driving Local Economic Development planning, co-ordination and implementation in sub-Saharan Africa, owing to its early start of 2009, as compared to other countries in the region. However, Rogerson (2011) observed that the above-mentioned progress was confined to performance in the major cities. Discounting the major cities, its performance could only be defined as modest. The contribution of LED initiatives to the national economy has been depicted as “*disappointing*”, its impact on communities “*distressing*” and it had been characterised by inadequate business and marketing, as well as planning and training (Rogerson, 2011:164).

Even 15 years into democracy, economic development has continued to reinforce the apartheid spatial inequalities already existing in the South African landscapes between major cities and small, as well as rural towns. While it is encouraging to note evidence of success in the conversion of declining mining towns and railway towns into tourism and retirement towns towards 2009, more work still lies ahead as “*the general picture in these localities is not promising*” (Rogerson, 2011:165).

The various studies referred to above have indicated that for LED to be successful, it must be based on strong policy guidelines, with clear objectives. The level of co-operation that exists amongst role players informed by a strong partnership between government and major stakeholders such as business, organised labour, NGOs and

community-based organisations (CBOs) are also critical. The current situation suggests that there are good and best practices in this regard, coupled with a weak general relationship between chambers and local government. In Mpumalanga, in particular, in most of the towns there are relationships that have ground to a halt and various stakeholders have complained that they have never been listened to. They also sighted issues of “*bad politics and corruption*”, internal conflicts and trustworthiness as hindering local growth (Rogerson, 2009:453).

#### **2.4.3.6 Building a conducive developmental local environment**

A Local Business Environment Survey (LBE) was done in 2007 using a selected municipality within South Africa. The Mpumalanga Province and particularly Ehlanzeni District can learn from the towns that participated in this survey. The results of the survey indicated that ThabaChweu and Mbombela are the most improved towns in the country, while Mjindi and Nkomazi are said not to have performed well. However, notwithstanding Nkomazi having been identified as one of those not performing well, the municipality has excelled the most in the country in the area of provision of a regulatory environment.

Mjindi was rated the worst in the country, with no improvement in all aspects that were used as a measure of LBE (Local Business Environment measure). The counter complaint is that the private sector, owing to our apartheid past, shows unwillingness to share local economic growth views with municipalities, a missing bridge that has resulted in disjointed programmes aimed at facilitating local growth, which often lose impact and crumble amid huge wastage as a result of unnecessary duplication (Rogerson, 2009: 454; Rogerson, 2011:158).

#### **2.4.4 Summary of the general conclusions of the situation**

South Africa is coming from an ugly apartheid differentiated spatial sphere. Failure to deal with the syndrome of declining small and rural towns may only perpetuate such differentials even in the democracy. (Nel and Rogerson, 2007:9; Rogerson, 2011:165). Equally so, the rate of unemployment is continuing unabated in local areas and has triggered a series of local public protests, where the common demand is jobs. (Rogerson, 2011:158).

The failure of Local Economic Development to address this situation through facilitation of local potential to trigger local social and economic development initiatives that promote employment can only exacerbate the situation. The playing field, therefore, needs to be levelled through the introduction of progressive policy guidelines and provision of the support infrastructure for both local and foreign direct investment environment. Policy and infrastructure development, including logistics and technology, should also enable the growth of SMME in various sectors of the economy, such as agriculture, tourism, manufacturing and small industries.

Leadership is therefore critical both at upper spheres and at a local level (Rogerson, 2007:9; Rogerson, 2011:165). The questions that arise are, how does theory define leadership? How does that definition differ from those of professionals and practitioners on the ground? Some work has been done on LED in Ehlanzeni, but those that stand out are by the German Technical Support Agency (GIZ) on Mpumalanga Provincial Local Economic Development Maturity assessment, which was released in 2009, and the two Master Degree research reports that were mentioned earlier on by Gunter (2005) and Mahlalela (2005).

The GIZ report provided a revelation on the performance of LED right from provincial level to the local municipality within Mpumalanga, with regard to the following areas: understanding of local economy, shared vision and clarity of goals, sound strategies, LED climate, participation and support of key partners, LED institutional infrastructure, LED functional competencies, implementation results, and systems for monitoring and evaluation. The GIZ report paints a bleak picture with regard to performance of most local municipalities and the province as a whole. Although it was never explicitly mentioned in the report, there are inferences that leadership capacity is put to question. The Auditor General reports of most municipalities for 2010/11 and 2011/12 confirm this challenge across all aspects of municipal service delivery of performance leadership. However, Mahlalela (2005) explicitly referred to political leadership as being a serious source of confusion within the municipality.

Udogu (2008: 13) argues that it has always been tough to produce political leadership, never mind people who command broad national integrity and legitimacy through

their own significant qualities. He identifies “*vision, eloquence, cooperative spirit, courage and political intuition*” as “*conducive leadership characteristics*” that are required to respond to wide range of societal interest that are often varied and not homogenous in their nature. He is backed up by Iheriohanma (2005: 131), who argues that Africa suffers a crisis of underdevelopment, because of “*leadership ineptitude*”, as he calls it. It is this leadership deficiency that accounts for the absence of a structured approach to economic development, lack of vision, inadequate knowledge, absence of flexibility and critical capacity.

The above-mentioned ill practices feed into the widely observed destructive qualities of “*mediocrity, frivolity, praise singing and sycophancy*” that tend to undermine the spirit of “*self-assertion, industry, entrepreneurship, followership and hard work*” from the people as citizens in their entity (Iheriohanma, 2005:136). Leadership in Africa, he argues, tends to be so ignorant to discover their inadequacies and unworthiness in their ability to create a compelling vision and to be critical minded in their approach to development. These inadequacies tend to become the breeding ground for corruption, increased arrogance, insensitivity and non-commitment towards people and development needs (Iheriohanma, 2005). It is the abovementioned posture that has resulted in underdevelopment in Africa that is characterised by misery, poverty, illiteracy, unemployment, disease, squalid conditions, corruption and general insecurity of life and property (Iheriohanma, 2005:131).

The author further argues that the situation will remain like this in Africa, until critical leadership is restored; critical leadership based on the context of a geographical place that “*will always depend on leaders at all levels who are committed to the aims of social and ecological justice.*” (Mabey and Freeman, 2010: 517). This is leadership exercised while leading by example from the front of the people, keeping a “*margin of detachment*” between them and those that provide supportive assistance, as well as the followers in general. Leadership skill that has been acquired over many encounters of life, passed on to others through exemplary behaviour, uncompromising sacrifices of personal glory to reach out, make connections and promote communication (De Jong, 2006:293). It is leadership practice that values mentoring of individuals to allow them to unleash the potential in them, as well as identifying clear, simple and focussed vision. It is also leadership that values communication and a company of best people

that can be found and never afraid of failure, but seeing failure “*as a doorway to success*” (De Jong, 2006:293-4).

## **2.5. CONCLUSION**

LED has been presented as an emerging concept that is continuously improving as it evolves locally and globally. The researcher explored the concept of leadership, its evolution and how it is perceived within learning and changing organisational perspectives. The discussion in this chapter has exposed a variety of perspectives on Local Economic Development emanating from the on-going development of the theories around the approaches owing to the evolution of Local Economic Development concept itself.

### **2.5.1 On Local Economic Development**

The literature review above explored the concept of Local Economic Development from its development and through its evolution. The review also touched on the aspects that influence the approach to Local Economic Development and concluded by looking at the South African situation.

Literature reveals social capital, strategic vision, systemic competitiveness and implementation structures as common features for the success of LED (Stough, 2010: 615; Senge, 2006: 9; Canzanelli, 2001:12; Rodwin and Schon, 1994:69). It also indicates that this can only happen in a highly competitive and participatory environment, where state and private sector compliment in each other towards making the community realise its common goal of development in a series of diversified economic activities.

The 2006 National LED framework and the subsequent actions towards facilitating its implementation has resulted in tremendous progress made in guiding municipalities towards implementation of LED in their municipalities. This has resulted in the development of district and local municipality frameworks within Ehlanzeni District municipality.



However, studies done pre and post the 2006 indicated that there is still more work to be done that may require better leadership to take it forward. This relates to developing collective vision in the local communities and within stakeholders and establishing effective participatory institutions

### **2.5.2 On Leadership of Local Economic Development**

This chapter also discussed the South African perspectives of leadership in LED and the challenges the country faces pertaining conceptualisation, implementation and leadership of LED.

Literature emphasises the need for strong and dynamic political and administrative leadership to guide the development of a common path for all stakeholders (Shields, 2011:569). Such leadership has to be strong in influencing participating individuals to change their values, their identities and their psychological needs in order to set a new direction. It involves empowering of people and redesigning the organisation and institutional programmes within the organisation. Such leadership exercises power and authority in a just, transparent and democratic way, while at the same time ensuring social responsibility and maximum individual accountability. Literature identifies the need for leadership with capacity not only to formulate and make decisions, but to act on them wisely, intelligently, creatively and in a synthesized manner through partnerships, followers, teams and networks. It also identifies the need for empowerment within the organisation, motivated by inculcated “*deep longings for the community, for meaning, dignity, purpose and love*” (Wheatley, 1999: 14).

### **2.5.3 On Leadership in Local Economic Development in South Africa**

It became clear from the discussion in this chapter that the National LED framework guidelines were responding to the difficulties experienced in the implementation of LED prior to 2006 as it took cognisance of the perspectives of practitioners and academia at the time it was formulated. However, 3 years after 2006, Rogerson (2011) found that although there were some improvements with regard to the areas identified by the National LED Framework guidelines of 2006, especially on policy

development, there is still more to be done with regard to converting these policies into practice.

From the discussion in this chapter, the questions we seek to answer are whether there have been some changes in the situation since 2009 and whether leadership has played any role in contributing to such change. Primarily, the research seeks to establish the perspective of practitioners on the current LED situation and leadership issues that affect it within the Ehlanzeni District Municipality.

The next chapter presents a case study of Ehlanzeni District Municipality.

## **CHAPTER THREE**

### **A CASE STUDY OF EHLANZENI DISTRICT MUNICIPALITY**

#### **3.1 INTRODUCTION**

This chapter discusses the case of Ehlanzeni District Municipality. It presents both demographic and socio-economic profiles in figures tables and graphs. The information that is presented in this chapter is in a quantitative format for the purposes of communicating the data that has been obtained. A quantitative format is also useful for comparing data to establish whether there have been some changes in the profile over time. However, this study cannot be regarded as being quantitative in nature. The research focused on leadership within Ehlanzeni District Municipality, especially from the perspective of the practitioners. The main focus of the analysis was mostly on organisational behaviour related matters, as well as structures, strategy and functional designs. Hence, the method of obtaining data and its analysis in this regard was more qualitative than quantitative in nature.

#### **3.2 DEMOGRAPHIC OVERVIEW OF EHLANZENI DISTRICT MUNICIPALITY**

##### **3.2.1. Geographic location**

Ehlanzeni District Municipality is one of the three district municipalities in the province of Mpumalanga in South Africa. The other two are the Gert Sibande and Nkangala District Municipalities. The Ehlanzeni District Municipality incorporates 5 local municipalities: Bushbuckridge; Mbombela; Nkomazi; ThabaChweu; and Umjindi. While each of the local municipalities has an equal obligation to determine economic development within its boundary, it forms part and parcel of the whole district municipality Local Economic Development programme.

Ehlanzeni District Municipality is situated in the north eastern part of the Mpumalanga Province with the following co-ordinates:

- 32 degrees 2'76" to 30 degrees 6'25" East and
- 24 degrees 2'26" to 25 degrees 59'25" South

The district is bordered by Mozambique and Swaziland on the eastern side, the Gert Sibande District Municipality on the southern part of the district, while the Nkangala District Municipality is on the western side. On the northern side of the Ehlanzeni District Municipality are the Mopani and Sekhukhune District Municipalities, which form part of the Limpopo Province, which is a neighbouring province to Mpumalanga.

### 3.2.2 Size of Ehlanzeni Municipality

The Ehlanzeni District Municipality covers a total area of 27895.47 square kilometres and 2366.35 in ha, which is distributed among the local municipalities as follows:

**Table 3.1: Size of Ehlanzeni as by municipalities**

| MUNICIPALITIES              | SQUARE KM | Ha        | %     |
|-----------------------------|-----------|-----------|-------|
| Bushbuckridge               | 2,589.56  | 231,093   | 9.8   |
| Mbombela                    | 3,411.78  | 306,089   | 12.9  |
| Nkomazi                     | 3,240.42  | 290,852   | 12.3  |
| ThabaChweu                  | 5,719.01  | 511,696   | 21.6  |
| Umjindi                     | 1,745.36  | 156,952   | 6.6   |
| Kruger National Park, South | 12,201.87 | 869,669   | 36.8  |
| TOTAL                       | 27,908    | 2,366,353 | 100.0 |

Source: Adapted from StatsSA Community Survey, 2007: Basic Results Municipalities

### 3.2.3 Population statistics

The population, as per 2007 Stats SA Community Survey, stands at 1,526,235. This figure represents 41.9% of Mpumalanga's total population.

**Table 3.2: The population size of Ehlanzeni District Municipality**

| MUNICIPALITIES             | Population       | %          | Economic Active | %           |
|----------------------------|------------------|------------|-----------------|-------------|
| Bushbuckridge              | 509,979          | 33.5       | 85,961          | 16.9        |
| Mbombela                   | 527,198          | 34.5       | 276,749         | 52.5        |
| Nkomazi                    | 338,098          | 22.3       | 70,707          | 20.9        |
| ThabaChweu                 | 87,544           | 5.7        | 56,892          | 65          |
| Umjindi                    | 60,477           | 4          | 36,525          | 60.4        |
| Kruger National Park South |                  |            |                 |             |
| <b>TOTAL</b>               | <b>1,526,235</b> | <b>100</b> | <b>526,834</b>  | <b>34.5</b> |

*Source: adapted from Statistics SA Community Survey, 2007: Basic Results Municipalities*

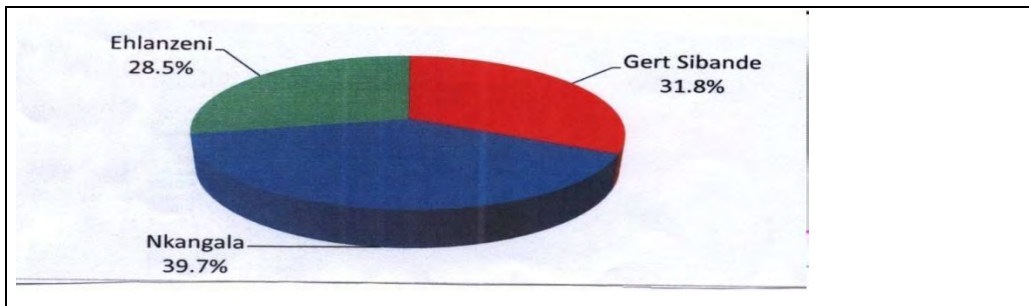
### 3.2.4 Economic Indicators

#### 3.2.4.1 Growth Value Add per district and sector

Ehlanzeni District Municipality is the lowest contributor to the Growth Value Addition (GVA) amongst the three district municipalities in the province. It contributes 28.5% of the total GVA to the province with Gert Sibande contributing 31.8% and Nkangala leading at 39.7%.

Figure 3.1 hereunder provides a better illustration of the situation:

**Fig 3.1: District Contribution to GVA - 2009**



Source: Mpumalanga Provincial LED Framework 2011 - 2014, p 21, as adapted from the Mpumalanga Department of Finance, 2010.

The information depicted in figure 3.1 above is further unpacked per sector contribution in table 3.3 below.

**Table 3.3: District sector contribution**

| Sector                    | Gert Sibande |              | Nkangala     |              | Ehlanzeni    |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                           | 1996         | 2009         | 1996         | 2009         | 1996         | 2009         |
| <b>Agriculture</b>        | 41.5%        | 41.2%        | 24.0%        | 23.0%        | 34.6%        | 35.8%        |
| <b>Mining</b>             | 36.3%        | 25.7%        | 49.1%        | 67.4%        | 14.6%        | 6.9%         |
| <b>Manufacturing</b>      | 42.8%        | 55.8%        | 31.4%        | 25.5%        | 25.8%        | 18.7%        |
| <b>Utilities</b>          | 26.2%        | 25.7%        | 70.0%        | 71.6%        | 3.9%         | 2.7%         |
| <b>Construction</b>       | 24.7%        | 26.7%        | 30.3%        | 31.8%        | 45.0%        | 41.5%        |
| <b>Trade</b>              | 26.3%        | 25.7%        | 27.3%        | 29.7%        | 46.4%        | 44.6%        |
| <b>Transport</b>          | 27.2%        | 25.0%        | 33.6%        | 36.5%        | 39.2%        | 38.5%        |
| <b>Finance</b>            | 28.2%        | 27.6%        | 36.0%        | 38.3%        | 35.8%        | 34.1%        |
| <b>Community services</b> | 22.4%        | 22.6%        | 32.0%        | 32.2%        | 45.6%        | 45.3%        |
| <b>Total</b>              | <b>31.8%</b> | <b>31.8%</b> | <b>37.8%</b> | <b>39.7%</b> | <b>30.3%</b> | <b>28.5%</b> |

Source: Mpumalanga Provincial LED Framework 2011 - 2014, p 21, as adapted from the Mpumalanga Department of Finance, 2010.

Table 3.3 indicates a drop from 30.35 to 28.5% of the average Growth Geographic Product (GGP) contribution of Ehlanzeni District Municipality to the province. However, the Ehlanzeni District Municipality is in the second place after Gert Sibande District Municipality on agriculture contribution to the provincial GGP. Ehlanzeni District Municipality is performing the weakest amongst the three district municipalities in mining (6.95%), and manufacturing (18.7%). However, it is leading with respect to community services (45.3%), trade (44.6%), construction (41.5%) and transport (38.5%).

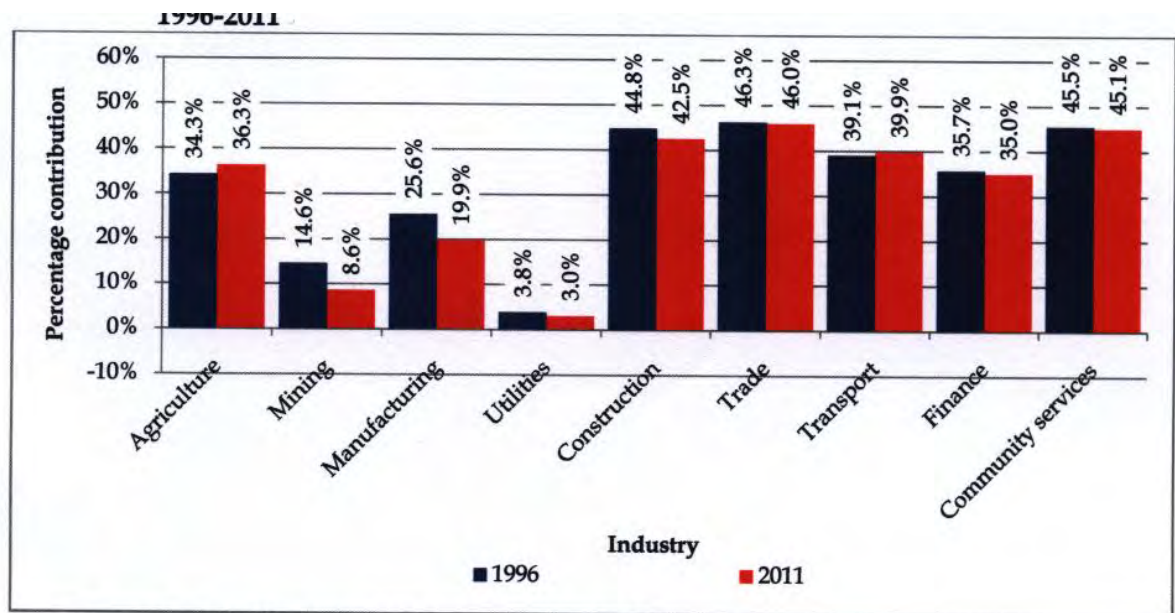
Ehlanzeni District Municipality, notwithstanding the projected growth of 6% by 2010, it only managed to attain an average of 2.4% growth for the period between 2006 and

2010. The district's contribution of growth to Mpumalanga increased slightly from 29.1% in 2007 to 29.9 in 2010.

With respect to tourism, indicators are showing that there has been a significant growth in trips, bed-for-the-night occupation, as well as spending towards enhancing tourism investments in the district. All these activities have made the Ehlanzeni District the best performing district amongst the three districts in Mpumalanga.

Figure 3.2 below, indicates that there has been a slight growth in the contribution of all the economic sectors to the GDP, except for a negligible decrease in the contribution of community services:

**Figure 3.2 Ehlanzeni's contribution to Mpumalanga's industries (constant 2005 prices), 1996-2011**



*Source: IHS Global Insight - ReX, September 2012*

While table 3.3 indicates a growth only in the contribution of agriculture to the GGP of Ehlanzeni District Municipality, while the other sectors decline, figure 3.2 indicates the growth of both agriculture and transport in the contribution of Ehlanzeni to the provincial GGP, while the others decline. Mbombela Local Municipality is the second

biggest contributing municipality to the GGP of the province. It is no surprise then that Mbombela Local Municipality leads the pack in the Ehlanzeni District, in all other statistical information. What is surprising is that Bushbuckridge comes second in the Ehlanzeni District. The Bushbuckridge Local Municipality follows ThabaChweu Local Municipality. Another surprise is that Nkomazi Local Municipality came fourth in the district, ahead of Umjindi Local Municipality.

**Table 3.4: Rating of the local municipalities GDP contribution to the GGP of the province**

|                                  |   |
|----------------------------------|---|
| Mbombela Local Municipality      | 1 |
| ThabaChweu Local Municipality    | 2 |
| Umjindi Local Municipality       | 3 |
| Bushbuckridge Local Municipality | 4 |
| Nkomazi                          | 5 |

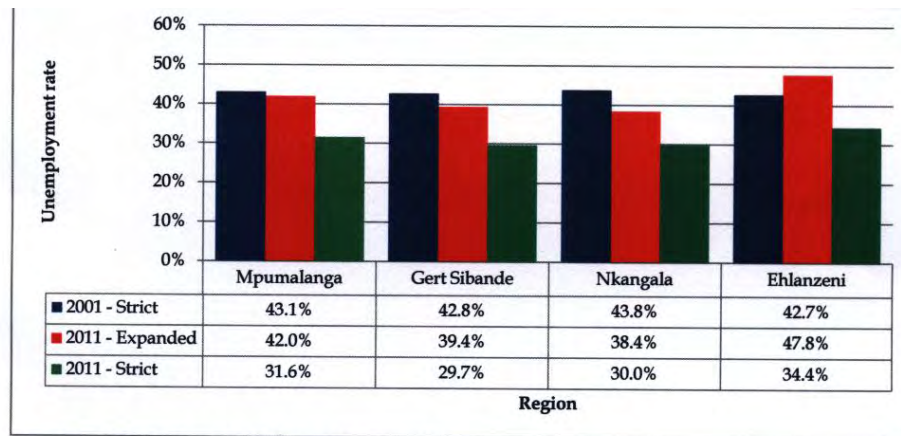
Mbombela Local Municipality leads all the municipalities in the Ehlanzeni District Municipality with regard to its GDP per capita contribution to the province of Mpumalanga. ThabaChweu Local Municipality takes second place with these two municipalities taking the lead in GDP per capita at both district and provincial level. Taking third place in the Ehlanzeni District Municipality is the Umjindi Local Municipality and Nkomazi Local Municipality comes in last. The Nkomazi Local Municipality holds the last position in both the district and the province when coming to its GDP per capita contribution. Together, the five local municipalities in the Ehlanzeni District Municipality come out third in the GDP per capita contribution to the province. This indicates that more people are competing for fewer products or for less value products within the vicinity of Nkomazi Local Municipality.

### **3.2.5 Labour indicators**

The 2011 census indicates that the Ehlanzeni district has the highest unemployment (34.4%) of the three districts in Mpumalanga, as compared to 30% in Nkangala district and 29.7% in Gert Sibande district, as illustrated in fig. 3.3 below:



**Fig. 3.3: Unemployment in Mpumalanga & districts, 2001- 2011**



Source: Statistics South Africa – Census 2011

Table 3.4 below indicates that unemployment in its strict terms in Ehlanzeni District Municipality dropped from 42.7% in 2007 to 34.4% in 2011. Notwithstanding this achievement, table 3.4 also indicates that there has been a growth of 2.8% in the economically active population. This has come with an increase of 88% of the number of unemployed in economic active population of the province.

**Table 3.5: Unemployment by Local Municipality**

| MUNICIPALITIES   | Economically Active Population 2007 | Economically Active Population 2011 | % increase | No. of unemployed as at 2007 | No. of unemployed as at 2011 | % increase   |
|------------------|-------------------------------------|-------------------------------------|------------|------------------------------|------------------------------|--------------|
| Bushbuckridge    | 85,961                              | 128,862                             | 49.9       | 85,961                       | 67,152                       |              |
| Mbombela         | 276,749                             | 228,237                             | -17.5      | 33,895                       | 64,237                       | 89.5         |
| Nkomazi          | 70,707                              | 109,601                             | 55         | 12,109                       | 14,131                       | 16.7         |
| ThabaChweu       | 56,892                              | 45,240                              | -20.5      | 5,592                        | 9,268                        | 65.7         |
| Umjindi          | 36,525                              | 29,442                              | -19.4      | 5,363                        | 8,033                        | 49.8         |
| <b>EHLANZENI</b> | <b>526,834</b>                      | <b>541,382</b>                      | <b>2.8</b> | <b>142,920</b>               | <b>186,218</b>               | <b>88.00</b> |

Source: adapted from StatsSA Community Survey, 2007: Basic Results Municipalities and StatsSA census 2011

The highest number of unemployed people in the economically active population is in Bushbuckridge Local Municipality, which is followed by Nkomazi and Mjindi

Municipalities respectively. The Mbombela and ThabaChweu Local Municipalities are, as expected, the lowest with regard to the rate of unemployment.

**Table 3.6: National and Provincial and District Municipality HDI;**

| Region       | 1996 | 2001 | 2009 |
|--------------|------|------|------|
| South Africa | 0.56 | 0.58 | 0.57 |
| Mpumalanga   | 0.50 | 0.52 | 0.51 |
| Nkangala     | 0.54 | 0.56 | 0.56 |
| Gert Sibande | 0.51 | 0.52 | 0.51 |
| Ehlanzeni    | 0.46 | 0.48 | 0.48 |

Source: Mpumalanga Provincial LED Framework 2011 - 2014, p 14, as adapted from the Mpumalanga Department of Finance, 2010.

Table 3.6 above, indicates that the Human Development Index (HDI) in the Ehlanzeni District Municipality is the lowest of the three district municipalities in Mpumalanga Province. The Ehlanzeni local municipalities have a Human Development Index of 0.48, while Nkangala and Gert Sibande District Municipalities have 0.56 and 0.51 respectively. The general average of Mpumalanga and all the districts individually are all below the national average of 0.57.

However, according to the IHS Insight-ReX of September 2012, there has been a significant increase in the HDI of the three district municipalities. Ehlanzeni's HDI has increased to 0.50, Nkangala's to 0.65 and Gert Sibande's to 0.63.

### **3.2.6 Income Indicators**

The per capita income of Ehlanzeni District Municipality shows an average increase from R17545 in 2007 to R22628 in 2010. However, it still remains the lowest of the three districts in the province of Mpumalanga.

The ThabaChweu Local Municipality leads the pack with its per capita income in Ehlanzeni District Municipality. The Mbombela and Umjindi Local Municipalities are at number two and three in the district and eight and nine in the province respectively. The Nkomazi Local Municipality again finds itself in the last position in both the district and the province when coming to income per capita share.

The Ehlanzeni District municipality experiences high levels of inequalities with a Gini-Coefficient standing of 0.62, which has dropped by only 0.1 in 2010, when compared to 0.72 in 2007.

### **3.2.7 Poverty indicators**

The poverty rate dropped by 0.8% from 50.6% in 2007 to 48% in 2010, while the poverty gap income continued to grow from R 2 077 in 2007 to R 2 797 in 2010.

Nkomazi leads in the Ehlanzeni District Municipality with respect to the poverty rate and is the second to Mkhondo Local Municipality from the Gert Sibande District Municipality in the province. Bushbuckridge, Mbombela and Umjindi Local Municipalities are in second, third and fourth position in the district and are standing at the seventh, eighth and ninth positions respectively regarding poverty ratings in the province. That leaves ThabaChweu Local Municipality a little better at position fourteen in the province.

### **3.2.8 Education Indicators**

The Ehlanzeni district has recorded a significant decrease from 19.6% to 14.0% in the number of people who are aged over 15 years who have had no schooling. This is backed up by an increase in the functional literacy rate from 60% to 62.3% and the increase in the number of population with grade 12 and above from 25.7% to 29.5%. Owing to the collective effort of communities and educators, especially in the Nkomazi Local Municipality, the district has also maintained the highest grade 12 pass rates over the past three years with an increase from 56.7% in 2009 to 72.1% in 2011.

However, Nkomazi and Bushbuckridge are still the worse off when coming to the percentage of the population with no schooling in both the district and the province.

### **3.3 LED LEADERSHIP ISSUES WITHIN EHLANZENI DISTRICT MUNICIPALITY**

The presentation of the leadership issues within Ehlanzeni District Municipality is based on the expected outcomes of the National LED framework as adopted in 2006.

#### **3.3.1 Leadership environment**

The Ehlanzeni District Municipality comes from a period where it was marred with challenges related to bad governance and imprudent leadership that led it to be placed under administration for some time. However, the district has managed to break free from its ugly historical past and become one of the leading municipalities of today and continues to strive to remain as such into the future. For the successive financial years of 2010/11 and 2011/12, the municipality obtained and sustained a clean audit and since then it has become the district municipality in the province that has achieved the most stability. Besides the administrative politics that the municipality has faced from time to time, which included the suspension of the municipal manager for a period of a year, the organization seems to have managed to reinvent itself in accordance with its promotional slogan, which states “rediscover life”.

The current political and administrative leadership of the institution seems not only to be energetic, creative and assertive, but also much focused with regard to maintaining good governance and improvement of service delivery. This district municipality seems to have learnt from the process of development of the Local Economic Development Strategy under the guide and banner of the national *Khulis'umnotho* initiative.

The district improved its delivery structures and the predetermination of objectives mechanisms. When coming to Local Economic Development, the district did not only strengthen its internal structures, such as LED units, but also prioritised this function and its co-ordination through the appointment of a Members of Mayoral Committee to take care of this function. As a result, the municipality established a stakeholder forum

composed of representatives from government, business and non-governmental organizations. Using the above strength, the district municipality continues to strive for the establishment of shared understanding of the challenges facing the implementation of Local Economic Development and the mobilization of locally owned solutions. The most difficulty experienced is with regard to the commitment of the local municipalities falling under the districts.

### **3.3.2Capacity for comparative and competitive advantages**

The Ehlanzeni District Municipality Local Economic Development strategy has identified agricultural, mining, manufacturing, transport, communication and tourism as the leading sectors of industry in the economy in the district. In accordance with the LED strategy, these sectors have been analysed and the strength and opportunities that can be exploited to the benefit of Local Economic Development and job creation have been identified. The analysis also identified areas of weakness that require strengthening in order to maximize the benefits within the whole value chain of the production process.

### **3.3.3Development of innovative Spatial Development strategies**

The district concluded its Spatial Development framework and, having adopted it, started the process of getting all the local municipalities to develop and adopt their own Spatial Development frameworks. Bushbuckridge and ThabaChweu were the last municipalities to conclude theirs in 2012.

There is a provincial team from the Department of Cooperative Governance and Traditional Affairs, the Office of the Premier and District Municipalities who are developing a land use framework in all municipalities and the province as whole.

### **3.3.4 Mobilisation and building of a pool of skilled people**

The Local Economic Development strategy identifies a skills audit as a starting point in the process of determining the skills gap and this can be dealt with through working in partnership with other spheres of government.

The strategy locates the task of ensuring that school going children receive sufficient basic education and training in the district municipality. The district municipality has to work with the Department of Education in the province to ensure the necessary resources and allocations to provide an environment conducive for learning and teaching.

### **3.3.5 Development of district LED strategic frameworks**

As a product of the National Local Economic Development Framework, which was adopted in 2006, the Department of Trade and Investments assisted district municipalities countrywide to develop their own Local Economic Development strategy. The Ehlanzeni District Municipality was one of the 18 district municipalities to benefit from this initiative.

The Department of Trade and Industry (DTI) appointed Urban-Econ to facilitate the development of the Local Economic Development strategy for Ehlanzeni District Municipality, under a project called “*Khulis’umnotho*” (Grow the Economy).

The strategy that was developed identifies six elements of the institutional framework as follows:

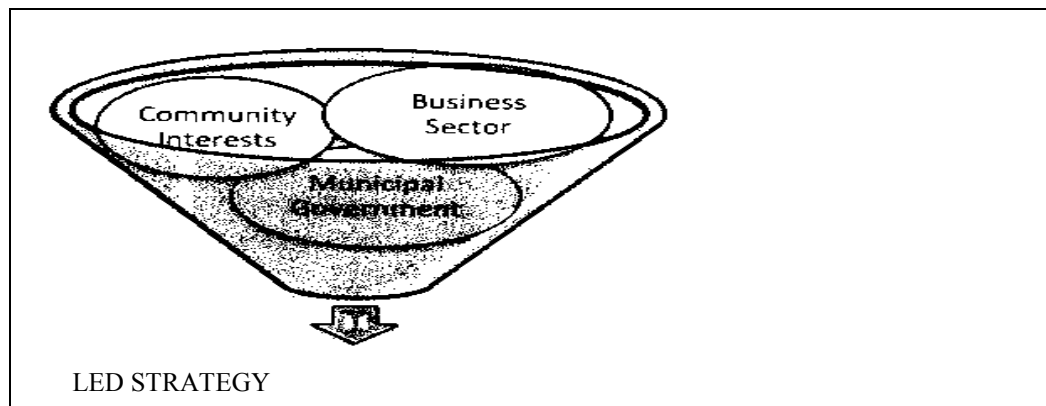
- Well-established Local Economic Development units within the municipality.
- Adequate co-ordination with external stakeholders in the local areas, though the strengthening of internal and external relations with local municipalities.
- Effective institutions for promoting the creation of a suitable business environment.
- Some suitable institutions for the facilitation of urban and rural development.
- A well-developed integrated Human Resource development strategy.
- An institution for project integration and alignment to action (Ehlanzeni Local Economic Development Strategy, 2009: 114).

### 3.3.6 The Local Economic Development unit at Ehlanzeni District Municipality

The Local Economic Development unit exists within the Local Economic Development, Rural Development and Tourism Development Directorate. A manager heads the Local Economic Development unit and reports to the Director of Local Economic Development, Rural Development, and Tourism Development in the District Municipality. The Director reports to the municipal manager.

The Ehlanzeni District Municipality Local Economic Development strategy acknowledges the importance of partnership between the community, business and government in the success of Local Economic Development, as illustrated in the diagram below:

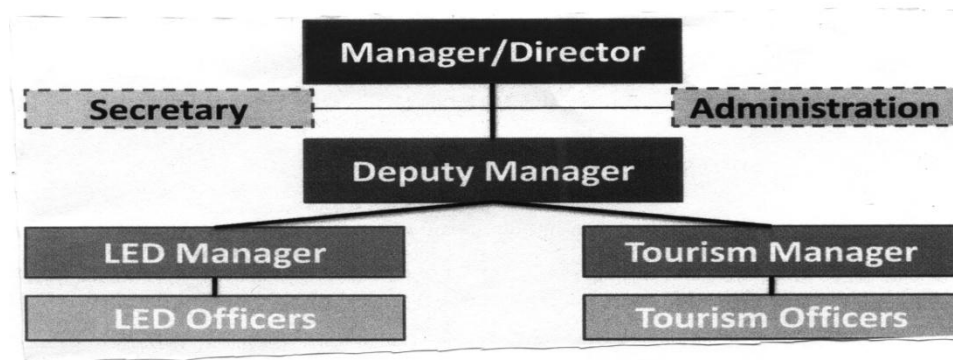
**Fig. 3.4: Stakeholders of the Local Economic Development Strategy**



Source: adapted from Ehlanzeni District Municipality implementation guidelines (2009: 114)

Having considered the roles and responsibilities of district and local municipalities, as outlined in the resource book for municipal councillors and officials (2001), the Ehlanzeni District Municipality's Local Economic Development strategy proposed that improvements must be done to the structure of the municipality's Local Economic Development unit in order for it to respond to the task that it has to carry. This structure is depicted in fig 3.5 below:

**Fig. 3.5: Local Economic Development and Tourism Unit  
Organisational structure**



Source; adapted from Ehlanzeni District Municipality Implementation Guidelines (2009:115)

The strategy proposed that an “ideal structure” of Local Economic Development in the Ehlanzeni District Municipality should include a support division specialising in selected economic sectors plus generic divisions, such as investment finance, marketing and investment promotion, intergovernmental liaison and social capital. It further proposed a Local Economic Development forum for the co-ordination of external stakeholders.

### **3.3.7 Creating a centre for co-ordination of stakeholders**

The Ehlanzeni Local Economic Development strategy proposes a Local Economic Development forum, as indicated above, to ensure public ownership and participation in projects and district municipality initiatives. It has been acknowledged that to get this right requires the facilitation of business and community participation in the initiatives of the municipality.

The Local Economic Development strategy suggests the development of a Special Purpose Vehicle (SPV) for the implementation of priority projects identified in the

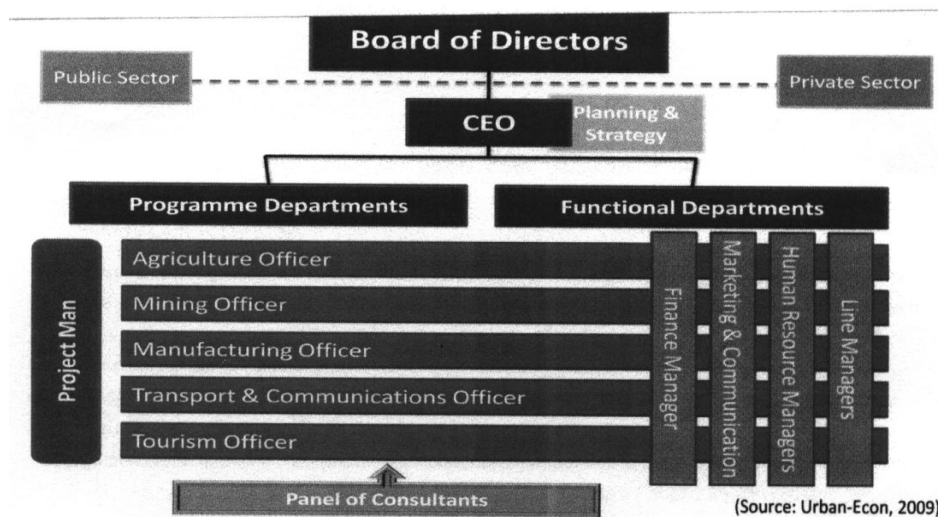


Local Economic Development plan as well as providing business development support and mentoring to existing businesses. Its function would be to provide specialist advice to existing business and potential investors and to provide research support by undertaking specific studies within core economic sectors of the district municipality. Finally, it is expected to proactively market Ehlanzeni District Municipality.

The benefits of a SPV are better facilitation of stakeholder partnership for strengthened Local Economic Development systems, which provide the basis for support for specific business sectors and geographical areas. The SPV is also envisaged to help smooth bureaucratic processes.

According to the Ehlanzeni Local Economic Development framework in EDM (2009:105), the SPV structure could be as follows:

**Figure 3:6: Special Purpose Vehicle**



Source; Ehlanzeni Local Economic Development Strategy (2009:105) as adapted from Urban-Econ, 2009.

However, the district chose rather to establish a Local Economic Development unit which is supported by the Local Economic Development Advisory Council. The Local Economic Advisory Council is made up of leaders at a local municipality level who are responsible for Local Economic Development, business chambers, academic institutions, NGOs and line departments of both National and Provincial spheres of government.

### **3.3.8 Effective implementation of intergovernmental relations**

The Ehlanzeni District Municipality Local Economic Development strategy proposed specific improvements to enhance the productive relationship between the various spheres of government and the Ehlanzeni District Municipality. It placed the district municipality in centre stage for ensuring vertical and horizontal intergovernmental relations and the increased interdepartmental co-operation between local municipalities and Ehlanzeni District Municipality.

In the current situation, the district has modified and implemented its own organisational structure. However, local municipalities have not reviewed their structures to cater for effective Local Economic Development structures within their organisational structure. In the same vein, there is no sign of a deliberate programme to train elected representatives and the officials on Local Economic Development in local municipalities and the district.

### **3.3.9 Creation of environment for the creation of jobs**

The district's Local Economic Development strategy implementation guidelines identify the particular development facilitation within the district municipality. They include the creation of skilled and suitable trained labour force and provision of infrastructure. The elements also take into account the importance of promoting rural development, which is linked to urban development and stimulation of SMME development. The strategy also values the information desks, trade information sharing networks and technology transfer platforms at local offices. Private sector procurement is identified as a major catalyst for SMME development and stimulation of job creating centres. The strategy also emphasizes the need for policy review that

will ensure more bias to infrastructure provision, business development services, matchmaking and establishment of typical facilities aimed at SMME support (EDM, 2009:138)

Finally, the Local Economic Development strategy of the Ehlanzeni District Municipality emphasizes the need for marketing and communication of the local areas to potential investors, both locally and beyond the boundaries of the district municipality (Ehlanzeni Local Economic Development Strategy, 2009:134).

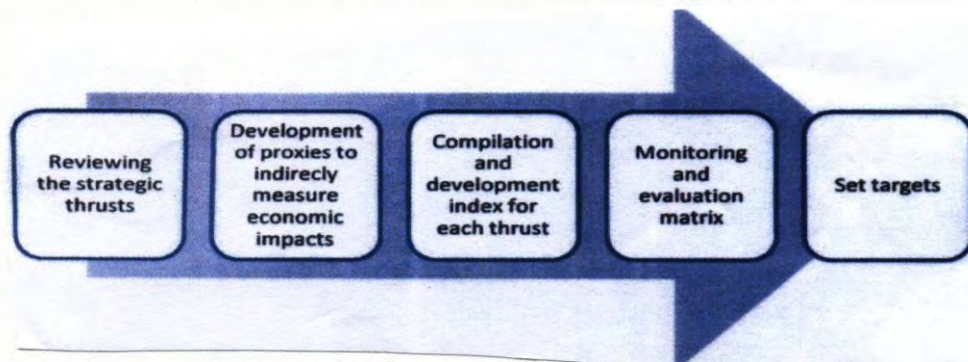
### **3.3.10 Integrated programming of the projects and action plan**

The implementation guideline of the Local Economic Development strategy of Ehlanzeni District Municipality identifies specific core drivers for the successful stimulation of economic development in local areas. The first is ensuring that the Local Economic Development unit has relevant experience and skills. The second driver is about valuing utilisation of experts for drafting relevant business plans and expert networking to mobilise for more funding. The third and last driver is about ensuring that development is balanced, holistic, co-ordinated, integrated and diverse in its focus (EDM, 2009:138).

### **3.3.11 Monitoring and evaluation**

Finally, the district's Local Economic Development strategy provided for a monitoring and evaluation framework to be followed in the district municipality of Ehlanzeni, as indicated in figure 3.7 below:

**Figure 3.7: Monitoring and Evaluation Matrix.**



Source: Ehlanzeni Local Economic Development Strategy (2009:144).

The monitoring and evaluation matrix in figure 3.7 above provides a framework for tracing performance during the implementation of the Local Economic Development strategy to ensure that nothing falls off the track.

### **3.4 CONCLUSION**

This chapter introduced the site of the case and its current economic performance has also been briefly discussed. The chapter also spoke of the attempts that were carried out in the district to enhance Local Economic Development. We have noted that Ehlanzeni District Municipality and all five local municipalities within the district municipality were assisted to develop Local Economic Development strategies and a spatial development framework.

The figures in this chapter were not used to quantitatively measure the leadership, but to have a sense of the state of the socio-economic condition at Ehlanzeni and also to observe if there had been significant changes over the years. From the discussions above, it is clear that the socio-economic profile of Ehlanzeni District Municipality has placed it last of all the district municipalities in Mpumalanga. However, the profile also shows a stable and steady improving socio-economic profile as the years have gone by. The question that must be answered is to what extent is this measure of leadership or change thereof?

Indications from the discussions above are that the district and local municipalities were assisted by the Department of Trade and Industry to develop their own Local Economic Development strategy frameworks. This was a process of taking forward the implementation of the 2006 National Local Economic Development framework, which served as a guide to government on how to take forward Local Economic Development in district and local municipalities. The framework assisted by providing a measure of progress made with regard to improving conditions for the implementation of Local Economic Development in the Ehlanzeni District Municipality. The framework produced guiding visions, institutional arrangements for stakeholder involvement, capacity for implementation, and monitoring and evaluation of progress.

The next chapter will discuss the methodology that has been used in the collection and analysis of the data from the practitioners as a means to establish how they perceived leadership during the implementation of LED in the District Council. The chapter also describes the procedures that were followed for analysing data to arrive at the findings and recommendations.

## **CHAPTER FOUR**

### **METHODOLOGY**

#### **4.1 INTRODUCTION**

This research explores how Local Economic Development practitioners conceptualize and enact leadership during the development and implementation of Local Economic Development within the Ehlanzeni District Municipality. It moves from the conviction that leadership is critical in the conceptualization and implementation of an effective Local Economic Development strategy. The following research questions that guide this study:

- How do practitioners perceive the effectiveness of leadership in the implementation of Local Economic Development in the Ehlanzeni District Municipality?
- Are there hindrances to the effective leadership of LED in the Ehlanzeni District Municipality?
- What can be done to improve leadership effectiveness in the implementation of LED in the Ehlanzeni District Municipality?

These questions guided the whole research and served as a reminder and a radar screen to keep the researcher focused on the questions to be answered.

In choosing the methodology and procedures, the researcher drew from Bowen's (2005) guidance. Bowen (2005: 209) argues that in choosing the method, a researcher must be dictated to by the topic and goals of the research. The author further argues that there are seven ways to get the dissertation right. These include extensive reading, consultation of experts, adherence to university regulations, providing checks and balances, giving details to research methodology, lack of fear to include numerical data and preparedness to publish (Bowen, 2005:210).

The purpose of the research is to explore new knowledge on leadership emanating from the perceptions of Local Economic Development practitioners within the

Ehlanzeni District Municipality. Fox et al. (2007:113) argue that the purpose of research is to generate knowledge for the establishment of new procedures and the empowerment of specific individuals or groups.

The researcher used a qualitative method approached from a practitioner's perspective in the tradition of the reflective approach initiated by Schon (1983). Kvale and Brinkmann's (2009:102) seven stages of interview inquiry also assisted in the sequencing of the research process. Kvale and Brinkmann (2009) identify the seven stages of an interview inquiry as follows:

1. "*Thematizing*"(sic), where the researcher formulates the purpose of the investigation in advance and conceptualises the theme to be investigated in advance;
2. Designing, which is the stage where the researcher plans and designs all seven stages of the research;
3. Interviewing, which has to do with conducting the actual interviews through a reflective approach using the interviewing guide;
4. Transcribing, which has to do arranging the interview material for analysis and includes converting voice messages to text;
5. Analysing, which has to do with the sifting of the materials and choosing the methods and procedure of analysis;
6. Verification of data, to ascertain validity, reliability and ability to generalize; and
7. Reporting or widely communicating the findings of the study (Kvale and Brinkmann, 2009:102).

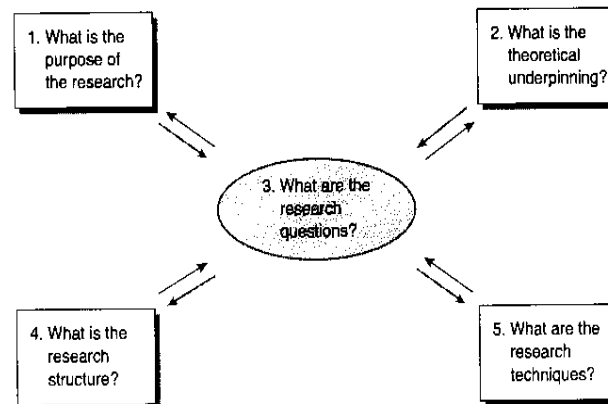
## 4.2 THEORETICAL UNDERPINNING OF RESEARCH QUESTIONS

The theoretical framework and the purpose of the research informed the form and content of the research questions. Research questions in turn are a derivative of the set of aim and objectives. The aim speaks to what the study is intended to find out, while the objectives speak to specific issues to be considered by the study (Fox et al., 2005:115).

### 4.2.1 Research questions versus structures and techniques

The research questions were formulated with an aim to influence the structure and techniques to be used in this research. This is well explained by the research framework depicted in fig. 4. 1 below:

**Fig. 4.1: The Research Framework**



Adapted from: Fox, Martin and Green; 2007: Doing Practitioner Research: Page 114; Sage publishers, London

### 4.2.2 Research question, terminology and methodology

Consistent with the qualitative nature of the study, the researcher developed a central question with subsequent more narrowly focussed sub-questions. The central question is intended to explore a central phenomenon, which is the concept central to the



research (Creswell, 2009:129). The sub-questions which have been identified are meant to narrow the focus of the study (Creswell, 2009:129).

The research focus is about exploring leadership practices during the conceptualisation and the implementation of the Local Economic Development in municipalities. Creswell (2009) suggests that the wording of the main research question plays a significant role in the determination of the methodology to be used in research. He elaborates as follows:

- *Discover* is associated with ground theory;
- *Seek to understand* relates to ethnography;
- *Explore a process* is associated with a case study;
- *Describe the experience* relates to phenomenology;
- *Report the stories* relates to narrative research (Creswell, 2009:130)

The researcher, therefore, chose to use the case study methodology as this study is about exploring leadership perspectives of the LED practitioners.

Creswell (2009:129) also agrees with Fox et al., (2007) that the research questions have an influence on the choice of methodology to be used in a research.

In order to narrow the focus of the study further, the researcher formulated sub-questions of the study that remained open and were used to formulate specific questions during the interviews. There are two sub-questions that guide this research study. Creswell (2009) argues that although there can be any number of sub-questions, there shouldn't be more than twelve. He also argues that qualitative research is about the "what and the how" of the phenomenon that is studied, which has to be singular in focus (Creswell, 2009:130).

The researcher used open-ended-questions during interactions and conversations with the participants. The participants consisted of LED co-ordinators who had been identified within the municipalities and were all members of an LED facilitating institution. They were clearly categorised according to the sector they were in and the size of the entity. Creswell (2011:131) argues that open ended-questions and

specifying of the participants and research site is the most useful approach in a qualitative research method.

#### **4.2.3 Process leading to concretely formulated research questions**

The researcher followed the view of Thomas (2011:31) that the formulation of questions is not just a once off event, but a rigorous process that involves a lot of activities that ultimately lead to the concretely formulated research questions. According to this process, research questions are not pre-determined, but they evolve in the process. They start from the formulation of an idea. Thereafter, the formulation of *prima facie* questions guide the search for relevant literature that allows further refining of the research questions.

First of all, the researcher conducted preliminary field work, which included reading of base written material on Local Economic Development. This is where he came across the Local Economic Development framework which had been formulated as a result of a summit of LED stakeholders that was held in 2006. This framework was to serve as a guide to enhance the implementation of Local Economic Development countrywide.

On 6 November 2011, the Mpumalanga Provincial Department of Cooperative Governance and Traditional Affairs convened a summit attended by business, labour, NGOs, government Local Economic Development practitioners and political principals responsible for Local Economic Development in municipalities. In this summit, delegates evaluated progress made since the adoption of the national Local Economic Development framework in 2006. The delegates who attended the summit adopted a preliminary Mpumalanga Provincial Local Economic Development Implementation framework.

The provincial framework clearly outlined a process of taking forward implementation of Local Economic Development strategies in the municipalities. The discussion and the outcome of the summit guided the researcher to limit the study to the Ehlanzeni District. It also assisted in the widening of the reading horizons. The researcher kept on reading, interacting with practitioners and learning from the process.

Finally, the researcher was able, through further reading, to refine the initial five fluid questions to a more succinct three. These questions guided the researcher's choice to make use of a case study. They also guided the selection of materials for further reading and an angle for interaction with the Local Economic Development practitioners. It is the repetitive cycle above that led to the concrete research questions reflected in section 4.1 of this chapter. The relevance of these has been confirmed by the research methodology, design and approaches that led ultimately to the findings. The intention of the questions was to understand and describe the current situation with respect to leadership in Local Economic Development within the Ehlanzeni District Municipality and to introduce changes that will improve the performance of Local Economic Development within the Ehlanzeni District Municipality. Therefore, the researcher was guided by the research questions to apply action research and a case study methodological design, selected from the outline of various designs by Thomas (2011;37), as outlined in table 4.1 below:

**Table 4.1: Questions, Purposes and Design Frames**

| <b>Design frame</b>  | <b>Purpose – especially good for....</b>               | <b>Kinds of questions</b>                    |
|----------------------|--|--|
| Action research      | Helping to develop practice                            | All of those above.                          |
| Case Study           | Understanding the details of what is happening         | All of those above.                          |
| Comparative research | Looking at different situations and making comparisons | What is the situation?                       |
| Evaluation           | Seeing if something is working                         | What happens when?<br>What is the situation? |
| Experiment           | Establishing causation – does x cause y?               | What happens when?                           |

Source: Tomas G (2011) How to do your case study: A guide for the students and researchers, page 37, SAGE, London.

### 4.3 RESEARCH METHODOLOGY AND DESIGN

The case study of Ehlanzeni District Municipality, as presented in Chapter three has elements of quantitative demographic and socio-economic information. However the thrust of the study is on leadership as it is perceived by LED practitioners. Therefore, the relevant method of obtaining data and the mechanisms of its analysis are more qualitative than quantitative.

#### 4.3.1 Qualitative Method in a Holistic Single Case

This research employs a qualitative method in the form of a holistic single case with embedded units to reflect on Local Economic Development within the Ehlanzeni District Municipality (Gummesson, 1991:76; Baxter and Jack, 2008: 550; and Yin, 2009:46). The site of this research embraced the Ehlanzeni District Municipality itself and five subsidiary local municipalities. While each of the local municipalities has an equal obligation to determine economic development within its boundary, it forms part and parcel of the Local Economic Development programme of the district municipality. ;

A qualitative method uses a research approach that focuses on researching on a socially constructed world. Fox et al. (2007:14) define the features of a research in a socially constructed world through its inductive process that seeks to make sense or meaning of a phenomenon. This definition is reinforced by Tricket and Lee (2010: 429), who assert that “*the leadership requirement differs according to the context of a given place*” and that it is an iterative process that cannot be created from an imaginary and self-invented geographical area, but rather that it is a “*contextually-based, collective cross cutting process*” that calls on leaders to shape and develop their systems alongside interventions to “*shape and make a place*”. This calls for a kind of leadership that embraces:

- co-operative advantage;

- leading other leaders without formal power, but through influence and not coercion; as well as,
- leading the process through times of uncertainty and asking questions without showing any shadow of fear.

When conducting research in a socially constructed world, there is no fixed requirement on the number of participants or the length of interviews or observations (Fox et al., 2007:14). This type of research often seeks to derive meanings through how a selected group of people tends to make sense of the world they live in or experience at a given time.

Baxter and Jack (2008) define the case as “*a phenomenon of some sort occurring in a bounded context*” and constitute a “*unit of analysis*” (Baxter and Jack, 2008:545). These authors further argue that it is appropriate to answer the how and why questions if you want to cover the “*contextual conditions*” where the “*boundaries are not clear between phenomenon and the context*” in a situation where behaviour of those involved cannot be manipulated (Baxter and Jack, 2008:545). Lindlof and Taylor (2002) argue that qualitative researchers seek to preserve and analyse “*situated form, content, and experience of social action*” without “*subjecting it to mathematical or other formal transformation*” (Chesbro and Borisoff, 2007:6).

#### **4.3.2 Practitioner’s research perspective in the tradition of reflective approach**

The design of this research provided an understanding of details of what is happening in the implementation of Local Economic Development within the Ehlanzeni District Municipality. It also provided a basis for development and improvement of the Local Economic Development practices in the district municipality (Thomas, 2011:37).

Using a practitioner research approach, this research was conducted over a period of eight months, during which time information pertaining to this research was obtained and analysed (Welman and Kruger, 2001: 178 and Naumes and Naumes, 2006: 62). According to Fox et al. (2007:3), practitioner research involves:

*Evaluating how service is performing or ensuring service user's views are taken into account when planning developments in services...The research may be part of a higher or further degree or it may be independent of any academic qualification (Fox et al., 2007:3)*

Fox et al. (2007:3) further define the practitioner researcher as a person who is not only employed in a professional capacity, but is also involved in the research. This approach is reinforced by Ehigie and Ehigie (2005:621), who maintain that personal judgements and interpretations are material to the final outcomes of the investigation. McLeod (1999:8), as quoted by Shaw (2005: 1232), defines practitioner research as *'research carried out by practitioners for the purpose of advancing their own practice'* (Shaw, 2005: 1232). All of the above apply to this research as the researcher is employed in a professional capacity and the research is part of a further degree qualification.

Shaw (2005: 1245) argues that practitioner researchers should not be tied down to favour one type of practitioner research at the expense of the others, but should be able to draw on ideas *"regarding multiple ownership and wider range of research sophistication"*. Notwithstanding the above argument, the researcher approached the study from a practitioner's research perspective in the tradition of reflective approach initiated by Schon (1983). Therefore, a reflective approach was followed through conducting conversations with the community of Local Economic Development practitioners operating in the Ehlanzeni District Municipality with a view to exploring their perceptions of leadership during the implementation of the Local Economic Development strategy.

According to Schon (1991:61), reflection allows practitioners to reflect on their knowledge as they practice, reflect on the previous projects carried out and reflect on situations they have experienced in order to draw lessons that help them to understand a current case they are dealing with. In this case, they may even reflect on current practice, and draw lessons and knowledge from their observations as they are in the process of implementing the LED strategy.

Furthermore, in the reflective practitioner approach to research, the researcher and practitioner are able to collaborate in a manner different from the one envisaged in

applied science research as the research consultant and participants enter into partnership rather than a contract. In such a partnership, the practitioner plays a bigger role than just being a recipient of a research product from a professional specialist by bringing his own thinking to the reflective researcher and seeing the reflective research as an “*aid to his own reflection in action*” (Schon, 1991:323). What is unique about reflective research is that there is no predetermined agenda, but the agenda is generated through the dialogue that takes place between the reflective researcher and the reflective practitioner (Schon, 1991:324).

Schon (1991) further identified the following forms that the reflective research may take:

- A group of practitioners supporting one another in the research;
- A consultant practitioner;
- A reflective researcher may join and become part of the learning organisation;
- A reflective researcher may take a role of an observer in a relationship of participants; or
- The reflective researcher may take time out and only join the learning organisation from time to time.

In a case study, this can also be conceptualised as participant observation. Yin (2009:111) explains that the researcher may be one of the residents in a neighbourhood being studied or take a functional role in the study of the same neighbourhood or the researcher may be an ordinary employee in an organisation or a key decision maker in the same organisation being studied. According to Welman et al. (2011) practitioner research is a form of action research that is characterised by versatile design and participant involvement, where the research is treated as “*work in progress in a cyclical progression through phases of tentative planning, acting, observation, reflection on, and evaluation of results*” that are regarded as preliminary (Welman et al., 2011:205).

According to Fox et al. (2007:14), this process entails collection of data from a “*meaningful sample of people*” affected by a particular social phenomenon that a practitioner researcher wants to understand more in order to “*illuminate particular*

*situations*’ without generalising. The practitioner researcher does not stand outside the processes, but interprets the data while recognising his own contribution in the process and deductions.

This research has benefited much from the above interpretation. The researcher used the above-outlined method, design and approach to establish progress made in the conceptualisation and implementation of Local Economic Development to establish how leadership was practiced and to identify gaps in the system. It was also used to establish the practitioners’ perspectives of leadership issues that are critical for the successful implementation of Local Economic Development within the Ehlanzeni Municipality.

#### **4.3.3 Scharmer’s (2009) twenty four Theory-U principles**

Since the study is about leadership in LED, Scharmer’s (2009) twenty four Theory-U principles were used in order to guide the reflective practitioners’ approach, firstly to benchmark LED progress with regard to implementation and stakeholder involvement; and secondly, to extract leadership issues from the perspective of LED practitioners in Ehlanzeni District Municipality with an aim to identify outstanding leadership requirements for the future implementation of LED.

The first principle of theory U, as presented by Scharmer (2009:379), speaks to the need to reflect on your own self-evaluation of the situation, be self-critical about the role we play in the shaping of the world in which we live. It speaks of a need to interrogate attitude and how we perceive the truth about the existence of the current world. The idea of the researcher to explore leadership in LED in district municipality from the perspectives of practitioners emerged from self-interrogation about the very subject of leadership in LED within a district. The researcher reflected so much on the level of knowledge the researcher had on leadership of the Local Economic Development within Ehlanzeni District municipality.

The second principle speaks to the need to connect and listen to all players in the field no matter their standing in the organisation. To this end, the researcher interacted with a number of players in the field of Local Economic Development: public servants, municipal officials, business and NGOs. This was done first on a small scale. This



culminated into a meeting convened to establish a better understanding about local economic development and the kind of leadership involved in it.

The third principle speaks to the need to co-establish a “*diverse core group that inspires a common intention*”. (Scharmer, 2009: 384). In the above – mentioned meeting, the researcher identified Local Economic Development Forums as in the various municipalities within Ehlanzeni District Municipalities as the cores to be targeted to inculcate common purpose; and to provide insight on how the participants in these forums perceive leadership in local economic development.

The fourth principle is about a need for a team to be used to clarify questions and provide data that clarify the future. The researcher identified co-ordinators of local economic forums as the point of reference and providers of more clarity to information about the issues pertaining leadership issues in local economic development.

The fifth principle refers to the need to now visit the research site and collect relevant information. (Scharmer, 2009: 294). The researcher interacted with the individual local economic development co-ordinators in individual municipalities to collect relevant information through documentation like reports, plans, and policy documents.

The sixth discipline is about observing without coming to conclusions hastily. The researcher took some time reflecting on the information obtained earlier in the first convened meetings to reflect on the practice on the ground as to whether there was connection between what was said and practice on the ground.

The seventh principle is to create an environment for dialogue and deep listening attentively and deep from the heart. (Scharmer, 2009: 394). The researcher conducted one-on-one interaction with members of the local economic forum, collecting information in the form of an unstructured interview guided by questions. The conversations were intended to collect data in order to develop a leadership perspective from the practitioners’ standing.

The eighth principle is the one Scharmer (2006:398) calls a moment to “create collective sensing organs that allows the system to see itself. It is about soliciting

common grounds through dialogue on what is seen by both the researcher and the participant. Additional to this, the researcher convened a meeting of political principals responsible for local economic development in their respective municipalities. In attendance also were LED co-ordinators and their supervisors, business representatives and NGOs. It is in this meeting that a sense of common ground and understanding was partially established.

All the above processes as defined through a set of principles above managed to provide information about the past, the present and at least how the future of leadership is perceived from the perspective of practitioners themselves.

#### **4.3.4 Principles that were not covered by the study**

Due to time constraints the study did cover principles nine up to 24. Hence there is a recommendation in chapter 6 that speaks to this aspect.

Principle nine speaks to the stage where the past and the present have been defined and the future has been defined. The step to the future is outlined, but epitomised by the fear of the unknown from within the organisation. The principle speaks to the need to identify those things from the past that the organisation and participants must let go in order to open a new way into the future.

The tenth principle is about identifying those critical decisions and action that will take the organisation into the future and taking a decision to carry them out conscientiously with vigour and zeal.

The eleventh principle is about riding on a particular individual practice that has the potential of carrying the team into the future. Build on that strength and consolidate the movement forward.

The twelfth is about creating an environment conducive for people to be able to do their work with enthusiasm and love in order to improve productivity and turnaround time.

The thirteenth principle is about creating an environment that facilitates collective safe working full of friendship, love and care for each other. Collective working that allows for the sharing of ideas and solutions.

The fourteen is about consolidation of the vision and mission of the future drawing from collective involvement and practice.

The fifteenth principle is about forming a core group with strong intent of the future to drive the process of change and improvements.

The sixteenth principle is about “prototyping” the future. Establish a case for change through presenting the full project and work in progress.

The seventeenth principle is about the convention of the idea and intentions into practice and the consistency of the practice itself throughout.

The eighteenth principle is about continuous improvement through innovation. This is what Scharmer (2009:424) calls *“Iterate, iterate, iterate: create, adapt and always be in dialogue with the universe.”*

The nineteenth principle is about building institutional arrangements that are amenable to future changes and allow an organisation to take advantage of new opportunities arising out of such changes, than becoming a victim of its past or current glory.

The twentieth principle is about providing infrastructure that guarantees safety and boast intelligent designs suitable for facilitating innovation and peer coaching.

The twenty first’s principle is about generating awareness about the changes through intense communication media production work. This is what Scharmer (2009: 434) calls: *“Social presencing theatre.”*

The rest of the principles are about what Scharmer (2009: 436) calls root principles. They include:

Principle 22: Intentional grounding, which is about the quality of intentions and action.

Principle 23: Relational grounding, which is about harnessing global relationships for the benefit of the organisation.

Principle 24: Authentic grounding, which has to do with managing the transition from the old to new.

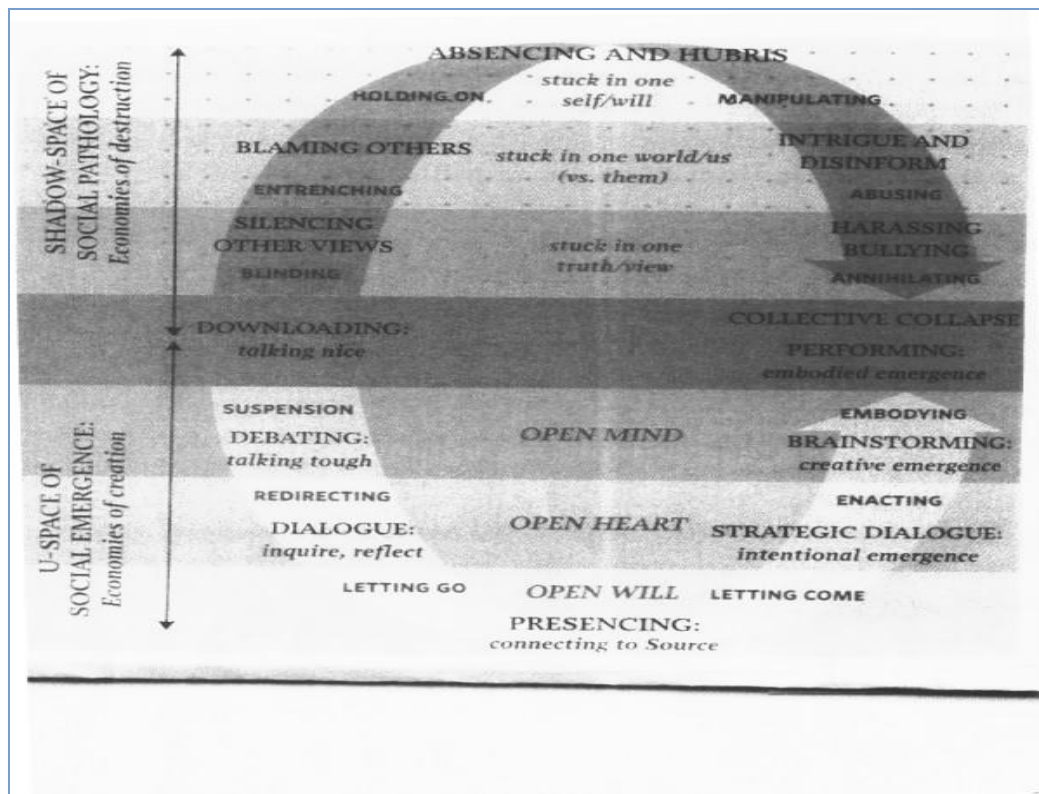
#### **4.3.5 The antithesis of Theory U**

Theory U takes into account that individuals are influenced by the social system they are socialised into. Their limitations are reinforced by the barriers, perceived or real, that the systems impose on them, what Scharmer (2009: 233) calls "blind Spot" of science, systems and field of theory. According to Scharmer (2009), social system may originate from inside the organisation, within the periphery of the organisational boundaries or beyond and between the spaces that exist between organisations. All the above happen within individuals in a micro sphere, through sharing of experience by conversations and dialoguing within a meso sphere, through institutionalisation in a structure within a macro sphere and in through governance mechanism within mundo sphere (global arena).

The theory U process takes place within what is called U-Space of social emergence. In the development field this is termed economies of creation. The theory U process seeks to counter the barriers above that seem to impose ceiling to the innovation and ability to address the challenges confronting individuals, organisations and government structures in a society. Scharmer (2009:245) believes that organisations fail, because of self-imposed ceiling through listening to what he calls the Voice of Judgement (VOC), the Voice of Cynicism (VOC) and the Voice of Fear (VOF) by individuals. The failure to counter the force of resistance as defined above result in a condition that is an antithesis of Theory U space termed an anti-space of social pathology and what in development terms, Sharmer (2009: 267) calls economics of destruction.

The economies of destruction happen when we fail to face the situation with an open mind, heart and willing to let go of the negative judgement voice as outlined above. The economies of destruction arise when we allow ourselves to be in a blind spot by refusing to see beyond the limitations imposed voices of resistance that were reinforced over time to entrench holding on to the past and disconnection from the situation. The results of this action is individuals manipulating the situation to give a picture far away from the true reality of the situation and abuse of situation or power to down play the future prospects of positive development. The end result of economies of destruction is disempowerment of individuals and society from taking responsibility of its future. The economies of destruction are represented by an invented U process of the Economies of creation, as presented by the U – Space and the Anti – Space conversation diagram in figure 4.2 below:

**Figure 4.2: The U Space and the Anti – Space: Conversation**



Adapted from C Otto Scharmer, theory U: leading from the future as it emerges (2009:282)

The diagram demonstrates that nice talking in times of dire need for change may result in inaction, which is called downloading. Tough talking and demanding action provide clarity to followers on what is required to be done and not to be done in an organisation. Disagreements that arise out of a an environment informed by tough talk and action open up to robust, open and honest debates that often result in a synthesis of all initially stereotypes of participants. This synthesis opens followers immediately to new ideas that often assist in the paving of new direction and solid relationship patterns that inform new action and change. Such a change is produced through progressive parting with the past in a path that allows for an emergence of an organisation of the future.

The opposite is disallowing debate and dialogue through silencing of others' views, which leads to the degenerating of the organisation into a blaming spree and holding on of old views. In an attempt to get progress those in charge start manipulating, misinform, abuse and bully others into action in an attempt to save the situation, all of which lead into a total collapse of the relationships and the whole organisation.

#### **4.4 DATA COLLECTION METHOD**

The researcher used what Marshal and Rossman (2006) call “*supplemental data collection methods*”, where an historic analysis of LED and leadership was done in conjunction with narrative inquiry, whereby the researcher interacted with the practitioners through unstructured interviews. A questionnaire was prepared as a guide to facilitate the discussion and as a probe for relevant information to be shared.

Information was first collected from what Fox and Bayat (2007:37) calls primary and secondary literature sources, where primary sources refer to first-hand sources, such as direct reporting and recording from experience, while secondary sources refer to additional information that seems removed from the research site. The sources included, amongst others, books, journal articles, government publications, encyclopaedias, dictionaries and on-line searches.

Documented information was sourced from government policy documents, municipality policy documents, strategic plans, and operational plans and reports. The documents referred to above included the Local Economic Development Strategic frameworks and their Spatial Development frameworks that have been adopted by participating municipalities

The National Local Economic Development framework of 2006, the Provincial Economic Profile and other legislative and policy frameworks provided the necessary data for the conducting of this research. The legislative & policy frameworks included, amongst others, the Constitution of the Republic of South Africa, the Systems Act, the Municipal Structures Act and the Local Economic Development Handbook.

Further information was obtained through the review of books and journals to extract existing perspectives and to establish already existing research findings on leadership and Local Economic Development. The same information was used to develop a framework to formulate research questions that needed further interrogation.

The researcher obtained information through scheduled unstructured personal interviews. The interviews took a conversational form that was guided by an open-ended questionnaire. The researcher took notes throughout the conversation and, where consent was obtained, recorded interactions with the participants. The recordings were only for the purpose of verifying information during the documentation of the conversations at a later stage (Devers and Frankel, 2000: 269).

The researcher's access to information was at a maximum, given the position he held in the province of MEC for Cooperative Governance and Traditional affairs. The tasks of an incumbent to this position is monitoring adherence to the integrated development plans (IDPs) and procedures, which require that IDPs must be backed up by Local Economic Development plans and Spatial Development frameworks and plans in municipalities. The researcher started the whole process by convening a provincial consultative meeting in November 2011, which was attended by stakeholders in Local Economic Development in the province. The aim of the summit was to establish progress made in the implementation of Local Economic Development since the adoption of the National Local Economic Development framework in 2006. The outcome of this meeting was a draft framework for the implementation of Local

Economic Development. Furthermore, information from this meeting inspired the formulation of the research problem statement, which in turn led to the formulation of the research objectives and the initial research questions.

#### **4.4.1 Ethical issues**

The researcher applied the ethical code of the University of KwaZulu-Natal throughout the entire research. The researcher first sent a written request to all the municipal managers of the municipalities within the Ehlanzeni District Municipality for permission to conduct the research. This letter stated the reasons for conducting the research and how it would benefit municipalities in the province of Mpumalanga.

Thereafter, the selected participants in this research were formally requested to participate in the research. This was done by means of a letter which also outlined the intention and benefits of the proposed research. The letter guaranteed confidentiality and the participants' right to refuse to participate and formed the basis of the participants' consent.

#### **4.5 SAMPLING**

Thirty participants were targeted by means of purposive sampling and selection was guided by reference to the framework for Local Economic Development in South Africa 2006-2011 (DPLG, 2006: 16).

The researcher initially targeted the general manager for Local Economic Development at a provincial sphere, managers responsible for LED at a local sphere, business representatives, and representatives from non-governmental organizations and organised labour as participants in this research. They were selected on the basis that the November 2011 summit concluded that that Local Economic Development Forums and the District Advisory Forum were to be constituted as such. In addition, the 25 participants who took part in the feedback forum of the 21 of October 2012 were also targeted. These included members of the five mayoral committees responsible for LED in the five municipalities in the Ehlanzeni District; business people who were never involved in the scheduled one on one conversations. They



included participants from Bushbuckridge and ThabaChweu and two business people coming from the advisory forum of Ehlanzeni District Municipality

The Ehlanzeni District Municipality assisted by providing a list of local municipalities' LED Forum members and their contact numbers.

However, only seventeen of these were interviewed for various reasons, which are explained below. The seventeen participants included all five LED co-ordinators. A further three were from big corporate businesses in manufacturing, mining and the financial sector. Eight were from small businesses, with three of these coming from previously advantaged communities and five from the previously disadvantaged communities, mostly within the tourism and hospitality industry, and one was from the NGO sector.

The researcher held one-on-one conversations with three of the co-ordinators in the researcher's office as per their choice, while the other two responded in writing to the guiding questions. The guiding questions for the LED coordinators were formulated slightly differently from those for the other stakeholders.

Purposive sampling is said to apply only where people are selected to participate in a study based on the knowledge and expertise they possess, which may enhance the quality of data that must be collected about a phenomenon in a socially constructed world(Bowen, 2005:217); Ehigie and Ehigie, 2005: 627; Devers and Frankel, 2000: 264). The researcher was both a direct and indirect contributor to the study, due to his position as MEC for Cooperative Governance and Traditional Affairs within the Government of Mpumalanga (Ehigie and Ehigie, 2005: 627). This therefore made him a direct participant in the research.

#### **4.6 RESEARCH CHALLENGES AND LIMITATIONS**

Only seventeen participants were located out of the targeted 30. This is due to the fact that Bushbuckridge and ThabaChweu had not established a forum and not all of the Local Economic Development forums had organised labour within their forums, as was initially pointed out.

Furthermore, the formal process of interviewing people could not take place until ethical clearance had been obtained. Although this was finally granted on 01 August 2012 and communicated in the middle of September 2012, it had taken such a long time that some participants had lost enthusiasm, some had already moved on and one had died.

In addition, the November-December period proved quite challenging with respect to acquiring interviewing slots as the summer holiday break fell in this period.

All the above challenges meant that processes needed to be resuscitated from scratch. However, although this delayed the process, it did not have a major impact on the outcome of the research itself.

#### **4.7 DATA PRESENTATION AND ANALYSIS**

Hatch (2002), as quoted in Leech and Onwuegbuzie (2007: 564), defines data analysis as:

*...a systematic search for meaning...a way to process qualitative data so that what has been learnt can be communicated to others (Leech and Onwuegbuzie, 2007: 564)*

The quote goes further to explain organizing and interrogating of data, identification of patterns and themes, establishing relationships in order to guide explanation, interpretations, criticism, categorisation and comparisons as researchers use their “*own intellectual capacities*” to decode qualitative data into communicable information (Leech and Onwuegbuzie, 2007:564).

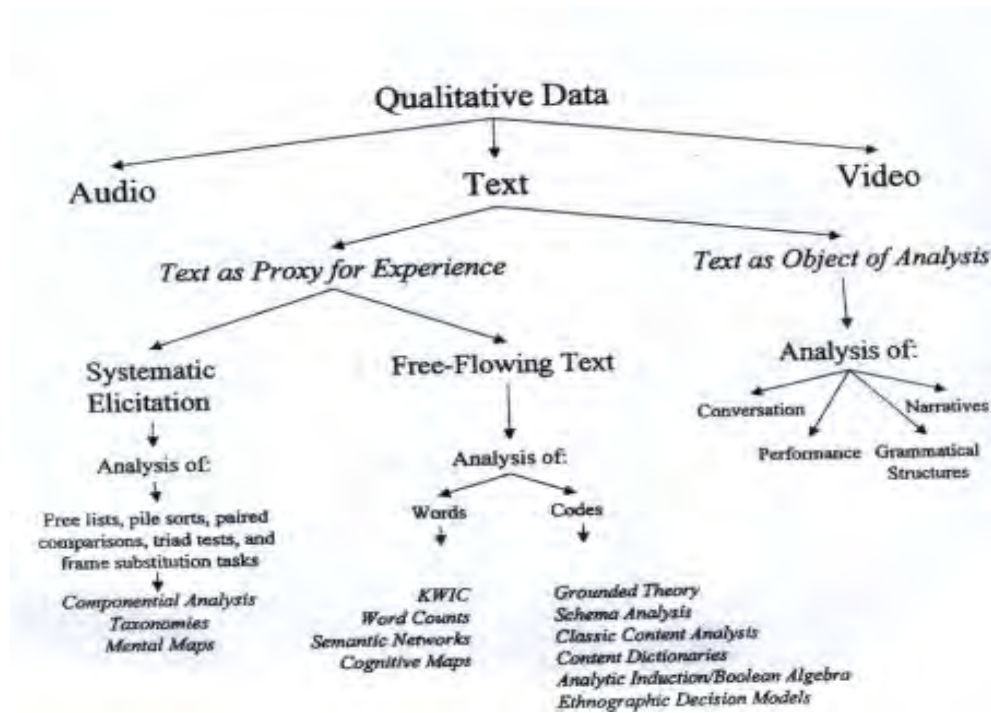
Baxter and Jack (2008:554) further argue that although individual bits of data in a case study originate from multiple sources, they become converged in the analysis process, with an understanding that each source constitutes a unique “*piece of a puzzle*” that has its own unique contribution to the researcher’s understanding of a studied phenomenon. Leech and Onwuegbuzie (2007: 575) identified the qualitative data analysis techniques as follows:

- Constant comparison analysis, which is often used when the researcher wants to answer “*general or overarching, questions of the data*” (Leech and Owuegbuzie, 2007:576);
- Word count, which can be used when a researcher assumes that frequency of words can provide some meaning to a phenomenon;
- Key-word-in-context can be used by a researcher when wanting to capture the actual words used by the participants that provide short responses to structured or unstructured questions and also to large unstructured text;
- Classical content analysis, which is useful when a researcher is interested in the frequency of the themes;
- Domain analysis, which is helpful when the researcher has a chance of interview the participant more than once;
- Taxomic analysis, which can help in enhancing the understanding of the speech and language of the participant; and
- Componential analysis, which is useful in comparisons.

According to Saldana (2009:12), these techniques differ in their nature and can be used under different circumstances. However, they may be selected in group form to be used in order to define a phenomenon. It must be added, that this depends on the extent to which the researcher may want to explore the phenomenon.

In analysing the data, the researcher was guided by Ryan and Bernard’s (2000: 771) typology of qualitative analysis techniques in figure 4.2 below:

**Fig. 4.2 Typology of Qualitative Analysis Techniques**



Adapted from: Ryan and Bernard, 2000 Data Management and analysis Methods. In: Handbook of Qualitative Research, 2<sup>nd</sup>ed, N. Denzin and Y. Lincoln eds., Thousand Oaks, CA: Sage Publications

Figure 4.2 provides a guide on how these techniques can be grouped together and when they can be used in a particular form.

In the case of this study, the researcher selected the key-word-in-context option so that the actual words used by the participants could be used to establish their meaning. The data that was obtained from the transcripts was either short or complex. The data to be analysed is in a free flowing text form. The data is in a form of words and not coded in numbers.

#### 4.8 DISSEMINATION OF RESEARCH FINDINGS

The research findings will be in the form of an examinable research report submitted to the University of KwaZulu-Natal. Once it has been examined and credited with a pass, the report will become available as library material. The findings will also be shared with various municipalities in the province through the provincial forum processes. Participating municipalities will be provided with a copy of the research

report. Some of the findings will also be incorporated into public addresses and other means of communication.

#### **4.9. CONCLUSION**

This chapter covered the details of how the researcher went about carrying out research with theoretical justification.

The chapter has provided reasons for choosing qualitative methodology using an embedded case, as the research is about exploring leadership in Local Economic Development in the district of Ehlanzeni from the perspective of practitioners.

The reflective practitioner procedure was clarified and motivated for the nature of study as it seeks to draw knowledge from experiences of both the reflective research practitioner and the reflective researcher in order to arrive at research conclusions and recommendations.

As has been explained, the data collection mechanisms managed to provide for the massive amount of data that was not easy to manage. The researcher acknowledges his thanks to the assistance of the typology for qualitative data analysis techniques that allowed him to arrive at an appropriate tool through the use of the key-word-in-context (KWIC) technique, which allowed for the identification of key words, which were analysed in relation to the words they preceded or followed in order to formulate opinions, conclusions and recommendations

Chapter five presents the data analysis and the findings.

## **CHAPTER FIVE**

### **ANALYSIS AND DISCUSSIONS**

#### **5.1 INTRODUCTION**

This chapter covers the analysis of the case study and the research findings. The findings are mostly based on the themes extracted in conversations with various stakeholders using a combination of various mechanisms, but with the main intention of answering the following questions:

- What are the perceptions of the practitioners on the leadership of Local Economic Development in the Ehlanzeni District Municipality?
- How could the emerging perspectives of leadership by practitioners contribute in the facilitation of the understanding of Local Economic Development?
- How could the emerging leadership perspectives contribute to the successful implementation of Local Economic Development strategies in municipalities?

#### **5.2 DATA ANALYSIS**

As discussed in Chapter four, the researcher used the key-word-in-context technique to capture the actual words used by the participants to deal with either the short responses or large and sometimes not so obviously structured data and information to establish meaning based on the researcher's own intellectual organisation and interpretation of this data and information.

This tool or procedure was chosen after a thorough consideration of the other six tools discussed in Chapter 4, which include classical content analysis, word count, content comparison analysis, domain analysis, taxomic analysis and componential analysis.

Having applied the key-word-in-context approach to analysis, the following key words emerged: strategy, policy, stakeholder involvement, participation, partnership, dialogue, communication, empowerment, capacity building, commitment, professionalism, knowledge, sustainability, and plan, to mention a few.

These key words allowed the researcher to be able to categorise findings between general and specific findings.

### **5.3 THE GENERAL FINDINGS**

A study of the literature revealed that there is a lot of material available which provide definitions of LED and explain what LED is all about. A number of guiding documents have been written, research projects conducted, and various discussions convened to find ways on how best to approach Local Economic Development in South African municipalities.

The fact that many people have looked at Local Economic Development as a poverty alleviation programme rather than an overarching economic development programme aimed at local economic growth has complicated the focus of Local Economic Development in many municipalities. Local Economic Development has the capacity to enhance the tax bases of local areas and is thus a tool for fighting poverty, inequalities and unemployment.

The absence of a common approach between the then Department of Provincial and Local Government (DPLG) and the Department of Trade and Industry (DTI), as well as the absence of agreement as to which of the two departments was assigned the responsibility for Local Economic Development facilitation, did not help the situation, especially prior to 2006.

The release of Local Economic Development framework of 2006 was one of the major breakthrough outcomes in providing a governmental guide to Local Economic Development that was comprehensive enough to serve all levels of municipalities and which even managed to establish a middle ground between the DPLG and the DTI. This was to serve as a yardstick to enhance the implementation of Local Economic Development countrywide.

Apparently, these guidelines came as a response to the failed attempt to develop a specific policy paper on Local Economic Development, just after the passing of the 1998 Local Government white paper. According to some of the respondents during the research process, the policy paper could not pass the test to be qualified as a fully-

fledged government policy, as the Government felt there were enough government economic policy implementation guidelines that cut across all spheres to warrant a special one for local governments. One of the respondents stated:

*In the absence of an LED policy, I think there was a green paper somewhere prior to 1998 before the white paper on Local Government came to pass. But by the time it went to Cabinet, Cabinet was like oh no there are so many policies on economy and let's just see how we can implement on a local level.*

Notwithstanding all the policies referred to above, Ehlanzeni and Nkangala District Municipalities were assisted by the Department of Trade and Industry to develop their own Local Economic Development frameworks, using the national framework of 2006 as a guide.

In November 2011, the Department of Cooperative Governance and Traditional Leaders in Mpumalanga convened a summit attended by business, labour, NGOs, government Local Economic Development practitioners and political principals responsible for Local Economic Development in municipalities.

In this summit, delegates evaluated progress made since the adoption of the National Local Economic Development framework in 2006. They identified a number of weaknesses, which included:

- The absence of higher order strategic plans in a municipality space economy, which include a comprehensive and community-owned spatial development framework and Land Use Management plans.
- The absence of collective private sector driven investment plans that underpin the socioeconomic development framework and enterprise development for job creation.
- The weak and often confusing institutional arrangement to deliver economic development imperative in local areas.
- The inconsistent stakeholder involvement and weak partnerships for development of local areas.



The above-mentioned weaknesses also provided a framework for the analysis of the transcripts of responses to the unstructured questions posed during the discussions with participants. This is important, because the delegates to the summit adopted a preliminary Mpumalanga Provincial Local Economic Development implementation framework. The provincial framework clearly outlined a process of improving the implementation of Local Economic Development strategies in the municipalities.

Surprising enough, given the importance of the 2006 National Local Economic guidelines, none of the stakeholders interviewed, including the practitioners, ever referred to this framework serving as a guide.

Another matter that arose during the research is that it became evident that the stakeholders in the Local Development forum were not homogenous. It would be expected that there should be a natural disparity in the way that different stakeholders would see and approach things. However, evidence in this research shows that even within the sectors themselves, there were many areas of conflict. For instance, there is tension between SMMEs and big business, as well as between those previously advantaged and those who were disadvantaged by the historical apartheid system. The response hereunder bears testimony to this:

*We once sat, but ended up fighting, because the moment you realize the resistance you become frustrated and say but these people want to use us. Instead of us looking at this in a partnership form, they want us to be sub-contractors and to me sub-construction is not assisting.*

Another example is illustrated by the following comment:

*I don't remember in any sitting where we had those busy businesses, especially the big ones...because they just see themselves as entities on their own ...They are isolated.*

Although there is also the general assumption that municipalities have LED forums, the evidence shows that they have their own challenges, however, and that they are not as functional as they are expected to be. These challenges range from stakeholders' apparent inability to establish common vision, goals and objectives and

their difficulty in being able to recognise each one's role in Local Economic Development in their local areas. According to the participants, power struggles and issues of trust undermined the forum.

*At the one meeting the NAFCOC guys felt we wanted to take over and the meeting was shifted and the Chamber of Commerce mobilized many people and the meeting turned out to favour them. The outcome of meetings held depended on which group was more in numbers than the other. That thing skews the whole approach and how the LED forum must be run in a big way.*

Participants reported that up until November 2011, Local Economic Forums had not been operational in some of the municipalities for some time. It was only after November 2011 that some activities started that aimed at reviving the momentum. For example, Mbombela held a summit to revive the work of the Local Economic Development forum.

The results showed that Nkomazi has a fully-fledged forum, but is finding it difficult to keep it together due to various issues that include, amongst them, lack of trust, lack of professionalism within the LED unit, tension amongst the stakeholders and other leadership capability related matters. From the forum's member stakeholders interviewed, it was not clear when the forum last met.

Umjindi had both an LED forum and a defunct Local Economic Development Agency. However, participants highlighted various issues that need attention and these included trust, inconsistency of meetings and lack of professionalism of the LED unit.

The forums in ThabaChweu and Bushbuckridge municipalities had only been put together after September 2012, despite the fact that ThabaChweu had been hailed by various researchers, and the GIZ included, as having led the pack with Umjindi by establishing Local Economic Agencies to assist the municipality in dealing with issues related to barriers to trade and promotion of investments within the two municipalities.

Due to the absence of and sometimes weak LED forums, the work of Local Economic Development has been reduced to work of poorly capacitated and/or less empowered LED units in municipalities. Apart from Mbombela Local Municipality and later Nkomazi, evidence shows that LED units in local municipalities were headed by incumbents in junior positions, who were not even sitting in the strategic management echelons of the municipalities. This resulted in a perception that municipalities were not really serious about Local Economic Development. This left the other stakeholders in Local Economic Development Forums feeling undermined by both the political and administrative leadership in the municipalities.

## **5.4 SPECIFIC FINDINGS**

By using key-words-in-context in relation to leadership of LED, the following specific thematic findings emerged:

### **5.4.1 Policy and legislative environment**

Practitioners are of a view that when dealing with developmental issues, it is critical that those in leadership positions in Local Economic Development have a thorough understanding of policy and legislative frameworks and of the environment. Participants indicated that there are enough policy and legislative frameworks in the country related to Local Economic Development. These include amongst others, the Constitution, the country's industrial strategy; the Local Government Act; systems and structures acts; the IDP; LED implementation guidelines and the LED guidelines of 2006.

The participants explained that although there are sufficient policies, problems arise during the implementation of LED because not much cognisance is taken of the policies. It is surprising, though, that throughout the interaction with participants, there has never been a voluntary reference to the LED framework of 2006, which may put doubt on the level of ownership of this implementation framework itself.

This is a point which was confirmed by one of the participants who once worked in a municipality and later worked in a non-government institution:

*I was a municipal practitioner before. I have never used it. I would only mention it in the LED strategy, just to say yes we have looked at this...*

#### **5.4.2 Strength of strategies**

Leadership was also measured on the strength and quality of the strategy developed under the watchful supervision of a specific leadership arrangement.

While most municipalities have developed and adopted strategies, there are concerns by participants that the process of concluding them has not entirely involved all role-players, as one of the participants said:

*Well the sense that we have of the previous documents is that it was input from stakeholders. It was not really clear what and how this process was detailed or maybe perhaps I was not privileged to have that information, but yes they have and it is reported it was developed with inputs from stakeholders.*

Some of the participants resent the fact that LED units in most local municipalities employed consultants in the development of Local Economic Development initiatives rather than involving the rank and file community members themselves. Whilst the consultants tried their best, the product was compromised by the fact that the process depended too much on the external expertise, which lacked understanding of local dynamics. This is evident from the response by one of the respondents:

*Yes, we have a strategy, but now the problem is it gets developed by people don't stay here not even nearby...that person would be cutting and pasting on what he is told not what he sees on his everyday life.*

*I believe ...a strategy should be developed according to community's needs... There is a strategy, but it is not us. It is just part of us.*

### 5.4.3 Stakeholder involvement and empowerment

Involvement of all stakeholders who matter is a product of good leadership. The participants indicated that the local municipal strategies do speak to the natural resource potential in various local municipalities and made suggestions on how municipalities can respond to the situation:

*. Brilliant, Brilliant, if we can all, as stakeholders be committed. If they can get the chambers, get the work groups and everyone brilliant, I give them an A for that strategy.*

However, they identified a weakness in the lack of linkage between the strategy and practical programmes that mobilize and focus everybody to the achievement of a specific set of goals. One of the participants commented:

*The other thing that tells me there is still no strategy is that I don't believe the members of the forum understand the potential of this area from the economic development point of view.*

In some cases the forum could not function to the expected levels because stakeholders were involved in turf battles and professional jealousies also hindered the expected level of functionality of LED forums. Others blame it on the manner in which the forum is structured, as illustrated by the comment below:

*There were arguments regarding who must chair and so forth. The unfortunate part of it is that the composition of the structure becomes a problem and that is where you pick up that there will be problems in this LED..., but for some members of the LED committee it turned out to be a political platform rather than being development focus..*

The above-mentioned point is consistent with what has already been mentioned in the section above on how the game of numbers is used to manipulate the outcome of the meetings, with disregard to the substance of the decisions to be made. One participant stated:

*There isn't a sense that this particular LED must achieve something for us. And also that other thing that must be achieved has never been put on the table.*

#### **5.4.4. Vision and mission**

During the course of interaction with the participants, it became clear that the quality of the forum's meetings was a problem due to lack of a clearly defined shared vision that guides the work of the forum. This again is consistent with the earlier comment that sometimes the strategy development was driven by consultants without the involvement of the people themselves. As a result of this, it is either that the strategy is not known at all or is known by a selected few. For example, one participant, who should have been a major contributor in the development of the strategy and thus been completely knowledgeable about it, said the following:

*It's like it is a formality that there has to be an LED forum. What is the vision for this thing? If the LED succeeds, what does success look like? For me, that's where I see the first weakness of the forum. The agenda becomes driven by the chair of that particular meeting. It is not a shared vision.*

#### **5.4.5 Administrative capacity**

The poor administrative capacity of the municipality did not help the situation. Their low level of professionalism and casual posture in the carrying out of their responsibility of co-ordinating meetings of the forum also compromised the importance of the LED forum.

*I have been attending them for about two years now. ..We would agree on a date of the next meeting...last minute the dates are changed... I once received a call cancelling a meeting... where I had been driving already.... When I turn my computer on, I get an email that the very same meeting has been rescheduled for tomorrow.*

This has been the level of frustration that the stakeholders were subjected to. What, therefore, could be expected from a forum of this nature? It would appear obvious that it is not serious about addressing the socioeconomic challenges that communities are facing.

#### **5.4.6 Institutional capacity and their environment**

In the development of thematic issues, it emerges that institutional capacity and orientation are critical to leading an effective organisation. All municipalities have established some form of Local Economic Development units within their administrative organizational structures. However, these vary from one to another in terms of their strengths.

One of the main issues that were highlighted by participants is that although the supply of Local Economic Development is one of the main responsibilities of local government, there is no specific managerial level required to be part of the unit.

All municipalities have also established Local Economic Development forums, although most have been established after the November 2011 summit.

From the feedback received from respondents, Nkomazi seems to be only the solid forum that has been in existence for some time, although there were reservations expressed in relation to its effective operations. Reasons for these reservations range from stakeholders' lack of technical knowledge capacity and lack of administrative capacity and professionalism of the LED unit, as described below:

*Again when we go to these meetings, a couple of things happen, they are these very big meetings and I believe decisions cannot be made in very big meetings...you get people going in and out of the meetings, answering cell phones and not paying attention at all or making contributions. It gets disruptive. You will not have a big decision made in such a meeting.*

In another example, the participants indicated the following:

*We had to change meeting rooms three times due to the organizers not securing a meeting place on time. We had to be moved from one room to the other and ended up changing buildings. So we lost a lot of time.*

#### **5.4.7 Commitment to implementation**

Mobilising maximum commitment to implement a programme in order to realise a vision is critical to organisational success. The participants revealed that while meetings are held where critical decisions are made and resolutions are taken, there seems to be less commitment in the municipality to implementation and it seems that it is not clear who exactly should take this responsibility. An example can be drawn from one respondent who said:

*We lost the bid over one reason. The municipality did not preach when everyone was there to listen to them bid. If an opportunity like that presents itself to increase the value of the economy and the only reason we do not win the bid is because we failed to show up. That is serious lack of appreciating the economic potential in the municipality.*

Another participant indicated that in some cases, performance is not compromised due to lack of capacity, but rather to sheer down playing of professionalism and commitment to action and to serve. Participants explained that although there are highly qualified and capable people in the municipalities, there are some cases where their potential has not been realised because nothing gets done, which they perceive as a serious weaknesses. One of the participants described the situation in one of the local municipalities:

*There's also a level of frustration, because we do hold these meetings. Decisions are made but there is no action... We would be hopeful because we would be having capable individuals, but nothing ever gets done.*

All of the above may have serious implications for the municipality. Stakeholders become frustrated and lose heart when their trust in others is eroded by their lack of commitment to the project. One of the participants explains:



*Business people have lost faith ... that there will ever be anything coming from Government... Municipal would make decisions and no one inform us as business or as the community of this town. ...we would not get any feedback. It is rather frustrating to operate under such conditions.*

#### **5.4.8 Creating an effective partnership**

The effectiveness of LED is closely related to the ability to build a partnership necessary for the effective conceptualisation and implementation of LED in municipalities.

While the district municipalities have managed to establish effective relations with local business stakeholders, the same cannot be said about most local municipalities. This is illustrated by the following participants:

*I suppose it is because the relationship between municipality and business ... isn't managed well. The municipality calls the LED meetings to fulfil a formality not because there is a drive to achieve something.*

*There is no drive, no commitment at all, like now we have R 500k that was availed by the mine for developing a master plan for storm water drainage...Today is almost end of October to give me a go ahead either to advertise or not, because they said to me on the last meeting we had in August, they have a master plan...*

It would seem that partnership is not mutual, but is driven by mistrust and with disdain from the municipalities. The municipalities need to rise above the situation, which would require the Ehlanzeni District Municipality to intervene and up the level and quality of partnership to be established at a local level. This will not only be to the benefit of individual municipalities, but will definitely enhance relations of stakeholders, hence performance, within the district municipality itself.

#### 5.4.9 Co-ordination and communication

Participants explained that poor communication and lack of co-ordinated effort undermine initiatives. As one participant said:

*I'm going to be honest with you ...I'm talking people who could make things happen, but there is a total lack of co-ordination and communication... I received a call from the municipality asking how the centre was doing since opening. This happened 5 to 6 weeks ago. I told them I can't comment. It is not open yet. The person on the other end told the centre has been open. I nearly died thinking how they could open the centre without us knowing. And she let me know it was indeed open.*

The case above is a living proof of how things can go wrong and, to what extent it can water down the impact of a good initiative and kill ownership amongst stakeholders.

There seems to be a lack of appreciation of honest and robust engagement amongst stakeholders. This then increases the level of mistrust that compromises the working relations of stakeholders and the building of strong partnerships for development within the forum. This is demonstrated by the participant hereunder:

*At some point I was told I am asking a lot of questions and I was not trying to be difficult. I am a small business. I need to plan. I operate 7days a week. I need to be given information early so I prepare to leave the business so as to attend to the LED meetings...Yes we do ask a lot of questions about the information centre. By asking we are not trying to catch people out. We want to help and a lot of people want to help...From the business point of view, I think the business people would come to the table completely committed, but we end up frustrated and discouraged.*

## 5.5 PRACTITIONERS' RESPONSES REGARDING EFFECTIVE LEADERSHIP

While there were a number of challenges pointed out with regard to the implementation of LED in municipalities, there are a number of lessons that could be drawn from various municipalities. For instance, a number of participants pointed out the importance and usefulness of involving stakeholders from multiple experiences as this can be of benefit to the process.

### 5.5.1. Building a learning organisation

The participants' comments have demonstrated the importance of stakeholders coming together from various experiences and orientation, driven by a common perspective and vision to deliver on the imperatives of Local Economic Development. This was evident from one participant who had been involved in an experience in the financial sector. This participant indicated:

*Right from non-governmental organizations to a small business....Right to corporate... and other big companies that are operating in the municipalities it is critical that they are involved...We want all of them so that ... there is ownership. With some level of ownership you could feel this is our product...doesn't see it as Government strategy.*

Another participant added that this was critical for the creation of a learning environment, where participants are offered an opportunity to learn from each other rather than operating as a separate entity influenced by a backward silo mentality. One participant reinforced this view in this way:

*...must be ready to engage stakeholders in a genuine manner not to the stakeholders because we are driving on agenda...because we want to improve the living conditions of the local community through LED as a vehicle to contribute to the development of the local community...*

Working together allows for an opportunity to pool resources and thus maximize the impact of the development initiative, as demonstrated in the example derived from the response of one of the participants:

*The municipality can source out funds from other institutions. It does not have to source its own funds to have other projects running...the social infrastructure that the government is not looking into at that time. ...approach banks, large businesses ..., which put money together into one certain project.*

However, when stakeholders operate in silos, the impact of their effort is undermined to a level where their relationship with other stakeholders is seriously compromised. Participants quoted a number of similar examples in other municipalities from which lessons can be drawn. Participants expressed sadness that bold initiatives by the private sector found no reciprocation or appreciation from the local municipalities. We are not talking about short term initiatives that will cater for today, but about providing solutions for tomorrow and developing programmes for the long term survival and sustainability of society as a whole. One of the participants gave an example of this can be achieved:

*Currently we have established a transformation trust. The mining charter states that all mining companies must have a social fund where companies that get business from the mine should contribute a percentage of their annual turnover. This trust is to look at developing business even after the life span of the mine. So there are plans we are implementing so that if they say the mine closes today, the businesses are sustained.*

Big business often boasts capacity that can be shared with municipalities even when coming to addressing basic services and complex planning requirements. When municipalities have good relations with the private sector, and they jointly develop a future development trajectory, surely such resources can be shared to the socioeconomic benefit of the community as a whole. However, municipalities are expected to build in house capacity for the purpose of effective exchange and sharing of knowledge, skills and experience to the benefit of local communities. Strong,

skilful and knowledgeable leadership is required on the part of government, in this case, the district municipality for the facilitation of such relations and co-ordination. This is critical, as one participant indicated:

*You can get thousand consultants to the municipalities and if your LED practitioners are not aware of the business opportunities in their particular areas, you can forget about Local Economic Development.*

### **5.5.2 LED strategy development process**

In conversations with the LED stakeholders in Ehlanzeni District Municipality and four local municipalities within the district, the following emerged:

That LED development process has to involve every stakeholder in the community. However, there must be a centre for co-ordination and a champion thereof. In the absence of clear vision and mission, it is impossible to pull all forces together and align energies in one direction. Following the conversations, implications are that such a champion must be government at all spheres. Government must be at the centre of co-ordination of LED at all levels. It must lead in the facilitation of clarity of vision and ensuring a collaborative working of stakeholders around an established common goal. The LED framework of 2006 provides an outline of how this championship may be carried out. However, neglecting to carry it out has created a situation of uneven development.

### **5.5.3 Power of common vision and mission**

The 2011 provincial LED interrogation process that culminated in a Local Economic Development summit in November 2011 has demonstrated the importance of being aligned to a vision and a mission. After the adoption of the provincial framework and pointers to the programme of action that was to serve as radar for implementation, many municipalities started reviving their LED forums. By the end of October 2012, all district municipalities had formed or revived their LED forums and were grappling with the challenges of making them functional. It became clear during the process of interaction with participants that the municipalities which had made the most progress in taking the LED process forward were those which had identified a clear strategy, a

clear mission and a set of objectives to achieve. Such municipalities included Ehlanzeni District Municipality, Bushbuckridge and Mbombela local municipalities.

Furthermore practitioners felt that there has to be a clear stakeholder involvement strategy in order to facilitate a highly effective implementation mechanism. They have demonstrated that without stakeholder involvement, it can be easy for stakeholders to get frustrated and look up to the government to do everything, while just waiting and behaving like visitors in their own municipalities.

#### **5.5.4. Complimentary partnership**

Practitioners have made it clear that LED development strategy cannot be left in the hands of government only as happens in so many municipalities. Those participating in the LED forums are expected to take a lead as representatives of the development interest in all sectors of the society. However, it goes further than that and LED initiatives should include the efforts of all those who inhabit the local economic areas. Participants pointed out that leadership cannot be located with one participant, but should embrace all the knowledge, experience and skills of the stakeholders to address the societal challenges of poverty, unemployment and inequalities.

For example, municipalities have always been expected to provide basic services and co-ordinate the collective and individual energy and effort of its citizens. Therefore each sector of the society needs to exercise its leadership in the areas where they command expertise. Business in this case should lead in the provision of business solutions, as one participant indicated:

*I think businesses do not have a choice. If they want to be part of the citizen of the municipality, they have to get involved. It should not just be government trying to run after business ... They owe it to themselves as well, because our success as business ...also depends on the capacity of the municipality to deliver on basic services like water, electricity, refuse removal and sanitation. If they cannot supply me with water as business, I cannot do my business. We need each other...in all stages of the processes, from planning stage... even up to implementation ... beyond*

*implementation to even evaluation stage... it is my view that in all stages they must get involved and not only in summits.*

Practitioners feel that business has to be in the centre of planning for Local Economic Development rather than leaving it to the municipality, who may not have the necessary expertise. Even in an environment of highly capacitated municipalities, business can play a role in guiding municipalities' plans for economic development, as one of the participants indicated:

*I think the first thing that business should do is to make visible their plans to invest and expand. If those things are not visible the municipality can't plan. The municipality must plan. Businesses must account and let their plans known.*

Furthermore, practitioners feel that businesses should begin to see themselves as part of their communities rather than as visitors who are only interested in investing to make money.

### **5.5.5 Role of spheres of government**

All levels of government, from municipality to national, have to play a motivational role in facilitating as well as monitoring and evaluating the effectiveness of systems that have been put together to deliver on Local Economic Development. This can be read from the following response:

*...the District has been involved we would even like to see more involvement of the District but we've seen very encouraging involvement from district level officials and I think that is commendable.*

*At a provincial level I think there is a lot that provincial government is doing and the summits or engagements of that time are also assisting... so that there is synergy or there is a harmony between ...a provincial angle ....with the local municipality... From a National perspective from time to time we see National Ministers sharing strategies coming down engaging local communities I think there is room for improvement in*

terms of the contribution of financial side to empower local municipalities

#### **5.5.6 Stakeholder involvement**

Other critical stake holders in Local Economic Development are labour and NGOs. From the conversations I had with the participants, it became clear that the involvement of labour has been minimal. In fact, none of the participants spoke highly of the involvement of labour in the LED in most of the municipalities. As the participant indicated hereunder:

...They participated in the summit and they made their contributions as just another stakeholder in the bigger picture of things...You might have delegates that are from labour, but sometimes they are not so much pronounced.

The practitioners indicated that NGOs also have a role to play in the solicitation, capacitating, empowering and guiding of participants.

#### **5.5.7 Building of capacity to implement**

From conversations with stakeholders, it became clear that the building of capacity to plan, implement, monitor and evaluate is a critical part of leadership. According to practitioners, the district municipalities must take the lead in co-ordinating capacity building programmes to local municipalities. This, however, requires that the district municipality itself should have built the capacity that is able to study the strength and weaknesses of local municipalities against what stands as core drivers of their local economic potentials. This would then assist with targeting interventions that will trigger meaningful motion with regard to Local Economic Development in a local municipality. The benefit of such interventions has been pointed out by one of the participants, when saying the following:

...district finds ways to get funding to resource the municipalities and assemble a team to work on the implementation side of things. At times it is really not about the money but the municipality buying into the



*confidence of someone wanting to market and they will know that the municipality is behind them at all times.*

#### **5.5.8 Skills and knowledge**

Practitioners have demonstrated that capacity building cannot be limited to in-house training, but should include formal education to acquire the necessary skill and knowledge. Participants explained that municipalities, the private sector and NGOs provide skills development funds and bursaries individually and in a silo form. For example, one participant responded:

*We also offer full time bursaries to ten students a year... these bursaries are strictly for the hard skills, your archaeologists and different types of engineering fields of study.*

Constructive leadership within the district municipality would facilitate the co-ordination of such initiatives in a collective approach after determining which skills are needed by the local socioeconomic profile. Those showing potential would therefore have access to the necessary training which would ultimately be to the benefit of the whole community. Such capacity building has to cut across the organization, right from the lowest in the rank to the highest echelons of the organization, as one of the participants elaborated:

*...You can't expect somebody to do something without proper training and in order to hold anyone accountable give them proper training.*

*We have to start somewhere, especially our managers. Capacitate them in order to get the results we are expecting.*

Capacity building must also involve institutional building, including in it organizational design, recruitment and retention mechanisms that would attract and maintain highly skilled, knowledgeable and competent employees who will ensure that excellent planning, implementation, monitoring and evaluation are in place in order to deliver qualitative and effective LED programmes, as outlined by one of the participants:

*I think in the local municipalities it would be fair to get competent and qualified LED practitioners. Do not go and get an accountant to come and lead the LED programme. That person will be frustrated and will end up not delivering. The issue of qualification is very important and should be scrutinized very carefully.*

#### **5.5.9 Building capacity for strong development partnership**

Upper spheres of government must play an active role in assisting and guiding in the development and the implementation of the strategy, as the participant here summarized on behalf of the others:

*Because COGTA understands the municipalities better and works closely with them, I think the part they should be playing is to first ask where the municipality is battling to document all the problems raised... come up with a better plan or strategy of how best to implement when solving the issues raised by municipalities.*

Besides mobilising business to participate in Local Economic Development forums at various levels of government, the participants feel that the involvement can go beyond that, including taking a role in organizing the private sector into a formidable force for driving local development through a comprehensive and sustainable Local Economic Development programme. Such a formidable force could be able to mobilise resources within and outside the municipality to fund potential business development projects, as outlined by one of the participants

*Mines are very flexible, hence they have appointed us to manage in these positions to make sure municipalities are taken care of, but nothing can really happen if we are not included. Those are the challenges we mainly face.*

### 5.5.10 Monitoring, evaluation and impact assessment

Another aspect of leadership that emerged during the engagement in a conversation was one of monitoring and evaluation. During the interaction with members it became clear that there was no linkage between vision and strategy, between strategy and plans, and between plans and implementation. Practitioners felt strongly that for meaningful LED to take place, the district will not only have to have a shared vision, strategy and implementation plan, but should also have mechanisms to monitor the adherence to such plans and to evaluate the impact of the outcomes of the plan, as one of the participants indicated:

*Only if we can, like I was saying, down the line come here, say in another summit and ask ourselves by the way what the results of the previous one was. We will be in trouble and so we need to be able and say the previous one were able to deliver the following benefits.*

However, this will not happen if municipalities continue in failing to monitor the process. One of the participants from the private sector illustrated as follows:

*We register on their IDP and LED that we will do this and that, but nobody monitors if that happens at all. Their job is to monitor us.... We said we build a school. They still don't know if the school is there or not. No one is following....how many locals were employed and how many subcontractors were hired? ...We do as we please. I can tell you we can even manipulate the system and still get away with it.*

A sound process of monitoring and evaluation could be used to harness existing capacity and to channel it to be used in a fruitful manner, as one of the participants responded:

*There are good brains in the municipality. There's so many people with capacity some really good people, but until everybody is held accountable, people are going to get away with anything*

*We don't expect much, but people must be accountable.*

## **5.6 FACTORS HINDERING EFFECTIVE LEADERSHIP**

In the course of conversation, the participants identified various factors that they believed were hindering effective leadership with respect to Local Economic Development in the Ehlanzeni Municipality. These are discussed below.

### **5.6.1 Lack of referral to policy frameworks**

Policy clarity is very critical in the implementation of Local Economic Development as a guide to action. The policy framework guides the action and evaluation of the outcomes. However, this research has revealed that many practitioners did not take much cognisance of the existing frameworks and the municipalities carried out their Local Economic Development initiatives without referring to either the National LED or the District LED strategy frameworks as a guide to action.

### **5.6.2 Lack of focus**

Local Economic Development is still seen as divorced from the general activities of a municipality although it is recognised as the supply side of the development plan in the legislated Integrated Development Planning process in the municipality.

In conversation with practitioners, it became clear that most LED activities in the municipalities were still grant and donor driven rather than the planning and development of programmes designed for long term uplifting of the community. The process of review by the Mpumalanga province that led to a summit in November 2011 and the various reviews of Local Economic Development strategies in municipalities have given impetus to the municipalities' refocusing of this work. However, at this stage, municipalities have not put forward any resources to support Local Economic Development. It is therefore evident that Local Economic Development is still not considered a priority that is properly budgeted for.

### **5.6.3 Group dynamics in the LED Forums**

The involvement of stakeholders in LED has predominantly taken a form of LED forums in the local municipalities, with a few taking the form of LED Agencies or both. However, these structures are not taken seriously and therefore the Local Economic Development is often left to ill equipped LED units, instead of being a strategic executive structure led by an MMC. At the same time, group dynamics amongst stakeholders in the Local Economic Development are not easy to handle. Practitioners were of the opinion that all levels of government should play a role in co-ordination and in harnessing the energies of all role players.

They felt that government should continue to play a leading role in the co-ordination and consolidation of efforts of stakeholders by maintaining all actions within a radar screen provided by the collectively owned vision and a mission.

### **5.6.4 Weak Partnerships**

This research reveals leadership weaknesses in the co-ordination of LED stakeholders that has led to deficiencies in the building of effective partnerships. The stakeholders come from different sectors, including government, business, NGOs & CBOs. Therefore, strong leadership is required, especially from government, to build strong relationships with stakeholders and create an environment that encourages dialogue and points interpretation of phenomena towards a common vision. It is critical that the environment is governed by principle of transparency and mutual respect. While these might not overcome all the challenges of leadership, participation provides a platform to engage with the possible challenges that touch communities in their entity.

However, it will still be expected of the private sector to assume a defined role of leading in matters of entrepreneurial innovations and the provision of expert knowledge and plans towards unleashing the potential economic opportunities, which seem to have a background position. In this way, the forum and government would be better empowered to maximize the exploitation of these potentials for the benefit of the society as a whole.

### **5.6.5 Weak political and administrative leadership**

The practitioners realised that there is still a weakness with regard to leadership at a political and administrative level in the implementation of Local Economic Development. In municipalities where we have strong and active political principals responsible for LED, like in the Ehlanzeni District Municipality, it has been proven that significant progress has been achieved even under some trying circumstances.

It has also been evident that these political principals require strong administrative backing to be able to drive the progressive vision of Local Economic Development. An example is within the district itself. On the other hand, municipalities with an inadequately staffed LED unit limit the capacity of the municipality to perform on LED. This has been demonstrated in all local municipalities at Ehlanzeni.

### **5.6.6 Lack of commitment to action**

Another critical leadership issue that arose out the engagement with the practitioners within the Ehlanzeni District municipality is the capacity of the administration to convert executive decisions into action. The research found that there has been lots of talk at the level of LED Forum without an effort to implement them from the administrative wing of the municipalities. It is the duty of the municipality to ensure that the forum is backed by the necessary administration to convert the mission, vision and objectives of the forum into tangible activities and to convert the ideas that have been proposed into practical reality.

The administrative leadership must be able to build the necessary institutional human capacity to implement programmes, which should include resourcing the LED. Throughout the interaction with practitioners, it has become clear how frustration can brew amongst stakeholders if the administrative glue does not hold and its machinery is static.

### **5.6.7 Lack of monitoring and evaluation**

There must be accountability for decisions taken and the quality of work done in response to these decisions. Monitoring and evaluation has proven to be the key in establishing the parameters for accountability of every stakeholder, both individually and collectively. The GIZ has done wonderful work in Bushbuckridge in coming up with a model for monitoring and evaluation and this municipality serves as an example in this regard.

### **5.6.8 Lack of professionalism**

Another matter that has been loudly pronounced is lack of professionalism in the manner in which meetings are arranged and the lack of responsibility on the part of members in carrying out decisions made. Participants pointed out a number of frustrations arising from the manner in which meetings are unprofessionally managed. These range from poor co-ordination to short notices, cancellations, and failure to implement and follow through decisions of the meetings.

## **5.7 PRACTITIONERS' PERSPECTIVES ON GOING FORWARD**

From the interaction with practitioners, the following leadership issues need to be attended in going forward:

### **5.7.1 Creating common vision**

Practitioners acknowledged that municipalities had managed to develop their own Local Economic Development strategies through an administrative process and with the help of consultants, save for Bushbuckridge that was assisted by the community based organisation GIZ. However, they felt that there is a need to align the energies of the whole community to the vision of Local Economic Development rather than limiting it to the stakeholders in the various initiatives. Practitioners felt that there was a lack of a political champion in local municipalities that could rally everyone

involved in the LED towards a common purpose of driving socioeconomic development and creating employment in localities.

### **5.7.2 Effective communication and co-ordination**

Practitioners also maintained that building good relationships, co-ordination and ensuring effective communication at all times were critical to successful implementation of Local Economic Development initiatives. They pointed out that the weakness in the implementation of LED within the Ehlanzeni District hinged much on inadequate communication of the vision established during the development of the strategy. There was no indication during any of the discussions that the LED strategy framework of Ehlanzeni or any municipality was subjected to scrutiny by other stakeholders at any stage of its development, from draft to final stage. This is very critical in facilitating a buy in from all stakeholders.

This dissertation reveals practitioners' dissatisfaction about the co-ordination of the stakeholder forum including the LED forums in the various municipalities. The process is said to be fraught with unprofessional practices and ignorance. In most instances, the whole process is often left to inadequately capacitated LED units, with no presence or commitment from political principals. This is not the case with the Ehlanzeni District Municipality as an advisory body has been established. In spite of this, however, there is no clear and consistent mechanism towards municipal-wide economic planning and development.

Looking at the content of engagements with the stakeholders and the localities, the municipality seems to have slid back to the projects based approach to LED. It would appear that Ehlanzeni District Municipality engages mostly with the projects big businesses have on their social responsibility programme. There is no evidence of a change in looking at the bigger picture of what Local Economic Development should really aspire to, which doing its utmost to facilitate local business opportunities and job creation with the purpose of uplifting the entire community.



### **5.7.3. Upgrading knowledge, skills and experience**

Institutional arrangements and capacity building plays a critical role in the success of LED at all spheres. But such institution should allow for the attraction of individuals with a variety of knowledge, skills, experience and orientation to allow for a dynamic interaction and organizational learning.

The institution must be able to allow for the tapping of wisdom from this pot of knowledge and experiences based on the work that participants did or currently do somewhere else, as well as from the theory and practice gained from intensive research involvement. Ehlanzeni's Advisory Council presents a typical example of how this can be instituted.

### **5.7.4 Effective partnerships**

Effective LED partnerships should have some capacity for leverage and pooling resources towards the provision of the most prioritized socio-economic infrastructure that can serve as a catalyst for unleashing multiple future growth initiatives. This is possible in an environment where all stakeholders see themselves as playing a major role in all aspects of Local Economic Development, with each championing specific responsibilities.

Although business, in this case, could play a major role in providing assistance and knowledge toward the Local Economic Development planning and implementation, all stake holders have a special role to play in creating an environment that is conducive for development. For example, the NGOs focus on building capacity and the private sector identifies opportunities for LED as well as providing the advice and support that are required by the infrastructure. The public sector and other stakeholders must also be involved in the partnership in order to facilitate and create an environment conducive for investments and the creation of jobs.

### **5.7.5 An open door policy**

According to the participants, leadership can be demonstrated through ensuring networking of ideas between local and international communities. For LED to be a success, leadership must consult stakeholders and be open to new ideas and new technology and new ways of doing things.

Leadership is expected to take care of uncontrolled overzealousness of stakeholders that may arise out of desperation to succeed in the Local Economic Development mission at all cost. Leadership must avoid over commitment to the cause and make sure that the LED strategy remains realistic and practical, rather than a mass of complex theory that no one can interact with. The practical strategy must also not lose its objectives of creating an environment conducive to SMME development, job creation, improve existing skills and ensuring sustainable economic growth.

However, participants also indicated that LED should not be limited to these mentioned objectives only, but should be looked at within a broader context of improving the conditions of those living in the communities served by the municipalities. The impact of successful Local Economic Development is an on-going cycle which should be mirrored by a reduction in the number of unemployed and indigent people in the communities. As these people become more independent and start playing an active role in the growth of their municipalities by paying rates and taxes on their properties and for services they are provided, this revenue will contribute towards improving the infrastructure for socio-economic development that is good for investment promotion and the general well-being of the society in the municipality.

Local Economic Development must therefore get the attention it deserves, not necessary as a tool to trigger economic growth in municipalities, but also to ensure their sustainable development. Local Economic Development must not be divorced from all other efforts to fight poverty, inequalities, joblessness and sole dependency on government in our society. It has to be seen from the perspective of transforming our society from a mass of consumers to innovators, and from seeing themselves as victims of the past discriminatory and oppressive system to liberators of their own selves. Our current welfare and charity oriented approach systems in municipalities

are not sustainable and may lead to a complete collapse of municipalities. Leadership must therefore be about doing something about this and act collectively beyond petty, sectarian or personal interests and jealousies in an environment of high professionalism and transparency.

## **5.8 CONCLUSION**

This chapter covered the details of the primary data obtained through conversations that took a form of interviews and meetings, the analysis of such a data and the research findings thereof. It consolidated the voices of the participants into a framework for analysing the issues logically and systematically. Conversations have clearly revealed that leadership has a vital role to play in the promotion of public policy and in the motivation for structures and resources to focus on the emergent opportunities as identified by stakeholders.

There is some synergy between the theoretical perspectives of Rogerson (2011), Xuza (2007), the 2006 National Local Economic Development framework discussed in Chapter 2 and the perspectives that emerged out of the interaction with practitioners within Ehlanzeni District Municipalities.

The analysis revealed that there has been improvement in some areas of the leadership aspect of the Local Economic Development within Ehlanzeni District Municipality. The municipalities within the district municipality managed to develop LED strategy frameworks with the help of the Department of Trade and Industry. The strategy frameworks provided guidance to municipalities on how their LED can be best institutionalised. Three forms of structures emerged out of the case. These are LED forums, LED advisory councils at a district municipality level and Local Economic Agencies at local level.

However, the analysis also revealed some weaknesses that municipalities were grappling with. Local municipality structures were struggling to come into existence and/or be effective. Municipalities established one form of structure or the other, but they struggled in most cases to sustain them. In this way, they missed out on the rich synthesis of shared wisdom, intelligence and creativity that participating stakeholders in these formations would bring along.

From the perspective of participant stakeholders, poor communication and co-ordination amongst stakeholders, administrative capacity flaws and unprofessional ethics within secretariat structures such as the LED units in municipalities watered down the importance of the LED function. Respondents in the Ehlanzeni District Municipality identified the following as core components of leadership for effective Local Economic Development:

- Building of learning organisations;
- Development of shared development strategy and implementation plans;
- Shared vision and mission
- Communication and inclusive involvement
- Strong complimentary partnerships
- Strong state in the form of municipalities and upper spheres of government.
- Building of necessary skills capacity and knowledge pools
- Capacities to implement, monitor, evaluate and review.

The next chapter deals with the recommendations and conclusions of research.

## **CHAPTER SIX**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 INTRODUCTION**

This chapter is the concluding chapter that presents the general conclusions of research, provides recommendations to tackle identified challenges and suggests future research implications.

The intention of this dissertation was to establish the practitioners' perceptions of leadership and to ascertain whether their perceptions were in line with the existing pool of generic leadership perspectives already covered by literature or whether new perspectives would emerge. The dissertation also intended to identify factors that are currently hindering effective Local Economic Development and to establish possible solutions towards improving the situation.

#### **6.2 GENERAL CONCLUSIONS**

Local Economic Development is a concept that has evolved over time. This evolution has resulted in shifting the responsibility for implementing Local Economic Development from the central government to local government. This shift was accompanied by some other changes whereby LED has evolved from being a bureaucratic elitist driven process to a more people-centred participatory process..

This dissertation established that a number of researches conducted found that even as late as 2009, Local Economic Development was still not being efficiently implemented by the local municipalities who were responsible for delivering this vital service to the communities. This is despite the fact that the Constitution of the Republic of South Africa, act 106 of 1996, put it clearly that it is an obligation of municipalities to ensure Local Economic Development.

The National Local Economic Development framework of 2006 that was established at the joint national summit in 2006 initiated new enthusiasm with the DTI funding a process of developing Local Economic Development frameworks within various

municipalities, one being the Ehlanzeni District Municipality, which incorporated five local municipalities. While each of the local municipalities has an equal obligation to determine economic development within its boundary, it forms part and parcel of the whole district municipality's Local Economic Development programme.

The collective vision in this framework improved the political will of the Ehlanzeni District municipality. The district municipality established participatory institutions that at a political level included Members of Mayoral Committees from each municipality in the district. However, it was not easy to locate the advisory council that had been established in the district. Local economic forums served just as information forums for short term projects that had been identified and were being funded by the participating stakeholders. This ended up frustrating the participants who relegated participation to a lesser strategic level of mostly liaison officers.

The district municipality has assigned individuals to work with local municipalities. However, it has become apparent that there is a lot of resistance, owing to the fact most LED activities are driven by ill equipped LED units, without principal political leadership at a local municipality level. It is critical that district municipalities should have an overarching strategy of supporting strategic institutions with consistent vision driven programmes and a budget.

Strong partnerships must be built within government spheres, before engaging non-governmental structures to avoid confusing stakeholders on what is required to be done to drive a meaningful Local Economic Development programme.

The general conclusion indicates that significant awareness work has been done at a district level that has resulted in some improvements in the working of the district municipality with regard to LED. However, most of the general findings by Xuza (2007), prior to adoption of the 2006 framework, and Rogerson (2011), post the adoption, are still applicable in the Ehlanzeni District municipality. The core of this that Local Economic Development is still basically oriented towards grant driven projects rather looking at the bigger picture and implementing sustainable initiatives that will reduce unemployment and promote human development within the communities.

## **6.3 RECOMMENDATIONS**

### **6.3.1. Organisational leadership capacity**

For the success of Local Economic Development, appropriate capacity must be built at a provincial sphere to drive an awareness campaign to all municipalities that Local Economic Development is a core local government mandate that has to be catered for in the plans, institutions, and budget of the municipality.

Local Economic Development must be seen by municipalities as a major tool for the broad transformation of communities, which must not be divorced from social transformation. LED must respond to the triple challenges of South Africa, which are poverty, unemployment and inequality.

Effective Local Economic Development requires a strong political leadership as a prerequisite. Municipal managers have to build administrative capacity that sustains organisational memory and delivery momentum for LED. Municipalities must conduct intensive training for the LED units on effective communication, co-ordination and on matters of professional organizational ethics and accountability to reduce the risks of upsetting the external stakeholders and discouraging them from taking part in the Local Economic Development of municipalities. Municipalities must develop mechanisms for strategic planning, monitoring and evaluation. The principles of transparency and mutual respect should guide the coordination of LED.

However, it is important that this forum improves consistency with regard to meetings and other general activities related to LED.

The district municipalities must position LED as part of the support functions rendered by them to the local municipality and this must be formalised.

### **6.3.2 Leadership development**

Scharmer's (2009; p28-29) Theory U provides a framework for development of leadership within an organisation. There are twenty-four principle and practices that must be fulfilled by an organisation to be able to lead from the future as it emerges. This research seems to have only managed to cover eight of the twenty-four

principles, covering the “co-initiation” and part of the “co-sensing” phase only. As outlined in chapter 2, the remaining phases include “co-presencing”, “co-creating” and lastly “co-evolving” (Scharmer, 2009: 377-8).

The research process facilitated an environment for practitioners to pay attention and reflect on the current situation of the Local Economic Development in municipalities with Ehlanzeni District Municipalities. Practitioners were asked to discuss their perceptions of LED since the implementation of the framework that was developed at the provincial summit and they collectively identified various issues that need addressing with respect to Local Economic Development. This has resulted in the LED forums within the Ehlanzeni District committing to a common vision. They are currently grappling with the task of clarifying essential questions about the individual responsibility of each one of them versus their responsibility as a collective.

The interviews provided many voices of judgement. Going forward, the opinions expressed by these participants can be put to good effect as a good leadership process should encourage appreciation of the views of others and their contributions in the implementation of Local Economic Development. The LED forums must be assisted to let go of past practices and be open to new ideas.

Taking into account Scharmer’s (2009) Theory U concept of “*leading from the future as it emerges*”, which Peter Senge associates with Donald Schon’s idea of ‘reflective practitioners’ (Scharmer, 2009: Xviii) and the opinions expressed by the participants in this research, the researcher proposes the following new ideas and innovations be incorporated into the realm of Local Economic Development:

- Crystallisation of common intents and vision in an organisational capacity that is anchored on organisational learning.
- Convert intentions and ideas from broader meetings into implementable strategies.
- Promote effective co-ordination so that the ideas proposed at meetings can be converted into actionable plans,
- Market local strategies provincially, nationally and also internationally so as to attract broader investment and trade relations that will benefit the local economies.



- Mobilise resources and budgets allocations from all spheres of government, the business sectors and NGOs.
- Develop the capacity to continuously adapt strategies to new conditions as the LED forums contribute to the communities.
- Develop the capacity to project and carry the imagination of the people into the future or, as Scharmer (2009: 12) puts it – “*leading from the highest future possibilities*”.

#### **6.4 Implications for future research**

Schon’s (1983,1991) reflective practitioner approach to the qualitative method was used in conjunction with the twenty four principles of Scharmer’s (2009) Theory- U idea of leading into the future to assist in unravelling the current situation of LED in Ehlanzeni District Municipality, defining the challenges hindering the successful implementation of LED and identifying a way into the future.

The researcher adopted an interactive approach that involved group interaction with all political and administrative principles twice and through unstructured interviews that took a form of conversations. While all subjects were covered during the conversations, they did not necessarily religiously follow the same order they appeared in the questionnaire. This has made it a cumbersome job to consolidate the many views that had to be taken into account.

The use of key-words-in-context (KWIC) qualitative data analysis within the context of leadership in Local Economic Development provided the framework for deriving meaning out of the complex data and short responses of the participants. However, further research may be required into each and every one of these findings and recommendations using different methods, as they currently stand as general findings. An application of Theory U over a minimum of five years may be able to throw some light on how best leadership in LED can be improved to enhance performance in municipalities.

The dissertation report reveals that the research process only managed to go as far as principle eight of the twenty-four principles of Scharmer (2009) concept of “*leading from the future as it emerges*”. The above discussion suggests that the remaining 16

must be concluded in order to establish whether the completion of the remaining principles will result into a more effective implementation of Local Economic Development in the Ehlanzeni District Municipality.

Further work may need to be done on:

- The critique of LED concepts and its relations with the transformation agenda of the South African society.
- The limitation of local government systems and their impact on Local Economic Development.
- LED in rural areas and traditional communities under the leadership of traditional councils.

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## **APPEDIX: A**

### **QUESTIONARE ON LEADERSHIP IN LED AT EHLANZENI**

1. How could you define Local Economic Development from your own understanding?
2. What do you understand as the necessity of Local Economic Development in a municipality?
3. Does your municipality have an LED strategy?
4. Who was involved in the development of your municipality LED strategy?
5. In your opinion do you think there could have been an alternative way of handling the process?  
What would that have been?
6. How would you rate the success level of this strategy?
7. Are the leader leadership issues that you could lift up that emerged during the development of such a strategy?
8. What leadership role do you think is currently played by your local municipality in ensuring the success of LED?
9. How do you rate the level of success of the leadership intervention by municipality?
10. What do you think should be the leadership role in the municipality going forward?
11. What leadership role do you think is currently played in the Ehlanzeni District Municipality in ensuring the success of LED in municipalities?
12. How do you rate the level of success of the leadership intervention by the Ehlanzeni District Municipality?
13. What do you think should be the leadership role of the Ehlanzeni District Municipality going forward?
14. What leadership role do you think is currently played at the provincial sphere in ensuring the success of LED in municipalities?
15. How do you rate the level of success of the leadership intervention at the provincial sphere?
16. What do you think should be the leadership role at the provincial sphere going forward?
17. What leadership role do you think is currently played at National sphere of government in ensuring the success of LED in municipalities?
18. How do you rate the level of success of the leadership intervention at the National sphere of government?
19. What do you think should be the leadership role at the national sphere of government going forward?

20. What leadership role do you think is currently played by other non-governmental stakeholders in ensuring the success of LED in municipalities?
21. How do you rate the level of success of the leadership intervention by the non-governmental stakeholders?
22. What do you think should be the leadership role of non-governmental stakeholders going forward?
23. How do you think we can best synergise the leadership efforts of the stakeholders towards the success of the LED in municipalities?
24. Are there other leadership issues in LED that you may want to raise that were not covered in the above engagements?
25. Thank you very much for availing yourself for this discussion. We are convinced that your contribution will help a great deal in the shaping of ideas on this research for academic purposes.

End

## APPENDIXB: ETTICAL CLEARANCE LETTER



01 August 2012

Mr Madala B Masuku (211558703)  
Graduate School of Business & Leadership

Dear Mr Masuku


PROTOCOL REFERENCE NUMBER: HSS/0632/012M  
PROJECT TITLE: Leadership in local economic development at the Ehlanzeni District Municipality

In response to your application dated 25 November 2011, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has 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 school/department for a period of 5 years.

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

Yours faithfully

  
.....  
Professor Steven Collings (Chair)  
/ms

cc. Supervisor – Stan Hardman  
cc. Academic Leader – Dr Shamim Bodhanya  
cc. Mrs Wendy Clarke

Professor S Collings (Chair)  
Humanities & Social Sciences Research Ethics Committee  
Westville Campus, Govan Mbeki Building  
Postal Address: Private Bag X54001, Durban, 4000, South Africa  
Telephone: +27 (0)31 260 3587/8350 Facsimile: +27 (0)31 260 4609 Email: ximbap@ukzn.ac.za / snymanm@ukzn.ac.za  
Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

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